

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**Amendment No.1**

**to  
FORM 20-F**

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR  
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2017  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
for the transition period from \_\_\_\_\_ to \_\_\_\_\_  
OR  
 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report: . . . . .  
Commission file number: 1-13240

**ENEL GENERACIÓN CHILE S.A.**  
(Exact name of Registrant as specified in its charter)

**ENEL GENERACIÓN CHILE S.A.**  
(Translation of Registrant's name into English)

**CHILE**

(Jurisdiction of incorporation or organization)

**Santa Rosa 76, Santiago, Chile**  
(Address of principal executive offices)

**Nicolás Billikopf, phone: (56-2) 2353-4628, nicolas.billikopf@enel.com, Santa Rosa 76, Piso 15, Santiago, Chile**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares Representing Common Stock	New York Stock Exchange
Common Stock, no par value *	

\* Listed, not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

US\$ 205,881,000	7.875%	Notes due February 1, 2027
US\$ 70,780,000	7.325%	Notes due February 1, 2037
US\$ 40,416,000	8.125%	Notes due February 1, 2097
US\$ 400,000,000	4.250%	Notes due April 15, 2024

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards † provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Shares of Common Stock: 8,201,754,580

## EXPLANATORY NOTE

This Amendment No. 1 to the Annual Report on Form 20-F for the fiscal year ended December 31, 2017 of Enel Generación Chile S.A. (the “Company”) filed with the Securities and Exchange Commission on April 27, 2018 (the “Form 20-F”) is being filed by the Company in order to (i) amend Note 10 and Note 23.7 of the Notes to the consolidated financial statements of the Company and its subsidiaries as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 provided pursuant to Part III, Item 18 of the Form 20-F, solely for the purpose of correcting (a) in Note 10, the amount of “Other non-current financial assets” and the amount of spare parts and materials as of and for the year ended December 31, 2016 and (b) in Note 23.7, the share of profit (loss) column for the year ended December 31, 2015 for non-controlling interests, which inadvertently included 2014 information, and (ii) furnish the interactive data files formatted in XBRL (eXtensible Business Reporting Language) as Exhibit 101 to the Form 20-F in accordance with Rule 405 of Regulation S-T.

No other changes have been made to the Form 20-F. This Amendment No. 1 to the Form 20-F speaks as of the original filing date of the Form 20-F, does not reflect events that may have occurred subsequent to the original filing date, and does not modify or update in any way disclosures made in the original Form 20-F.

Pursuant to Rule 406T of Regulation S-T, the interactive data files furnished as Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, and otherwise are not subject to liability under those sections.

## PART III

### Item 17. Financial Statements

Not Applicable.

### Item 18. Financial Statements

#### Enel Generación Chile and Subsidiaries

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#### Reports of Independent Registered Public Accounting Firms:

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#### Consolidated Financial Statements:

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<a href="#"><u>Consolidated Statements of Comprehensive Income for the years ended December 31, 2017, 2016 and 2015</u></a>	F-7
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Ch\$	Chilean pesos
US\$	U.S. dollars
UF	The UF is a Chilean inflation-indexed, peso-denominated monetary unit that is set daily in advance based on the previous month's inflation rate.
ThCh\$	Thousands of Chilean pesos
ThUS\$	Thousands of U.S. dollars

### Item 19. Exhibits

Exhibit	Description
1.1*	<a href="#"><u>By-laws (Estatutos) of Enel Generación Chile S.A.</u></a>
8.1*	<a href="#"><u>List of Principal Subsidiaries as of December 31, 2017.</u></a>
12.1*	<a href="#"><u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.</u></a>
12.2*	<a href="#"><u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.</u></a>
12.3	<a href="#"><u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.</u></a>
12.4	<a href="#"><u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.</u></a>
13.1*	<a href="#"><u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.</u></a>
13.2	<a href="#"><u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.</u></a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	These exhibits were previously included or incorporated by reference in the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed with the Securities and Exchange Commission on April 27, 2018.

We will furnish to the Securities and Exchange Commission, upon request, copies of any unfiled instruments that define the rights of stakeholders of Enel Generación Chile.

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F/A and that it has duly caused and authorized the undersigned to sign this Amendment to the annual report on its behalf.

**ENEL GENERACION CHILE S.A.**

By: /s/ Valter Moro  
Name: Valter Moro  
Title: Chief Executive Officer

Date: May 25, 2018

**Enel Generación Chile S.A. and its Subsidiaries**

**Consolidated Financial Statements as of December 31, 2017 and 2016**

## Index to the Audited Consolidated Financial Statements

### Reports of Independent Registered Public Accounting Firms:

<a href="#">Report of KPMG Auditores Consultores Ltda. — Enel Generación Chile S.A. 2017, 2016 and 2015</a> .....	F-1
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ThCh\$	Thousands of Chilean pesos
ThUS\$	Thousands of U.S. dollars



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## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors  
Enel Generación Chile S.A.:

We have audited the accompanying consolidated statements of financial position of Enel Generación Chile S.A. and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the years in the three year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements). In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated April 26, 2018, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

We did not audit the financial statements of Emgesa S.A. E.S.P. and its subsidiaries and Endesa Argentina S.A. and its subsidiaries, which statements reflect ThCh\$321,253,877 of the Company's consolidated profit from discontinued operations for the year ended December 31, 2015. In addition, we did not audit the financial statements of Enel Brasil S.A. (38.64 percent owner investee company as of December 31, 2015). The Company's equity in earnings in Enel Brasil S.A. for the year ended December 31, 2015 was ThCh\$36,473,505. Those consolidated financial statements prepared in accordance with the local statutory accounting basis were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those entities on such basis of accounting, is based solely on the reports of the other auditors. Accordingly, we have audited the conversion adjustments to the financial statements of these subsidiaries and nonsubsidiary investees prepared in accordance with the local statutory accounting basis to conform them to the Company's accounting basis referred to above.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2008.

/s/ KPMG

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**KPMG Auditores Consultores Ltda.**

Santiago, Chile  
April 26, 2018



## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors  
Enel Generación Chile S.A.:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Enel Generación Chile S.A. and subsidiaries (the Company) internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2017 and 2016, the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the years in the three year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements), and our report dated April 26, 2018 expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion.*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG

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**KPMG Auditores Consultores Ltda.**

Santiago, Chile

April 26, 2018





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## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of Emgesa S.A. E.S.P

We have audited the consolidated statement of financial position of Emgesa S.A. E.S.P. and subsidiaries (the “Company”) as of December 31 2015, and the related consolidated statements of income, other comprehensive income, shareholders’ equity and cash flows for the year then ended (not presented separately herein). These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Emgesa S.A. E.S.P. and subsidiaries as of December 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting and financial information accepted in Colombia.

/s/ Ernst & Young Audit S.A.S.  
Ernst & Young Audit S.A.S.  
Bogotá, Colombia  
April 25, 2016



Pistrelli, Henry Martin y Asociados S.R.L.  
25 de mayo 487 - C1002ABI  
Buenos Aires, Argentina

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## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors of Endesa Argentina S.A.:

We have audited the consolidated balance sheet of Endesa Argentina S.A. as of December 31, 2015, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Endesa Argentina S.A. at December 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the Buenos Aires City, Argentine Republic.

March 22, 2016  
Buenos Aires, Argentina

/S/ PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.  
Member of Ernst & Young Global Limited



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## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of Enel Brasil S.A.

We have audited the consolidated statements of financial position of Enel Brasil S.A. and subsidiaries as of December 31, 2015, and the related consolidated statements of income, other comprehensive income, changes in equity, and cash flows for the year then ended (not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Enel Brasil S.A. and subsidiaries at December 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

ERNST & YOUNG  
Auditores Independentes S.S.

/s/ Paulo José Machado  
Partner  
Rio de Janeiro, RJ - Brazil  
March 28, 2016

ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARIES

**Consolidated Statements of Financial Position**  
**As of December 31, 2017 and 2016**  
**(In thousands of Chilean pesos – ThCh\$)**

ASSETS	Note	12-31-2017	12-31-2016
CURRENT ASSETS	Note	ThCh\$	ThCh\$
Cash and cash equivalents	6	211,027,141	114,486,479
Other current financial assets	7	20,523,276	487,106
Other current non-financial assets		2,167,272	4,409,288
Trade and other current receivables, net	8	218,178,007	260,440,086
Current accounts receivable from related parties	9	109,797,820	82,727,781
Inventories	10	31,740,903	33,390,799
Current taxes receivable	11	65,164,708	34,438,408
Non-current assets and disposal groups held for sale or distribution to owners	5	4,205,233	12,993,008
<b>TOTAL CURRENT ASSETS</b>		<b>662,804,360</b>	<b>543,372,955</b>
<b>NON-CURRENT ASSETS</b>			
Other non-current financial assets	7	33,391,398	28,802,568
Other non-current non-financial assets	10	12,853,459	12,318,443
Trade and other non-current receivables, net	8	1,032,923	6,788,437
Investments accounted for using the equity method	12	12,707,221	18,738,198
Intangible assets other than goodwill, net	13	18,607,973	19,266,874
Goodwill	14	24,860,356	24,860,356
Property, plant and equipment, net	15	2,788,204,501	2,726,838,537
Deferred tax assets	16	-	18,696,123
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,891,657,831</b>	<b>2,856,309,536</b>
<b>TOTAL ASSETS</b>		<b>3,554,462,191</b>	<b>3,399,682,491</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Other current financial liabilities	17	18,815,435	25,696,064
Trade and other current payables	20	329,448,226	341,088,664
Current accounts payable to related parties	9	122,862,944	121,018,039
Current provisions	21	5,296,635	6,493,428
Current tax liabilities	11	66,933,261	61,457,940
Other current non-financial liabilities		-	23,330
<b>TOTAL CURRENT LIABILITIES</b>		<b>543,356,501</b>	<b>555,777,465</b>
<b>NON-CURRENT LIABILITIES</b>			
Other non-current financial liabilities	17	781,978,145	854,016,751
Other non-current payables	20	632,643	1,453,022
Non-current accounts payables to related parties	9	318,518	251,527
Non-current provisions, other than for employee benefits	21	63,992,567	57,325,915
Deferred tax liabilities	16	160,293,916	185,277,005
Non-current provisions for employee benefits	22	14,875,948	15,820,557
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,022,091,737</b>	<b>1,114,144,777</b>
<b>TOTAL LIABILITIES</b>		<b>1,565,448,238</b>	<b>1,669,922,242</b>
<b>EQUITY</b>			
Issued capital	23	552,777,321	552,777,321
Retained earnings		1,398,018,155	1,199,429,221
Share premium	23	85,511,492	85,511,492
Other reserves	23	(74,789,241)	(136,755,547)
<b>Equity attributable to Shareholders of the Parent Company</b>		<b>1,961,517,727</b>	<b>1,700,962,487</b>
Non-controlling interests		27,496,226	28,797,762
<b>TOTAL EQUITY</b>		<b>1,989,013,953</b>	<b>1,729,760,249</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,554,462,191</b>	<b>3,399,682,491</b>

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

ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income, by Nature  
For the years ended December 31, 2017, 2016 and 2015  
(In thousands of Chilean pesos – ThCh\$)

STATEMENTS OF COMPREHENSIVE INCOME Profit (loss)	Note	Year ended		
		12-31-2017 ThCh\$	12-31-2016 ThCh\$	12-31-2015 ThCh\$
Revenues	24	1,599,032,140	1,639,959,815	1,539,977,511
Other operating income	24	35,904,948	19,767,514	3,832,806
<b>Revenues and Other Operating Income from continuing operations</b>		<b>1,634,937,088</b>	<b>1,659,727,329</b>	<b>1,543,810,317</b>
Raw materials and consumables used	25	(903,978,006)	(895,060,114)	(880,891,223)
<b>Contribution Margin from continuing operations</b>		<b>730,959,082</b>	<b>764,667,215</b>	<b>662,919,094</b>
Other work performed by the entity and capitalized	15.4.b	7,226,484	9,758,304	15,250,810
Employee benefits expense	26	(54,222,470)	(60,350,072)	(70,969,357)
Depreciation and amortization expense	27	(117,337,553)	(132,600,381)	(124,835,559)
Impairment loss recognized in the period's profit or loss	27	55,494	(30,785,531)	9,793,652
Other expenses	28	(102,821,020)	(119,303,215)	(90,339,822)
<b>Operating Income from continuing operations</b>		<b>463,860,017</b>	<b>431,386,320</b>	<b>401,818,818</b>
Other gains, net	29	113,088,869	121,490,974	4,015,401
Financial income	30	5,273,672	6,150,751	234,821
Financial costs	30	(50,851,829)	(55,701,778)	(64,206,719)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	12	(2,696,904)	7,878,201	8,905,045
Foreign currency exchange differences	30	8,822,301	13,266,320	(53,880,472)
Gains from indexed assets and liabilities, net	30	145,608	606,075	3,600,187
<b>Income from continuing operations before income taxes</b>		<b>537,641,734</b>	<b>525,076,863</b>	<b>300,487,081</b>
Income tax expense, continuing operations	31	(112,099,519)	(83,216,935)	(76,655,819)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		<b>425,542,215</b>	<b>441,859,928</b>	<b>223,831,262</b>
<b>Discontinued operations</b>				
<b>Profit after tax for the year from discontinued operations</b>	5.2	-	<b>79,572,445</b>	<b>411,189,551</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>425,542,215</b>	<b>521,432,373</b>	<b>635,020,813</b>
<b>Net profit for the year attributable to</b>				
Shareholders of the parent company		418,453,814	472,558,428	392,868,115
Non-controlling interests	23.7	7,088,401	48,873,945	242,152,698
<b>NET PROFIT FOR THE YEAR</b>		<b>425,542,215</b>	<b>521,432,373</b>	<b>635,020,813</b>
<b>Basic earnings per share</b>				
Basic earnings per share from continuing operations	Ch\$ / share	51.02	52.77	25.89
Basic earnings per share from discontinued operation	Ch\$ / share	-	4.85	22.01
Total Basic earnings per share	Ch\$ / share	51.02	57.62	47.90
Weighted average number of shares of common stock	Thousands	8,201,754.58	8,201,754.58	8,201,754.58
<b>Diluted earnings per share</b>				
Diluted earnings per share from continuing operations	Ch\$ / share	51.02	52.77	25.89
Diluted earnings per share from discontinued operation	Ch\$ / share	-	4.85	22.01
Total Diluted earnings per share	Ch\$ / share	51.02	57.62	47.90
Weighted average number of shares of common stock	Thousands	8,201,754.58	8,201,754.58	8,201,754.58

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

ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income, by Nature (continued)  
For the years ended December 31, 2017, 2016 and 2015  
(In thousands of Chilean pesos – ThCh\$)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Note	Year ended		
		12-31-2017 ThCh\$	12-31-2016 ThCh\$	12-31-2015 ThCh\$
<b>Net Profit for the Year</b>		<b>425,542,215</b>	<b>521,432,373</b>	<b>635,020,813</b>
<b>Components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss, before income taxes</b>				
Remeasurement losses from defined benefit plans		251,976	(1,757,402)	(216,648)
<b>Other comprehensive loss that will not be reclassified subsequently to profit or loss</b>		<b>251,976</b>	<b>(1,757,402)</b>	<b>(216,648)</b>
<b>Components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss, before income taxes</b>				
Foreign currency translation losses, net		(3,690,798)	(139,529,128)	(244,110,922)
Gains (losses) from available-for-sale financial assets, net		8	18	(441,585)
Net gains (losses) from cash flow hedges		73,333,487	66,502,675	(151,642,828)
Reclassification adjustments on cash flow hedges		23,976,029	20,456,663	15,850,894
Share of other comprehensive income from investments accounted for using the equity method		-	(11,904,709)	(2,475,299)
<b>Other comprehensive loss that will be reclassified subsequently to profit or loss</b>		<b>93,618,726</b>	<b>(64,474,481)</b>	<b>(382,819,740)</b>
<b>Total other comprehensive income (loss), before income taxes</b>		<b>93,870,702</b>	<b>(66,231,883)</b>	<b>(383,036,388)</b>
<b>Income taxes related to components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss</b>				
Income tax related to defined benefit plans		(68,034)	474,498	(5,476)
<b>Income tax related to components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss</b>		<b>(68,034)</b>	<b>474,498</b>	<b>(5,476)</b>
<b>Income taxes related to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss, before income taxes</b>				
Income tax related to cash flow hedge		(26,139,149)	(20,924,809)	35,463,169
Income tax related to available-for-sale financial assets		(2)	(5)	10
<b>Income taxes related to components of comprehensive income (losses) that will be reclassified subsequently to profit or loss</b>		<b>(26,139,151)</b>	<b>(20,924,814)</b>	<b>35,463,179</b>
<b>Total Other Comprehensive Income (Loss)</b>		<b>67,663,517</b>	<b>(86,682,199)</b>	<b>(347,578,685)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>493,205,732</b>	<b>434,750,174</b>	<b>287,442,128</b>
<b>Comprehensive income (loss) attributable to</b>				
Shareholders of the parent company		486,205,094	450,858,649	132,746,446
Non-controlling interests		7,000,638	(16,108,475)	154,695,682
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>493,205,732</b>	<b>434,750,174</b>	<b>287,442,128</b>

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

ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2017, 2016 and 2015  
(In thousands of Chilean pesos – ThCh\$)

Statements of Changes in Equity	Issued Capital	Share Premium	Changes in Reserves Other than Retained Earnings							Retained Earnings	Equity Attributable to Shareholders of the Parent Company	Non-controlling Interests	Total Equity
			Reserve for Exchange Differences in Foreign Currency Translation	Reserve for Cash Flow Hedges	Reserve for Gains and Losses for Defined Benefit Plans	Reserve for Gains and Losses on Remeasuring Available-for-Sale Financial Assets	Other Miscellaneous Reserves	Other Reserves related to assets held for sale and disposal groups	Total Reserves Other than Retained Earnings				
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Equity as of January 1, 2017	552,777,321	85,511,492	16,210,841	(123,499,401)	-	(1,033)	(32,188,067)	2,722,113	(136,755,547)	1,199,429,221	1,700,962,487	28,797,762	1,729,760,249
<b>Changes in equity</b>													
Comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	-	-	418,453,814	418,453,814	7,088,401	425,542,215
Other comprehensive income (loss)	-	-	(3,601,923)	71,170,367	182,830	6	-	-	67,751,280	-	67,751,280	(87,763)	67,663,517
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	486,205,094	7,000,638	493,205,732
Dividends	-	-	-	-	-	-	-	-	-	(220,047,710)	(220,047,710)	(8,302,174)	(228,349,884)
Increase (decrease) from distribution to owners	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) from other changes	-	-	-	-	(182,830)	-	(2,880,031)	(2,722,113)	(5,784,974)	182,830	(5,602,144)	-	(5,602,144)
<b>Total changes in equity</b>	-	-	(3,601,923)	71,170,367	-	6	(2,880,031)	(2,722,113)	61,966,306	198,588,934	260,555,240	(1,301,536)	259,253,704
Equity as of December 31, 2017	552,777,321	85,511,492	12,608,918	(52,329,034)	-	(1,027)	(35,068,098)	-	(74,789,241)	1,398,018,155	1,961,517,727	27,496,226	1,989,013,953

Statements of Changes in Equity	Issued Capital	Share Premium	Changes in Reserves Other than Retained Earnings							Retained Earnings	Equity Attributable to Shareholders of the Parent Company	Non-controlling Interests	Total Equity
			Reserve for Exchange Differences in Foreign Currency Translation	Reserve for Cash Flow Hedges	Reserve for Gains and Losses for Defined Benefit Plans	Reserve for Gains and Losses on Remeasuring Available-for-Sale Financial Assets	Other Miscellaneous Reserves	Other Reserves related to assets held for sale and disposal groups	Total Reserves Other than Retained Earnings				
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Equity as of January 1, 2016	1,331,714,085	206,008,557	19,691,866	(205,691,575)	-	(1,046)	(719,716,306)	(202,189,042)	(1,107,906,103)	2,218,373,368	2,648,189,907	895,700,172	3,543,890,079
<b>Changes in equity</b>													
Comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	-	-	472,558,428	472,558,428	48,873,945	521,432,373
Other comprehensive income (loss)	-	-	(3,527,400)	67,731,875	(1,284,713)	13	(11,690,790)	(72,928,764)	(21,699,779)	-	(21,699,779)	(64,982,420)	(86,682,199)
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	450,858,649	(16,108,475)	434,750,174
Dividends	-	-	-	-	-	-	-	-	-	(184,234,740)	(184,234,740)	(7,405,769)	(191,640,509)
Increase (decrease) from distribution to owners	(778,936,764)	(120,497,065)	-	-	-	-	776,186,804	275,117,804	1,051,304,608	(1,305,983,122)	(1,154,112,343)	(839,096,192)	(1,993,208,535)
Increase (decrease) from other changes	-	-	46,375	14,460,299	1,284,713	-	(76,967,775)	2,722,115	(58,454,273)	(1,284,713)	(59,738,986)	(4,291,974)	(64,030,960)
<b>Total changes in equity</b>	(778,936,764)	(120,497,065)	(3,481,025)	82,192,174	-	13	687,528,239	204,911,155	971,150,556	(1,018,944,147)	(947,227,420)	(866,902,410)	(1,814,129,830)
Equity as of December 31, 2016	552,777,321	85,511,492	16,210,841	(123,499,401)	-	(1,033)	(32,188,067)	2,722,113	(136,755,547)	1,199,429,221	1,700,962,487	28,797,762	1,729,760,249

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

ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity (continued)  
For the years ended December 31, 2017, 2016 and 2015  
(In thousands of Chilean pesos – ThCh\$)

Statements of Changes in Equity	Issued Capital	Share Premium	Changes in Other Reserves							Retained Earnings	Equity Attributable to Shareholders of the Parent Company	Non-controlling Interests	Total Equity
			Reserve for Exchange Differences in Foreign Currency Translation	Reserve for Cash Flow Hedges	Reserve for Gains and Losses for Defined Benefit Plans	Reserve for Gains and Losses on Remeasuring Available-for-Sale Financial Assets	Other Miscellaneous Reserves	Other Reserves related to assets held for sale and disposal groups	Total Reserves Other than Retained Earnings				
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$				
Equity as of January 1, 2015	1,331,714,085	206,008,557	(11,409,870)	(117,559,279)	-	(1,020)	(719,216,262)	-	(848,186,431)	2,010,744,273	2,700,280,484	823,605,857	3,523,886,341
<b>Changes in equity</b>													
Comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	-	-	392,868,115	392,868,115	242,152,698	635,020,813
Other comprehensive loss	-	-	(160,979,109)	(96,154,779)	(467,310)	(118,688)	(2,401,783)	-	(260,121,669)	-	(260,121,669)	(87,457,016)	(347,578,685)
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	154,695,682	287,442,128
Dividends	-	-	-	-	-	-	-	-	-	(184,771,710)	(184,771,710)	(80,862,173)	(265,633,883)
Increase (decrease) from other changes	-	-	192,080,845	8,022,483	467,310	118,662	1,901,739	(202,189,042)	401,997	(467,310)	(65,313)	(1,739,194)	(1,804,507)
<b>Total changes in equity</b>			31,101,736	(88,132,296)	-	(26)	(500,044)	(202,189,042)	(259,719,672)	207,629,095	(52,090,577)	72,094,315	20,003,738
Equity as of December 31, 2015	1,331,714,085	206,008,557	19,691,866	(205,691,575)	-	(1,046)	(719,716,306)	(202,189,042)	(1,107,906,103)	2,218,373,368	2,648,189,907	895,700,172	3,543,890,079

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



**ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARIES**

**Consolidated Statements of Cash Flow, Direct  
For the years ended December 31, 2017, 2016 and 2015  
(In thousands of Chilean pesos – ThCh\$)**

Statement of Direct Cash Flow	Note	Year ended		
		12-31-2017 ThCh\$	12-31-2016 ThCh\$	12-31-2015 ThCh\$
<b>Cash flows from operating activities</b>				
<b>Types of collection from operating activities</b>				
Collections from the sale of goods and services		2,096,113,174	2,374,348,805	3,249,925,184
Collections from royalties, payments, commissions, and other income from ordinary activities		-	1,967,684	3,865,539
Collections from premiums and services, annual payments, and other benefits from policies held		6,808,382	4,108,308	14,740,827
Other collections from operating activities		12,096,424	260,080	24,297,790
<b>Types of payment in cash from operating activities</b>				
Payments to suppliers for goods and services		(1,302,502,517)	(1,432,187,182)	(1,854,215,926)
Payments to and on behalf of employees		(57,204,085)	(70,830,372)	(117,343,733)
Payments on premiums and services, annual payments, and other obligations from policies held		(14,551,177)	(21,525,259)	(10,788,411)
Payments to tax and other payments for operating activities		(93,435,079)	(185,124,143)	(161,073,061)
<b>Cash generated from operating activities</b>				
Income taxes paid		(157,951,053)	(107,229,062)	(236,640,545)
Other outflows of cash		(1,206,687)	(4,600,270)	(11,553,428)
<b>Net cash provided by operating activities</b>		<b>488,167,382</b>	<b>559,188,589</b>	<b>901,214,236</b>
<b>Cash flows from investment activities</b>				
Cash collections from the loss of control of subsidiaries or other businesses		-	-	6,639,653
Other collections from the sale of equity or debt instruments belonging to other entities	5.2	115,582,806	133,206,429	20,000,882
Other payments to acquire stakes in joint ventures	12.1	(1,943,100)	(2,346,000)	(2,550,000)
Loans to related parties		(6,639,995)	(6,457,077)	-
Proceeds from the sale of property, plant and equipment		4,274,470	42,597	49,916
Purchases of property, plant and equipment		(206,775,663)	(194,880,395)	(525,755,416)
Purchases of intangible assets		-	-	(12,049,927)
Payments from future, forward, option and swap contracts		(7,808,837)	(7,860,258)	(6,376,166)
Collections from future, forward, option and swap contracts		835,105	3,439,049	10,906,446
Collections of loans to related parties		6,639,996	1,907,339	98,813
Dividends received		879,884	8,682,538	11,249,679
Interest received		3,087,687	3,686,258	9,190,650
<b>Net cash used in investing activities</b>		<b>(91,867,647)</b>	<b>(60,579,520)</b>	<b>(488,595,470)</b>
<b>Cash flows from financing activities</b>				
<b>Total proceeds from loans</b>		<b>-</b>	<b>257,661,770</b>	<b>347,776,657</b>
Proceeds from long-term loans		-	249,359,440	79,136,157
Proceeds from short-term loans		-	8,302,330	268,640,500
Loans from related parties		31,680,253	37,096,734	645,635,959
Payments on borrowings		(5,534,483)	(182,345,064)	(460,398,335)
Payments on financial lease liabilities		(2,592,237)	(1,744,003)	(10,747,974)
Repayments of loans from related parties		(31,680,253)	(204,524,335)	(566,771,227)
Dividends paid		(244,539,407)	(126,718,920)	(400,032,465)
Interest paid		(44,320,297)	(76,403,433)	(152,767,801)
Other outflows of cash	7.f.	(4,848,787)	(222,675,977)	(8,479,868)
<b>Net cash used in financing activities</b>		<b>(301,835,211)</b>	<b>(519,653,228)</b>	<b>(605,785,054)</b>
<b>Net (decrease) increase in cash and cash equivalents before the effect of exchange rate changes</b>		<b>94,464,524</b>	<b>(21,044,159)</b>	<b>(193,166,288)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>				
Effect of exchange rate changes on cash and cash equivalents		2,076,138	(14,207,725)	6,246,146
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>96,540,662</b>	<b>(35,251,884)</b>	<b>(186,920,142)</b>
Cash and cash equivalents at the beginning of the year	6	114,486,479	149,738,363	336,658,505
<b>Cash and cash equivalents at the end of the year</b>	6	<b>211,027,141</b>	<b>114,486,479</b>	<b>149,738,363</b>

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

**ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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## ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of Chilean pesos – ThCh\$)

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#### 1. THE GROUP'S ACTIVITIES AND FINANCIAL STATEMENTS

Enel Generación Chile S.A (hereinafter the “Parent Company” or the “Company”) and its subsidiaries comprise the Enel Generación Chile Group (hereinafter the Enel Generación Chile or the “Group”).

Enel Generación Chile S.A. is a publicly traded corporation with a registered address and head office located at Avenida Santa Rosa, No. 76, in Santiago, Chile. The Company is registered in the securities register of the Financial Market Commission of Chile (“Comisión para el Mercado Financiero” or “CMF”, formerly Chilean Superintendence of Securities and Insurance, “Superintendencia de Valores y Seguros” or “SVS”) under number 114. In addition, the Company is registered with the Securities and Exchange Commission of the United States of America (hereinafter U.S. SEC). The Company's shares have been listed on the New York Stock Exchange since 1994.

Enel Generación Chile S.A. is a subsidiary of Enel Chile S.A. (“Enel Chile”) a company which, in turn, is a subsidiary Enel S.p.A. (hereinafter “Enel”).

The Company was initially incorporated by a public deed dated December 1, 1943 under the name Empresa Nacional de Electricidad S.A. The Treasury Department's Supreme Decree No. 97 of January 3, 1944 authorized the incorporation of the Company and approved its by-laws. The Company changed its name to Enel Generación Chile S.A. effective October 4, 2016, the date its by-laws were amended in connection with the corporate reorganization of the Group (see Note 5.3). For tax purposes, the Company operates under Chilean tax identification number 91.081.000-6.

As of December 31, 2017 the Group had 848 employees. During the year ended December 31, 2017, the Group averaged a total of 867 employees (see Note 34).

The Group's corporate purpose consists of generating, transporting, producing, and distributing electrical energy. The Company's corporate purpose also includes investing in financial assets, developing projects, carrying out activities in the energy industry and in other fields in which electrical energy is essential, and participating in public civil or hydraulic infrastructure concessions in which it may participate directly or through subsidiaries or associate companies in Chile or abroad.

#### 1.1 Enel Group Proposed Corporate Reorganization

Enel Generación Chile's Board of Directors at its Extraordinary Session held on September 1, 2017, unanimously resolved to initiate all work and steps necessary to analyze the corporate reorganization proposed by our parent Enel Chile, in the terms applicable to Enel Generación Chile.

Enel Chile's proposal consists of a corporate reorganization within Enel, which is intended to incorporate the renewable energy assets in Chile held through Enel Green Power Latin America S.A. (“EGPL”) with Enel Chile. EGPL is a subsidiary of Enel, actually controlled by Enel Green Power SpA..

The proposal also implies that the merger is contingent on the success of a Public Tender Offer (“Tender Offer”) to be carried out by Enel Chile for all of the shares of its subsidiary Enel Generación Chile held by non-controlling interests

The Reorganization is expected to involve two principal phases, each of which is conditional on the implementation of the other, as follows:

(i) *Public tender offer*

Enel Chile will launch a public tender offer (the “Tender Offer”) for all of the shares of its subsidiary Enel Generación Chile S.A. (“Enel Generación Chile”) held by non-controlling interests (equivalent to approximately 40% of the share capital). The Tender Offer consideration is expected to be paid in cash, subject to the condition that tendering Enel Generación Chile shareholders will have agreed to use a specified portion of the cash consideration to subscribe for shares or American Depositary Shares (“ADSs”) of Enel Chile (the “Share/ADS Subscription Condition”).

The effectiveness of the Tender Offer will be conditional on satisfaction or waiver of the following:

- The tender in the Tender Offer of a total number of shares that would enable Enel Chile to increase its ownership interest in Enel Generación Chile to more than 75% from the current 60%;
- The approval by Enel Generación Chile’s shareholders’ meeting of an amendment to the company’s bylaws to provide that Enel Generación Chile is no longer be subject to (i) Title XII of Decree No. 3,500 of 1980 (the Chilean law that regulates pension fund investments) or (ii) the existing limits to share ownership in the company, which currently do not allow any single shareholder to own more than 65% of the company’s share capital;
- Enel Chile has available for issuance in the Tender Offer the necessary number of newly issued Enel Chile Shares following the expiration of the preemptive right period in the related capital increase to permit the subscription of the number of shares and ADSs of Enel Chile required to satisfy the Share/ADS Subscription Condition;
- The absence of any legal proceeding or action seeking to (i) prohibit or prevent the Merger between Enel Chile and EGPL; (ii) impose material limitations on Enel Chile’s ability to effectively exercise its property rights over the assets of EGPL to be assigned to Enel Chile as a consequence of the Merger; (iii) impose limitations on Enel Chile’s ability to continue developing and operating the projects owned by EGPL; and (iv) in general, any legal proceeding or action before any regulatory, judicial or administrative authority resulting in any of the consequences indicated in (i) to (iii) above;
- The absence of any legal proceeding or action seeking to (i) prohibit or prevent the closing of the Tender Offer; (ii) impose material limitations on Enel Chile’s ability to effectively acquire the Enel Generación Chile shares and Enel Generación Chile ADSs; (iii) impose limitations on Enel Chile’s ability to exercise its property rights over the Enel Generación Chile shares and Enel Generación Chile ADSs validly tendered and not validly withdrawn pursuant to the Tender Offer; and (iv) in general, any legal proceeding or action before any regulatory, judicial or administrative authority resulting in any of the consequences indicated in (i) to (iii) above;
- The Share/ADS Subscription Condition;
- Enel S.p.A must maintain at all times an ownership interest in Enel Chile of more than 50% and maintain its controlling shareholder position and shall not exceed the 65% stock ownership limit set forth in Enel Chile’s bylaws after the consummation of the proposed Reorganization;
- All of the other conditions to the Merger (other than the consummation of the Tender Offer); and
- The absence of any material adverse effect.

(ii) *Merger*

Following the completion of the Tender Offer, EGPL will merge into Enel Chile (the “Merger”). Consequently, the renewable assets held by EGPL will be integrated into Enel Chile.

Subject to the final share subscription price in the Tender Offer and the exchange ratio in the Merger, Enel is expected to hold, in the aggregate, an ownership interest in Enel Chile similar to its current 60.6% ownership.

On December 20, 2017, the Extraordinary Shareholder's Meeting of Enel Generación Chile, for fulfilling one of the conditions of success of the OPA, approved the amendment of the company's bylaws to eliminate the limitations and restrictions

established in Section XII of Decree No. 3.500. The Board approved that the aforementioned amendment of the bylaws will be subject to the condition precedent that Enel Chile declares the TOB successful.

The Merger was completed on April 2, 2018. (See note 38).

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Accounting principles

The consolidated financial statements as of December 31, 2017 of the Group, approved for issuance by the Company’s Board of Directors at its meeting held on April 24, 2018, have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements reflect faithfully the financial position of Enel Generación Chile and its subsidiaries at December 31, 2017 and 2016, and the results of its operations, changes in equity and cash flows for the year ended December 31, 2017, 2016 and 2015.

These consolidated financial statements have been prepared under going concern assumptions on a historical cost basis except, in accordance with IFRS, those assets and liabilities that are measured at a fair value (see Note 3.f) and those non-current assets and disposal groups held for sale, which are recognized at the carrying amount or the fair value less cost of disposal, whichever is lower (see Note 3.g and 3.j).

These consolidated financial statements are presented in thousands of Chilean pesos (unless expressly stated otherwise), as the Chilean peso is the functional currency of the Company and the presentation currency of the Group. Foreign operations are incorporated in accordance with the accounting policies stated in Notes 2.7 and 3.m.

### 2.2 New accounting pronouncements

#### a) Accounting pronouncements effective from January 1, 2017:

Amendments to Standards	Effective date
Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses <i>The purpose of the amendments to IAS 12 “Income Taxes” is to provide requirements on recognition of deferred tax assets for unrealized losses, and clarify how to account for deferred tax assets related to debt instruments measured at fair value.</i>	Annual periods beginning on or after January 1, 2017
Amendment to IAS 7: Disclosure Initiative <i>The amendments to IAS 7 “Statement of Cash Flows” are part of the IASB’s initiative aimed at improving presentation and disclosure of information in the financial statements. The amendments add additional disclosure requirements relating to financing activities in the statement of cash flows.</i>	Annual periods beginning on or after January 1, 2017
Annual Improvements to IFRS (2014 – 2016 Cycle) <i>Annual improvements correspond to a series of limited scope amendments clarifying, correcting or eliminating redundancy in IFRS 12 “Disclosures of Interests in Other Entities”.</i>	Annual periods beginning on or after January 1, 2017

The amendments and improvements to the standards, which came into effect on January 1, 2017, had no significant effect on the consolidated financial statements of the Company and its subsidiaries. The disclosures required by IAS 7 relating to financing activities are presented in Note 6 (e)

**b) Accounting pronouncements effective from January 1, 2018 and subsequent periods:**

As of the date of issue of these consolidated financial statements, the following accounting pronouncements had been issued by the IASB, but their application was not yet mandatory:

<b>New Standards</b>	<b>Effective date</b>
IFRS 9 <i>Financial Instruments</i>	Annual periods beginning on or after January 1, 2018
IFRS 15 <i>Revenue from Contracts with Customers</i>	Annual periods beginning on or after January 1, 2018
IFRS 16 <i>Leases</i>	Annual periods beginning on or after January 1, 2019
IFRIC 22: <i>Foreign Currency Transactions and Advance Consideration</i>	Annual periods beginning on or after January 1, 2018
IFRIC 23: <i>Uncertainty over Income Tax Treatments</i>	Annual periods beginning on or after January 1, 2019

**IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of the new standard. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The company will adopt the standard on the date of effective application without restating previous periods, recognizing the cumulative effect of its initial application as an adjustment to the opening balance of accumulated earnings (or another component of the estate, as appropriate).

IFRS 9 brings together all three phases of the IASB's project on financial instruments: (i) classification and measurement, (ii) impairment and (iii) hedge accounting.

Enel Generación Chile carried out a detailed evaluation of the three aspects of the standard and its impact on the Group's consolidated financial statements. This evaluation is based on the information currently available and, therefore, may be subject to changes arising from additional information available during the year 2018.

i) Classification and measurement.

IFRS 9 introduces a new classification approach for *financial assets*, based on two concepts: the characteristics of the contractual cash flows of the financial assets and the business model of the entity. Under this new approach, the four classification categories of IAS 39 are replaced by the following three categories:

- amortized cost; if the financial assets are held within a business model whose objective is to collect contractual cash flows;
- fair value through other comprehensive income, if the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; or
- fair value through profit or loss, a residual category which consists of financial instruments that are not held within any of the two business models previously discussed, including those held for trading and those designated at fair value on initial recognition.

For *financial liabilities*, IFRS 9 retains largely the existing requirements in IAS 39, with certain specific modifications, under which most of the financial liabilities are measured at amortized cost, and allowing to designate a financial liability to be measure at fair value through profit or loss, if certain criteria are met.

However, IFRS 9 introduces new requirements for financial liabilities designated at fair value through profit or loss, which states that under certain circumstances, changes in fair value originated by the variation of an entity's own credit risk will be recognized in other comprehensive income.

Based on the assessment made, the Group considers that the new classification requirements will not have a significant impact on the accounting of its financial assets. Loans and receivables are maintained to obtain contractual cash flows representing solely payment of the principal and interest, so they meet the criteria to be measured at amortized cost under IFRS 9. Investments in equity instruments classified as available for sale will continue to be measured at fair value through profit or loss.

ii) Impairment.

The new impairment model in IFRS 9 is based on expected credit losses, as opposed to the incurred loss model in IAS 39. Consequently, under IFRS 9 impairment losses will be recognized, as a general rule, earlier than current practice.

The new impairment model will be applied to financial assets measured at amortized cost and those measured at fair value through other comprehensive income, except for investments in equity instruments. Under IFRS 9, the allowance for impairment losses will be measured based on:

- 12 months expected credit losses; or
- Lifetime expected credit losses if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition.

The standard allows the application of a simplified approach for trade receivables, contract assets and lease receivables so that the impairment is always recognized in reference to the lifetime expected credit losses for the asset. The Group has chosen to apply this policy for the designated financial assets.

Based on the new methodology for estimating expected credit losses, the Group has determined that the application of the impairment requirements of IFRS 9 as of January 1, 2018, will not have a significant impact on the consolidated financial statements of Enel Generation Chile and subsidiaries.

iii) Hedge accounting.

IFRS 9 introduces a new model for hedge accounting in order to more closely align the accounting treatment with risk management activities of the entities and to establish a new principle-based approach. The new model will enable entities to better reflect risk management activities in the financial statements, and allow more items to be eligible as hedged items, such as: non-financial risk component, net positions, and aggregated exposures (i.e., a combination of derivative and non-derivative exposure).

The most significant changes in relation to hedging instruments compared to hedge accounting methodology in IAS 39, is the possibility to defer in other comprehensive income the time value of options, forward points in forward contracts, and foreign currency basis spread, until the hedged item impacts profit or loss.

IFRS 9 eliminates the current quantitative requirement for hedge effectiveness test, under which the results must be within a range of 80-125 percent. This will allow aligning hedge effectiveness with risk management by demonstrating the existence of an economic relationship between the hedging instrument and the hedged item, and enables the rebalancing of hedging relationship if the risk management objective remains unchanged. However, retrospective ineffectiveness should continue to be valued and recognized in profit or loss.

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9, until the time the new requirements on macro-hedging are published and adopted. The Group has chosen to apply the new requirements of IFRS 9 on the date of its adoption.

Implementing the new model included assessing the existing hedge relationships and the analysis of new strategies that may be applied under the new standard. The Group considers that all the existing hedge relationships at December 31, 2017, which have been designed as efficient hedges, will continue to be suitable for hedge accounting under IFRS 9. Similarly, non-accounting hedges will continue to be measured at fair value through profit or loss under the new standard.



## IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB published IFRS 15 which is applicable to all contracts with customers, with certain exemptions. The new revenue standard supersedes all current revenue recognition standards:

- IAS 11 Construction Contracts;
- IAS 18 Revenue;
- IFRIC 13 Customer Loyalty Programs;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers; and
- SIC-31 Revenue—Barter Transactions Involving Advertising Services.

The standard shall be applied for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method. Consequently, the Group will apply IFRS 15 retrospectively only to those contracts effective on January 1, 2018, recognizing the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings (or another category of equity, if appropriate) as of the annual reporting period that includes the date of initial application. It is not required to restate comparative periods.

This new Standard introduces a general framework for recognition and measurement of revenue, based on the core principle that revenues are recognized for an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to customers. This core principle shall be applied using a five-step approach to revenue recognition: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contracts; and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 requires more detailed disclosures than the current requirements to provide further information about the nature, amount, timing and certainty of revenue and cash flows derived from contracts with clients. The disclosure requirements represent a significant change as compared to current practice and increase significantly the volume of disclosures to be included in the Group's financial statements.

In April 2016, the IASB issued amendments to IFRS 15 to clarify certain requirements and to provide additional practical expedients for transition. The amendments are mandatorily effective on the same date as the standard, i.e., January 1, 2018.

The Group carried out an implementation project, to identify and measure the possible impacts of applying IFRS 15 on its consolidated financial statements. This project involved identifying all of the revenue flows of Enel Generation Chile and its subsidiaries, knowledge of the traditional practices of the business, a comprehensive evaluation of each kind of contract with customers and determining the methodology for recording this revenue under the standards. The evaluation was performed paying special attention to those contracts presenting key aspects of IFRS 15 and particular characteristics of interest to the Group, such as identifying contractual obligations; contracts with multiple obligations and recognition opportunities; contracts with variable compensation; significant financing component; analysis of principal versus agent; existence of service guarantees; and recognition of costs to obtaining and fulfilling a contract.

The Enel Generación Chile Group participates in the electrical energy generation, transmission and distribution businesses, and related activities. Based on the nature of the goods and services offered and the characteristics of its revenue flows streams, the Group does not expect that application of IFRS 15 will have a material impact on the consolidated financial statements of Enel Generación Chile and subsidiaries.

- Sale and transportation of electricity: The main source of revenue of Enel Generación Chile is from the sale of a series of goods and services whose control is transferred over time, since the client receives and consumes simultaneously the

benefits provided by the Group. According to the criteria under IFRS 15, the Group will continue recognizing revenue over time, instead of at a given moment in time.

- Sale of other goods and services: Correspond mainly the sale of supplementary electrical-related goods and to, services whose control is transferred to the customer at a point in time. Revenue is recognized when the control of the good or service has been transferred to the customer, i.e. when the customer obtains substantially all of the benefits from the asset and the ability to direct its use. Application of the standard will not change the calendar or the amount of revenue recognized pursuant to these agreements.

The Group is assessing the necessary changes and improvements in the systems, internal control, policies and procedures in order to comply with the new disclosures requirements of IFRS 15.

### **IFRS 16 Leases**

In January 2016, the IASB issued IFRS 16 which establishes recognition, measurement, presentation and disclosure principles for lease agreements. IFRS 16 supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases—Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

The standard is effective for annual periods beginning on or after January 1, 2019. Early application is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The Group does not plan to adopt the standard early.

Although IFRS 16 substantially retains the definition of a lease in IAS 17, the main change is the incorporation of the “control” concept within the new definition. In relation to the accounting treatment for a lessee and a lessor, the new Standard states the following:

- i) Lessee accounting: IFRS 16 requires lessees to account for all leases under a single model, similar to accounting for finance leases under IAS 17. As a result, at the date of commencement of a lease, the lessee will recognize on the statement of financial position a right to use asset and a lease liability for the future payments. Subsequent to initial recognition it will recognize in the statement of profit or loss the depreciation expense of the asset separately from the interest related to the liability. The standard provides two voluntary recognition exceptions for low-value leases and short-term leases.
- ii) Lessor accounting: does not change substantially from the current model of IAS 17. The lessor will continue to classify leases under the same principles of the current standard as operating or financial leases.

IFRS 16 provides a series of practical expedients for the transition, both for the definition of a lease and for retrospective application of the standard. The Group has not yet decided if it will use certain or all of the practical expedients.

The Group is currently carrying out an assessment of the potential impact of IFRS 16 on its consolidated financial statements. The quantitative effect will depend on, among others, the chosen transition method, the extent to which the Group uses the practical expedients and recognition exemptions and any additional lease contract entered into by the Group in the future.

### **IFRIC 22 – Foreign Currency Transactions and Advance Consideration**

This Interpretation clarifies the date of the transaction for the purpose of determining the exchange rate to use in foreign currency transactions when the consideration is paid or received before recognizing related revenues, expenses or assets. For this purposes, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after January 1, 2018. Early application is permitted.

The Group expects that this new Interpretation will no have a material effect on the consolidated financial statements of Enel Generación Chile and its subsidiaries.

## IFRIC 23 – Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23 to clarify the application of recognition and measurement requirements in IAS 12, *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances.

The Interpretation is effective for annual periods beginning on or after January 1, 2019. Early application is permitted.

The Group’s management is currently assessing the potential impact that IFRIC 23 will have on its consolidated financial statements on its initial application.

New Interpretations and Amendments to Standards	Effective date
<p>Annual Improvements to IFRS (Cycles 2014-2016)</p> <p><i>Annual improvements correspond to a series of limited scope amendments clarifying, correcting or eliminating redundancy in the following standards: IFRS 1 “First-time Adoption of IFRS”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”.</i></p>	<p>Annual periods beginning on or after January 1, 2018.</p>
<p>Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)</p> <p><i>These amendments specify accounting requirements for: (i) performance conditions for cash-settled share-based payments; (ii) the classification of withholding tax obligations for share-based payment transactions with net settlement features; and (iii) the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.</i></p>	<p>Annual periods beginning on or after January 1, 2018</p>
<p>Transfers of Investment Property (Amendments to IAS 40)</p> <p><i>The IASB issued this amendment to clarify that a change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use and is not a sufficient reclassification criteria.</i></p>	<p>Annual periods beginning on or after January 1, 2018</p>
<p>Amendments to IFRS 9: Prepayment features with negative compensation</p>	
<p><i>The amendments allow entities to measure prepayable financial assets with negative compensation at amortized cost or at fair value through other comprehensive income upon compliance of certain specific condition, instead of being measured at fair value through profit or loss.</i></p>	<p>Annual periods beginning on or after January 1, 2019</p>
<p>Amendments to IAS 28: Long-term interests in Associates and Joint Ventures</p>	
<p><i>The IASB issued these amendments to clarify that an entity that applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied</i></p>	<p>Annual periods beginning on or after January 1, 2019</p>
<p>Annual Improvements to IFRS (Cycle 2015-2017)</p>	
<p><i>Annual improvements correspond to a series of limited scope amendments that clarify the wording in an IFRS Standard or correct relatively minor oversights or conflicts between existing requirements of IFRS Standards: IFRS 3 “Business combination”, IFRS 11 “Joint arrangements”, IAS 12 “Income taxes” and IAS 23 “Borrowing costs”.</i></p>	<p>Annual periods beginning on or after January 1, 2019</p>

Amendment to IFRS 10 and IAS 28: Sale or Contribution of Assets	
<i>The amendment corrects an inconsistency between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” relating to the accounting treatment of the sale or contributions of assets between an Investor and its Associate or Joint Venture.</i>	Effective date deferred indefinitely
<i>The IASB decided to postpone the effective date of application of the amendment, until obtaining the results of its research Project on the equity method of accounting.</i>	

In Management’s opinion, the foregoing amendments and annual improvements is not expected to have a significant effect on the consolidated financial statements of the Enel Generación Chile and its subsidiaries.

### 2.3 Responsibility for the information, judgments and estimates provided

The Company’s Board of Directors is responsible for the information contained in these consolidated financial statements and expressly states that all IFRS principles and standards, have been fully implemented.

In preparing the consolidated financial statements, certain judgments and estimates made by the Company’s Management have been used to quantify some of the assets, liabilities, revenue, expenses and commitments recognized in them.

The most important areas where critical judgment was required are:

- The identification of Cash Generating Units (CGU) for impairment testing (see Note 3.d).
- The hierarchy of information used to measure assets and liabilities at fair value (see Note 3.g).

The estimates refer basically to:

- The valuations performed to determine the existence of impairment losses in assets and goodwill (see Note 3.d).
- The assumptions used to calculate the actuarial liabilities and obligations with employees, such as discount rates, mortality tables, salary increases, etc. (see Notes 3.1.1 and 22).
- The useful lives of property, plant and equipment, and intangible assets (see Notes 3.a and 3.c).
- The assumptions used to calculate the fair value of financial instruments (see Notes 3.g and 19).
- Certain assumptions inherent in the electricity system affecting transactions with other companies, such as production, customer billings, energy consumption, that allow for estimating electricity system settlements that must occur on the corresponding final settlement dates, but that are pending as of the date of issuance of the consolidated financial statements and could affect the balances of assets, liabilities, income and expenses recognized in the financial statements (see Appendix 6.2).
- The probability that uncertain or contingent liabilities will be incurred and their related amounts (see Note 3.l).
- Future disbursements for closure of facilities and restoration of land, as well as discount rates to be used (see Note 3.a).
- The tax results of the various subsidiaries of the Group that will be reported to the respective tax authorities in the future, and that have been used as the basis for recording different balances related to income taxes in these consolidated financial statements (see Note 3.o).

- The fair value of assets acquired and liabilities assumed, and any pre-existing interest in an entity acquired in a business combination.

Although these judgments and estimates have been based on the best available information as of the issuance date of these consolidated financial statements, future events may occur that would require a change (increase or decrease) to these judgments and estimates in subsequent periods. This change would be made prospectively, recognizing the effects of this change of judgments and estimates in the corresponding future consolidated financial statements.

### **2.3.1 Changes in accounting estimates**

The Company carried out a new study on useful lives allocated to the Group's main items of property, plant and equipment. The results of such study indicated that there is sufficient evidence to conclude that it is necessary to revise the remaining useful lives of certain assets, so as to better reflect the period over which these assets are expected to be available for use.

Based on above, beginning on January 1, 2017, Enel Generación Chile revised the remaining useful lives of certain items of its property, plant and equipment. This change in accounting estimate resulted in a lower depreciation expense of ThCh\$11,023,983 for the year ended December 31, 2017.

## **2.4 Subsidiaries**

Subsidiaries are defined as those entities controlled either directly or indirectly by Enel Generación Chile S.A. Control is exercised if and only if the following conditions are met: the Company has i) power over the subsidiary; ii) exposure, or rights to variable returns from these entities; and iii) the ability to use its power to influence the amount of these returns.

Enel Generación Chile has power over its subsidiaries when it holds the majority of the substantive voting rights or, should that not be the case, when it has rights granting the practical ability to direct the entities' relevant activities, that is, the activities that significantly affect the subsidiary's results.

The Group will reassess whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Subsidiaries are consolidated as described in Note 2.7.

Appendix 1 "Enel Generación Chile Group Entities" to these consolidated financial statements, describes the relationship of the Company with each of its subsidiaries.

### **2.4.1 Changes in the scope of consolidation**

On March 1, 2016, as part of the corporate reorganization and as a result of the spin-off described in Note 5.3, all subsidiaries that were part of the generation and distribution businesses outside of Chile have been deconsolidated, which are detailed in Appendix 2. The effects of this transaction in the consolidated financial statements of Enel Generación Chile are described in Note 5.3.

### **2.4.2 Unconsolidated companies with an ownership interest of over 50%**

Although the Group holds more than a 50% ownership interest in Centrales Hidroeléctricas de Aysén S.A., it is considered a "joint venture" since the Group, through contracts or agreements with shareholders, exercises joint control of this entity. As of December 31, 2017, the investment that the Group has in Centrales Hidroeléctricas de Aysén, S.A. has been classified as non-current assets held to distribute to the owners (see notes 3.j, 5.1. and 12).

## **2.5 Investments in associates**

Associates are those entities in which Enel Generación Chile, either directly or indirectly, exercises significant influence.

Significant influence is the power to participate in the financial and operational policy decisions of the associate but is not control or joint control over those policies. In assessing significant influence, the Group takes into account the existence and effect of potential exercisable voting rights or convertible rights at the end of each reporting period, including potential voting

rights held by the Company or other entities. In general, significant influence is presumed to be those cases in which the Group has more than 20% of the voting power of the investee.

Associates are accounted for under equity method as described in Note 3.h.

Appendix 3 “Associates and Joint Ventures” to these consolidated financial statements, describes the relationship of the Company with each of these companies.

## **2.6 Joint arrangements**

Joint arrangements are defined as those entities in which the Group exercises control under an agreement with other shareholders and jointly with them, in other words, when decisions on the entities’ relevant activities require the unanimous consent of the parties sharing control.

Depending on the rights and obligations of the participants, joint agreements are classified as:

- Joint venture: an agreement whereby the parties exercising joint control have rights to the entity’s net assets. Joint ventures are incorporated to the consolidated financial statements using the equity method, as described in Note 3.h.
- Joint operation: an agreement whereby the parties exercising joint control have rights to the assets and obligations with respect to the liabilities relating to the arrangement. Joint operations are incorporated to the consolidated financial statements recognizing the interest in the assets and liabilities held in the joint operation. At the end of the reporting period, the Group does not have any joint arrangements that qualify as joint operations.

In determining the type of joint arrangement in which it is involved, the management of the Group assesses its rights and obligations arising from the arrangement by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. If facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

Currently, the Company is not involved in any joint arrangement that qualifies as a joint operation.

Appendix 3 “Associates and Joint Ventures” to these consolidated financial statements describes the relationship of the Company and each of these companies.

## **2.7 Basis of consolidation and business combinations**

The subsidiaries are consolidated and all their assets, liabilities, revenues, expenses, and cash flows are included in the consolidated financial statements once the adjustments and eliminations from intra-group transactions have been made.

The comprehensive income of subsidiaries is included in the consolidated statement of comprehensive income from the date when the parent company obtains control of the subsidiary and until the date on which it loses control of the subsidiary.

The operations of the parent company and its subsidiaries have been consolidated under the following basic principles:

1. At the date the parent obtains control, the subsidiary’s assets acquired and its liabilities assumed are recorded at fair value, except for certain assets and liabilities that are recorded using valuation principles established in other IFRS standards. If the fair value of the consideration transferred plus the fair value of any non-controlling interests exceeds the fair value of the net assets acquired, this difference is recorded as goodwill. In the case of a bargain purchase, the resulting gain is recognized in profit or loss for the period after reassessing whether all of the assets acquired and the liabilities assumed have been properly identified and following a review of the procedures used to measure the fair value of these amounts.

For each business combination, the Group chooses whether to measure the non-controlling interests in the acquiree at fair value or at the proportional share of the net identifiable assets acquired.

If the fair value of all assets acquired and liabilities assumed at the acquisition date has not been completed, the Group reports the provisional values accounted for in the business combination. During the measurement period, which shall not

exceed one year from the acquisition date, the provisional values recognized will be adjusted retrospectively as if the accounting for the business combination had been completed at the acquisition date, and also additional assets or liabilities will be recognized to reflect new information obtained on events and circumstances that existed on the acquisition date, but which were unknown to the management at that time. Comparative information for prior periods presented in the financial statements is revised as needed, including making any change in depreciation, amortization or other income effects recognized in completing the initial accounting.

For business combinations achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss.

2. Non-controlling interests in equity and in comprehensive income of the subsidiaries are presented, respectively, under the line items "Total Equity: Non-controlling interests" in the consolidated statement of financial position and "Net income attributable to non-controlling interests" and "Comprehensive income (loss) attributable to non-controlling interests" in the consolidated statement of comprehensive income.
3. The financial statements of the Group companies with functional currencies other than the Chilean peso are translated as follows:
  - a. For assets and liabilities the prevailing exchange rate on the closing date of the financial statements is used.
  - b. For items of the comprehensive income, the average exchange rate for the period is used (unless this average is not a reasonable approximation of the cumulative effect of the exchange rates in effect on the dates of the transactions, in which case the exchange rate in effect on the date of each transaction is used).
  - c. For equity accounts the historical exchange rate from the date of acquisition or contribution is used, and retained earnings are translated at the average exchange rate at the date of origination.
  - d. Exchange differences arising in translation of financial statements are recognized in the item "Foreign currency translation gains (losses)" within the consolidated statement of comprehensive income in other comprehensive income (see Note 23.2).
4. Balances and transactions between consolidated companies were fully eliminated in the consolidation process.
5. Changes in the ownership interests in subsidiaries that do not result in the Group obtaining or losing control are recognized as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to shareholders of the Parent.
6. Business combinations between entities under common control are accounted for using, as a reference, the 'pooling of interest' method. Under this method, the assets and liabilities involved in the transaction remain reflected at the same carrying amounts at which they were recognized in the ultimate controlling company, although subsequent accounting adjustments may need to be made to align the accounting policies of the companies involved.

Any difference between assets and liabilities contributed to the consolidation and the consideration paid is recorded directly in equity, as a charge or credit to "Other reserves". The Group does not restate comparative periods in its financial statements for business combinations under common control.

### 3. ACCOUNTING POLICIES

The main accounting policies used in preparing the accompanying consolidated financial statements are the following:

#### a) Property, plant and equipment

Property, plant and equipment are measured at acquisition cost, net of accumulated depreciation and any impairment losses they may have experienced. In addition to the price paid to acquire each item, the cost also includes, where applicable, the following:

- Financing expenses accrued during the construction period that are directly attributable to the acquisition, construction, or production of qualified assets, which require a substantial period of time before being ready for use such as, for example, electricity generation or distribution facilities. The Group defines “substantial period” as one that exceeds 12 months. The interest rate used is that of the specific financing or, if none exists, the weighted average financing rate of the company carrying out the investment (see Note 15.4.a).
- Employee expenses directly related to construction in progress (see Note 15.4.b).
- Future disbursements that the Group will have to make to close their facilities are incorporated into the value of the asset at fair value, recording in the accounting the corresponding provision for dismantling or restoration. The Group reviews its estimate of these future disbursements on a yearly basis, increasing or decreasing the value of the asset based on the results of this estimate (see Note 21).

Items for construction work in progress are transferred to operating assets once the testing period has been completed and they are available for use, at which time depreciation begins.

Expansion, modernization or improvement costs that represent an increase in productivity, capacity or efficiency, or a longer useful life are capitalized as increasing the cost of the corresponding assets.

The replacement or overhaul of entire components that increase the asset’s useful life or economic capacity are recognized as an increase in cost for the respective assets, derecognizing the replaced or overhauled components.

Expenditures for periodic maintenance, conservation and repair are recognized directly as an expense for the period in which they are incurred.

The Group, based on the outcome of impairment testing performed as explained in Note 3.d), considers that the carrying amount of assets does not exceed their recoverable amount.

Property, plant and equipment, net of its residual value, is depreciated by distributing the cost of the different items that comprise it on a straight-line basis over its estimated useful life, which is the period during which the Group companies expect to use the assets. Useful life estimates and residual values are reviewed on an annual basis and if appropriate, adjusted prospectively.

The following are the main categories of property, plant and equipment with their respective estimated useful lives:

Categories of Property, plant and equipment	Years of estimated useful lives (*)
Buildings	10 – 50
Plant and equipment	5 – 65
IT equipment	3 – 15
Fixtures and fittings	2 – 35
Motor vehicles	5 – 10



Additionally, the following table sets forth more details on the useful lives of plant and equipment items:

<b>Categories of Property, plant and equipment</b>	<b>Years of estimated useful lives (*)</b>
<b>Generating facilities:</b>	
Hydroelectric plants	
Civil engineering works	10 – 65
Electromechanical equipment	10 – 40
Coal / fuel plants	20 – 40
Combined cycle plants	10 – 25
Renewable energy power plants	20
<b>Natural gas transport facilities:</b>	
Pipelines	20

(\*) See Note 2.3.1

Land is not depreciated since it has an indefinite useful life.

Gains or losses that arise from the sale or disposal of items of property, plant, and equipment are recognized as “Other gains (loses)” in the comprehensive income statement and are calculated by deducting the net carrying amount of the asset and any sales costs from the consideration received in the sale.

#### **b) Goodwill**

Goodwill arising from business combinations, and reflected upon consolidation, represents the excess value of the consideration paid plus the amount of any non-controlling interests over the Group’s share of the net value of the assets acquired and liabilities assumed, measured at fair value at the acquisition date. If the accounting for a business combination is completed within the following year after the acquisition date, and so is the goodwill determination, the entity recognizes the corresponding adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date (see Note 2.7.1).

Goodwill arising from acquisition of companies with functional currencies other than the Chilean peso is measured in the functional currency of the acquired company and translated to Chilean pesos using the exchange rate effective as of the date of the statement of financial position.

Goodwill is not amortized; instead, at the end of each reporting period or when there are indicators that an impairment might have occurred, the Company estimates whether any impairment loss has reduced its recoverable amount to an amount less than the carrying amount and, if so, it impairment loss is immediately recognized in profit or loss (see Note 3.d).

#### **c) Intangible assets other than goodwill**

Intangible assets are initially recognized at their acquisition cost or production cost, and are subsequently measured at their cost, net of their accumulated amortization and impairment losses they may have experienced.

Intangible assets are amortized on a straight line basis during their useful lives, starting from the date when they are ready for use, except for those with an indefinite useful life, which are not amortized. As of December 31, 2017 and 2016, there are no significant amounts in intangible assets with an indefinite useful life.

The criteria for recognizing these assets impairment losses and, if applicable, recovery of impairment losses recognized in previous periods are explained in Note 3.d below.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

The criteria for recognizing these assets' impairment losses and, if applicable, recovery of impairment losses recorded in previous periods are explained in Note 3.d below.

### **c.1) Research and development expenses**

The Group recognizes the costs incurred in a project's development phase as intangible assets in the statement of financial position as long as the project's technical feasibility and future economic benefits have been demonstrated.

Expenditures on research activities are recognized as an expense in the period in which they are incurred.

### **c.2) Other intangible assets**

Other intangible assets correspond to computer software, water rights, and easements. They are initially recognized at acquisition or production cost and are subsequently measured at cost less accumulated amortization and impairment losses, if any.

Computer software is amortized (on average) over four years. Easements and water rights have indefinite useful lives and, therefore, are not amortized.

### **d) Impairment of non-financial assets**

During the period, and principally at the end of each reporting period, the Company evaluates whether there is any indication that an asset has been impaired. If any such indication exists, the Company estimates the recoverable amount of that asset to determine the amount of the impairment loss. In the case of identifiable assets that do not generate cash flows independently, the Company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs, which is understood to be the smallest identifiable group of assets that generates independent cash inflows.

Notwithstanding the preceding paragraph, in the case of CGUs to which goodwill or intangible assets with indefinite useful lives have been allocated, a recoverability analysis is performed routinely at each period end.

Recoverable amount is the higher of fair value less costs of disposal and value in use, which is defined as the present value of the estimated future cash flows. In order to calculate the recoverable amount of Property, plant, and equipment, as well as of goodwill, and intangible assets, the Company uses value-in-use criteria in practically all cases.

To estimate value in use, the Group prepares future pre-tax cash flow projections based on the most recent budgets available. These budgets incorporate management's best estimates of a CGUs' revenue and costs using sector projections, past experience and future expectations.

In general, these projections cover the next five years, estimating cash flows for subsequent years by applying reasonable growth rates which, in no case, are increasing rates nor exceed the average long-term growth rates for the particular sector and country in which the Group operates. As of December 31, 2017 future cash flows projections were extrapolated using the growth rate 3.1%.

Future cash flows are discounted to calculate their present value at a pre-tax rate that covers the cost of capital for the business activity and the geographic area in which it is being carried out. The time value of money and risk premiums generally used among analysts for the business activity and the geographic zone are taken into account to calculate the pre-tax rate. As of December 31, 2017, the Group applied the pre-tax discount rate 10.7%, expressed in nominal terms.

If the recoverable amount of the CGU is estimated to be less than its carrying amount, an impairment loss is recognized in the consolidated statement of comprehensive income in the line item "Reversal of impairment loss (impairment loss) recognized in profit or loss". The impairment is first allocated to reduce the carrying amount of any goodwill allocated to the CGU, and then on a pro rata basis to the other carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of fair value less costs of disposal, its value in use; or zero.

Impairment losses recognized for an asset (other than goodwill) in prior periods are reversed when there are indications that the impairment loss no longer exists or may have decreased, thus increasing the asset's carrying amount with a credit to earnings. The increase in the asset's carrying amount shall not exceed that carrying amount that would have been

determined had no impairment loss been recognized for the asset. Goodwill impairment losses are not reversed in subsequent periods.

e) **Leases**

In order to determine whether an arrangement is, or contains, a lease, the Group assesses the economic substance of the agreement, in order to determine whether fulfillment of the arrangement depends on the use of a specific asset and whether the agreement conveys the right to use an asset. If both conditions are met, at the inception of the arrangement the Group separates the payments and other considerations relating to the lease, at their fair values, from those corresponding to other components of the agreement.

Leases that substantially transfer all the risks and rewards of ownership to the Group are classified as finance leases. All others leases are classified as operating leases.

Finance leases in which the Group acts as a lessee are recognized at the inception of the arrangement. At that time, the Group records an asset based on the nature of the lease and a liability for the same amount, equal to the fair value of the leased asset or the present value of the minimum lease payments, if the latter is lower. Subsequently, the minimum lease payments are apportioned between finance expenses and reduction of the lease obligation. Finance expenses are recognized immediately in the income statement and allocated over the lease term, so as to achieve a constant interest rate on the remaining balance of the liability. Leased assets are depreciated on the same terms as other similar depreciable assets, as long as there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If no such certainty exists, the leased assets are depreciated over the shorter of the useful lives of the assets and their lease term.

In the case of operating leases, payments are recognized as an expense in the case of the lessee and as income in the case of the lessor, both on a straight-line basis, over the term of the lease unless another type of systematic basis of distribution is deemed more representative.

f) **Financial instruments**

Financial instruments are contracts that give rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

**f.1) Financial assets other than derivatives**

The Group classifies its non-derivative financial assets, whether permanent or temporary, excluding investments accounted for using the equity method (see Notes 3.h and 12) and non-current assets and disposal groups held for sale or distribution to owners (see Note 3.j), into four categories:

- **Loans and trade and other receivables:** These financial assets, that are not quoted in the active market, are measured at amortized cost, which is the initial fair value minus principal repayments made, plus accrued interest, calculated using the effective interest method, minus any reduction through the use of an allowance account for impairment or uncollectibility.

The effective interest method is used to calculate the amortized cost of a financial asset or liability (or group of financial assets or financial liabilities) and is charged to finance income or cost over the relevant period. The effective interest rate is the discount rate that exactly matches discounts the estimated future cash flows to be received or paid over the expected life of the financial instrument (or, when appropriate, over a shorter period) to the net carrying amount of the financial asset or financial liability.

- **Held-to-maturity investments:** Investments quoted in an active market that the Group intends to hold and is capable of holding until their maturity are accounted for at amortized cost as defined in the preceding paragraph.
- **Financial assets at fair value through profit or loss:** This category includes the trading portfolio and those financial assets that have been designated as such upon initial recognition and that are managed and evaluated on a

fair value basis. They are measured in the consolidated statement of financial position at fair value, with changes in value recognized directly in income when they occur.

- **Available-for-sale financial assets:** These are financial assets specifically designated as available for sale or that do not fit within any of the three preceding categories. They are almost all financial investments in equity instruments.

These financial assets are recognized in the consolidated statement of financial position at fair value when it can be reliably determined. For investments in equity instruments in unlisted companies or companies with lower levels of liquidity, normally the fair value cannot be reliably measured. When this occurs, those investments in equity instruments are measured at cost less impairment losses, if any.

Changes in fair value, net of tax, are recognized in other comprehensive income, until the investments are disposed of, at which time the amount accumulated in other comprehensive income is reclassified to profit or loss.

If the fair value is lower than cost, and if there is objective evidence that the asset has been more than temporarily impaired, the difference is recognized directly in profit or loss.

Purchases and sales of financial assets are accounted for using their trade date.

#### **f.2) Cash and cash equivalents**

This item within the consolidated statement of financial position includes cash and bank balances, time deposits with original maturity of less than or equal to 90 days, and other highly liquid investments (with original maturity of less or equal to 90 days) that are readily convertible to cash and are subject to insignificant risk of changes in value.

#### **f.3) Impairment of financial assets**

The following criteria are used to determine if a financial asset has been impaired:

- For trade receivables in the electricity generation, transmission and distribution segments, the Company's policy is to recognize impairment losses based on the aging of past-due balances. This is the policy generally applied except in cases where a specific collective basis analysis is recommended, such as in the case of receivables government-owned companies (see Note 8).
- In the case of receivables of a financial nature, included in the loans and trade and other receivables and held-to-maturity investments categories, impairment is determined on case-by-case basis and it is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate (see Notes 7 and 19).
- In the case of financial investments available-for-sale, impairment criteria are detailed in Note 3.f.1.

#### **f.4) Financial liabilities other than derivatives**

Financial liabilities are recognized based on cash received, net of any costs incurred in the transaction. In subsequent periods, these obligations are measured at their amortized cost using the effective interest method (see Note 3.f.1).

In the particular case that a liability is the hedged item in a fair value hedge, as an exception, such liability is measured at its fair value for the portion of the hedged risk.

In order to calculate the fair value of debt, both when it is recognized in the statement of financial position and for fair value disclosure purposes as shown in Note 19.2.b, debt has been divided into fixed interest rate debt (hereinafter "fixed-rate debt") and variable interest rate debt (hereinafter "floating-rate debt"). Fixed-rate debt is that on which fixed-interest coupons established at the beginning of the transaction are paid explicitly or implicitly over its term. Floating-rate debt is that debt issued at a variable interest rate, i.e., each coupon is established at the beginning of each period based on the reference interest rate. All debt has been measured by discounting expected future cash flows with a market interest rate curve based on the payment currency.

## **f.5) Derivative financial instruments and hedge accounting**

Derivatives held by the Group are transactions entered into to hedge interest and/or exchange rate risk, intended to eliminate or significantly reduce these risks in the underlying transactions being hedged.

Derivatives are recognized at fair value at the end of each reporting period as follows: if their fair value is positive, they are recognized within "Other financial assets"; and if their fair value is negative, they are recognized within "Other financial liabilities". For derivatives on commodities, the positive fair value is recognized in "Trade and other receivables", and negative fair values are recognized in "Trade and other payables".

Changes in fair value are recognized directly in profit or loss, except when the derivative has been designated for hedge accounting purposes as a hedge instrument (in a cash flow hedge) and all of the conditions for applying hedge accounting established by IFRS are met, including that the hedge be highly effective. In this case, changes are recognized as follows:

- **Fair value hedges:** The underlying portion for which the risk is being hedged (hedged risk) and the hedge instrument are measured at fair value, and any changes in value of both items are recognized in the consolidated statement of comprehensive income by offsetting the effects in the same comprehensive income statement account.
- **Cash flow hedges:** Changes in the fair value of the effective portion of the hedged item and hedge instrument are recognized in other comprehensive income and accumulated in an equity reserve known as "Reserve for cash flow hedges". The cumulative loss or gain in this reserve is transferred to the consolidated statement of comprehensive income to the extent that the hedged item impacts the consolidated statement of comprehensive income because of the hedged risk, offsetting the effect in the same comprehensive income statement account. Gains or losses from the ineffective portion of the hedging relationship are recognized directly in the consolidated statement of comprehensive income.

A hedge relationship is considered highly effective when changes in fair value or in cash flows of the underlying item directly attributable to the hedged risk are offset by changes in fair value or cash flows of the hedging instrument, with an effectiveness ranging from 80% to 125%.

As a general rule, long-term commodity purchase or sale agreements are recognized in the consolidated statement of financial position at their fair value at the end of each reporting period, recognizing any differences in value directly in profit or loss, except for, when all of the following conditions are met:

- The sole purpose of the agreement is for its own use, which is understood as: (i) in the case of fuel purchase agreements its used to generate electricity; (ii) in the case of electrical energy purchased for sale, its sale to the end-customers; and, (iii) in the case of electricity sales its sale to the end-customers.
- The Group's future projections evidence the existence of these agreements for its own use.
- Past experience with agreements evidence that they have been utilized for its own use, except in certain isolated cases when for exceptional reasons or reasons associated with logistical issues have been used beyond the control and projection of the Group.
- The agreement does not stipulate settlement of differences and the parties have not made it a practice to settle similar contracts with differences in the past.

The long-term commodity purchase or sale agreements maintained by the Group, which are mainly for electricity, fuel, and other supplies, meet the conditions described above. Thus, the purpose of fuel purchase agreements is to use them to generate electricity, electricity purchase contracts are used to sell to end-customers, and electricity sale contracts are used to sell its own products.

The Group also evaluates the existence of derivatives embedded in contracts or financial instruments to determine if their characteristics and risk are closely related to the principal contract, provided that when taken as a whole they are not being accounted for at fair value. If they are not closely related, they are recognized separately and changes in value are accounted for directly in the statement of comprehensive income.

#### **f.6) Derecognition of financial assets and liabilities**

Financial assets are derecognized when:

- The contractual rights to receive cash flows from the financial asset expire or have been transferred or, if the contractual rights are retained, the Company has assumed a contractual obligation to pay these cash flows to one or more recipients.
- The Group has substantially transferred all the risks and rewards of ownership of the financial asset, or, if it has neither transferred nor retained substantially all the risks and rewards, when it does not retain control of the financial asset.

Transactions in which the Group retains substantially all the inherent risks and rewards of ownership of the transferred asset, it continues recognizing the transferred asset in its entirety and recognizes a financial liability for the consideration received. Transactions costs are recognized in profit and loss by using the effective interest method (see Note 3.f.1).

Financial liabilities are derecognized when they are extinguished, that is, when the obligation arising from the liability has been paid or cancelled, or has expired.

#### **f.7) Offsetting of financial assets and liabilities**

The Group offsets financial assets and liabilities, and the net amount is presented in the statement of financial position only when:

- there is a legally binding right to set-off recognized amounts; and
- the company intends to settle them on a net basis, or to simultaneously realize the asset and settle the liability.

The right of set-off may only be legally enforceable in the normal course of business, or in the event of default, or in the event of insolvency or bankruptcy, of one or all of the counterparties.

#### **f.8) Financial guarantees**

The financial guarantee contracts, defined as the guarantees issued by the Company and its subsidiaries to third parties, are initially measured at their fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, financial guarantee contracts are recognized at the higher of:

- The amount determined in accordance with the accounting policy in Note 3.l; and
- The amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the revenue recognition policies described in Note 3.p.

#### **g) Fair value measurement**

The fair value of an asset or liability is defined as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market, namely, the market with the greatest volume and level of activity for that asset or liability. In the absence of a principal market, it is assumed that the transaction is carried out in the most advantageous market available to the entity, namely, the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

In estimating fair value, the Group uses valuation techniques that are appropriate for the circumstances and for which there is sufficient data to conduct the measurement, maximizes the use of relevant observable data and minimizes the use of unobservable data.

Given the hierarchy of the entry data used in the valuation techniques, assets and liabilities measured at fair value can be classified at the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The methods and assumptions used to determine the fair values at Level 2 by type of financial assets or financial liabilities take into consideration estimated future cash flows discounted at market rates. Future cash flows for financial assets and financial liabilities are discounted with the zero coupon interest rate curves for each currency (these valuations are carried out using external tools such as Bloomberg); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

When measuring fair value, the Group takes into account the characteristics of the asset or liability, particularly:

- For non-financial assets, fair value measurement takes into account the ability of a market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;
- For liabilities and equity instruments, the fair value measurement assumes that the liability would not be settled and an equity instrument would not be cancelled or otherwise extinguished on the measurement date. The fair value of the liability reflects the effect of non-performance risk, namely, the risk that an entity will not fulfill the obligation, which includes, but is not limited to, the Company's own credit risk;
- For derivatives not traded on active markets, the fair value is determined by using the discounted cash flow method and generally accepted options valuation models, based on current and future market conditions as of the close of the financial statements. This methodology also adjusts the value based on the Company's own credit risk (Debt Valuation Adjustment, DVA), and the counterparty risk (Credit Valuation Adjustment, CVA). These CVA and DVA adjustments are measured on the basis of the potential future exposure of the instrument (creditor or borrower position) and the risk profile of both the counterparties and the Group itself;
- For financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risks, it is permitted to measure the fair value on a net basis. However, this must be consistent with the manner in which market participants would price the net risk exposure at the measurement date.

Financial assets and liabilities measured at fair value are presented in Note 19.3.

#### **h) Investments accounted for using the equity method**

The Group's interests in joint ventures and associates are recognized using the equity method.

Under the equity method, an investment in an associate or joint venture is initially recognized at cost. As of the acquisition date, the investment is recognized in the statement of financial position based on the share of its equity that the Group's interest represents in its capital, adjusted for, if appropriate, the effect of transactions with subsidiaries plus any goodwill generated in acquiring the company. If the resulting amount is negative, zero is recognized for that investment in the statement of financial position, unless the Group has a present obligation (either legal or implicit) to support the company's negative equity position, in which case a provision is recognized.

Goodwill from the associate or joint venture is included in the carrying amount of the investment. It is not amortized but is subject to impairment testing as part of the overall investment carrying amount when there are indicators of impairment.

Dividends received from these companies are deducted from the value of the investment, and any profit or loss obtained from them to which the Group is entitled based on its interest is recognized under “Share of profit (loss) of investments accounted for using equity method”.

Appendix 3 “Associates and Joint Ventures” to these consolidated financial statements, describes the relationship of the Company with each of these companies.

**i) Inventories**

Inventories are measured at their weighted average acquisition cost or the net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories includes all costs of purchase and all necessary costs incurred in bringing the inventories to their present location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

**j) Non-current assets and disposal groups and liabilities associated held for sale or distribution to owners and discontinued operations**

Non-current assets (including property, plant and equipment, intangible assets, investments accounted for using the equity method and joint ventures) and disposal groups (a group of assets to be disposed of and the liabilities directly associated with those assets) are classified as:

- held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use; or
- held for distribution to owners when the entity is committed to distribute the assets (or disposal groups) to the owners.

For this to be the case, the assets must be available for immediate sale or distribution in their present condition and the sale or distribution must be highly probable. For the sale or distribution to be highly probable, actions to complete the sale or distribution must have been initiated and should be expected to be completed within one year from the date of classification.

Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the sale or distribution will be withdrawn. The probability of shareholders’ approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale or distribution is highly probable.

Non-current assets or disposal groups held-for-sale or held for distribution to owners are measured at the lower of their carrying amount and fair value less costs to sell or costs to distribute, as appropriate.

Depreciation and amortization on these assets cease when they meet the criteria to be classified as non-current assets held for sale or held for distribution to owners.

Assets that are no longer classified as held for sale or held for distribution to owners, or are no longer part of a disposal group, are measured at the lower of their carrying amounts before being classified as held for sale or held for distribution less any depreciations, amortizations or revaluations that would have been recognized if they had not been classified as held for sale or held for distribution to owners and their recoverable amount at the date of subsequent decision where would be reclassified as non-current assets.

Non-current assets held for sale or held for distribution to owners and the components of the disposal groups classified as held for sale or held for distribution to owners are presented in the consolidated statement of financial position as a line item entitled “Non-current assets and disposal groups held for sale or distribution to owners”, and the respective liabilities are presented as a line item entitled “Liabilities associated with disposal groups held for sale or distribution to owners”.



The Group classifies as discontinued operations those component of the Group that either have been disposed of, or are classified as held for sale and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;  
or
- is a subsidiary acquired exclusively with a view to resale.

The components of profit or loss after taxes from discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or groups constituting the discontinued operation are presented as a single line item in the consolidated comprehensive income statement as “Income after tax from discontinued operations”.

**k)**

### **Treasury shares**

Treasury shares are deducted from equity in the consolidated statement of financial position and measured at acquisition cost.

Gains and losses from the disposal of treasury shares are recognized directly in “Equity – Retained earnings”, without affecting profit or loss for the period.

### **l) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The unwinding of the discount is recognized as a finance cost. Incremental legal cost expected to be incurred in resolving a legal claim is included in measuring of the provision.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current, best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A contingent liability does not result in the recognition of a provision. Legal costs expected to be incurred in defending a legal claim are expensed as they are incurred. Significant contingent liabilities are disclosed unless the likelihood of an outflow of resources embodying economic benefits is remote.

#### **l.1) Provisions for post-employment benefits and similar obligations**

The Company and some of the subsidiaries have pension and similar obligations with their employees. These obligations, which can be defined benefits and defined contributions, are basically formalized through pension plans, except for certain non-monetary benefits, mainly electricity supply commitments, which, due to their nature, have not been externalized and are covered by the related in-house provisions.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Past service costs relating to changes in benefits are recognized immediately.

The defined benefit plan obligations in the statement of financial position represent the present value of the accrued obligations, adjusted, once the fair value of the different plans' assets has been deducted, if any.

Actuarial gains and losses arising in measurement of both the plan liabilities and the plan assets are recognized directly in other comprehensive income.

**m) Translation of foreign currency balances**

Transactions carried out by each entity in a currency other than its functional currency are recognized using the exchange rates prevailing as of the date of the transactions. During the period, any differences that arise between the prevailing exchange rate at the date of the transaction and the exchange rate as of the date of collection or payment are recognized as "Foreign currency exchange losses, net" in the consolidated statement of comprehensive income.

Likewise, at the end of each reporting period, receivable or payable balances denominated in a currency other than each entity's functional currency are translated using the closing exchange rate. Any differences are recognized as "Foreign currency exchange losses, net" in the consolidated statement of comprehensive income.

The Group has established a policy to hedge the portion of revenue from its subsidiaries that is directly linked to variations in the U.S. dollar, through obtaining financing in such currency. Exchange differences related to this debt, which is regarded as the hedging instrument in cash flow hedge transactions, are recognized, net of taxes, in other comprehensive income and are accumulated in an equity reserve and reclassified to profit or loss when the hedged cash flows impact profit or loss. This term has been estimated at ten years.

**n) Current/non-current classification**

In these consolidated statements of financial position, assets and liabilities expected to be recovered or settled within twelve months are presented as current items, except for post-employment and other similar obligations. Those assets and liabilities expected to be recovered or settled in more than twelve months are presented as non-current items. Deferred income tax assets and liabilities are classified as non-current.

When the Group has any obligations that mature in less than twelve months but can be refinanced over the long term at the Group's discretion, through unconditionally available credit agreements with long-term maturities, such obligations are classified as long-term liabilities.

**o) Income taxes**

Income tax expense for the period is determined as the sum of current taxes from the Group's different subsidiaries and results from applying the tax rate to the taxable income for the period, after permitted deductions have been made, plus any changes in deferred tax assets and liabilities and tax credits, both for tax losses and deductions. Differences between the carrying amount and tax basis of assets and liabilities generate deferred tax assets and liabilities, which are calculated using the tax rates expected to apply when the assets and liabilities are realized or settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for all deductible temporary differences, tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits exist to recover the deductible temporary differences and make use of the tax credits. Such deferred tax asset is not recognized if the deductible temporary difference arises from the initial recognition of an asset or liability that:

- Did not arise from a business combination; and
- At initial recognition affected neither accounting profit nor taxable profit (loss).

With respect to deductible temporary differences associated with investments in subsidiaries, associates and joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

Deferred tax liabilities are recognized for all temporary differences, except those derived from the initial recognition of goodwill and those that arose from investments in subsidiaries, associates and joint ventures in which the Group can control their reversal and where it is probable that they will not be reversed in the foreseeable future.

Current tax and changes in deferred tax assets or liabilities are recognized in profit or loss or in equity, depending on where the gains or losses that triggered these tax entries have been recognized.

Any tax deductions that can be applied to current tax liabilities are credited to earnings within the line item "Income tax expenses", except when doubts exist about their tax realization, in which case they are not recognized until they are effectively realized, or when they correspond to specific tax incentives, in which case they are recognized as government grants.

At the end of each reporting period, the Group reviews the deferred taxes assets and liabilities recognized, and makes, if any, necessary corrections based on the results of its review.

Deferred tax assets and deferred tax liabilities are offset in the consolidated statement of financial position if has a legally enforceable right to set off current taxes receivable against current tax liabilities, and only when the deferred taxes relate to income taxes levied by the same taxation authority.

**p) Revenue and expense recognition**

Revenue is recognized when the gross inflow of economic benefits arising in the course of the Group's ordinary activities in the period occurs, provided that this inflow of economic benefits results in an increase in total equity that is not related to contributions from equity participants and that these benefits can be measured reliably.

Revenues and expenses are recognized on an accrual basis and depending on the type of transaction, the following criteria for recognition are taken:

- *Generation and transmission of electricity*: Revenue is recognized based on physical delivery of energy and power, at prices established in the respective contracts; at prices stipulated in the electricity market by applicable regulations; or at marginal cost determined on the spot market, as the case may be. This revenue includes an estimate of the service provided and not billed as of the closing date (see Note 2.3 and Note 24).

Revenue from rendering of services is recognized, only if it can be estimated reliably, by reference to the stage of completion of the service at the end of the reporting period.

Revenue is recognized based on the economic substance of the transaction and is recognized when all of the following conditions are met:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable that gives rise to the revenue.

In arrangements under which the Group will perform multiple revenue-generating activities (multiple-element arrangement), the recognition criteria are applied to the separately identifiable components of the transaction in order to reflect the substance of the transaction or to two or more transactions together when they are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole. The Group excludes from revenue those gross inflows of economic benefits it receives when it acts as an agent or commission agent on behalf of third parties, and only recognizes as revenue economic benefits received for its own activity.

When goods or services are exchanged or swapped for goods or services of a similar nature and value, the exchange is not regarded as a revenue-generating transaction.

The Group recognizes the net amount of non-financial asset purchases or sale contracts that are settled for a net amount of cash or through some other financial instruments. Contracts entered into and maintained for the purpose of receiving or delivering these non-financial assets are recognized on the basis of the contractual terms of the purchase, sale, or usage requirements expected by the entity.

Finance income (expense) is recognized using the effective interest method, applicable to the outstanding principal over the repayment period.

Expenses are recognized on an accruals basis, immediately in the event of expenditures that do not generate future economic benefits or when they do not meet the requirements for recording them as assets.

**q) Earnings per share**

Basic earnings per share are calculated by dividing net profit attributable to shareholders of the Parent (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period, excluding the average number of shares of the Parent held by the Group, if any.

Total basic earnings per share are calculated as the ratio of the net profit for the year after tax from continuing and discontinued operations, less the corresponding portion attributable to non-controlling interests, and the weighted average number of common shares of the parent company outstanding during the period, excluding the average number of shares of the parent held by the Group.

**r) Dividends**

Article No. 79 of the Chilean Corporations Act 18,046 establishes that, unless unanimously agreed otherwise by the shareholders of all issued shares, listed corporations must distribute a cash dividend to shareholders on an annual basis, pro rata to the shares owned or the proportion established in the company's by-laws if there are preferred shares, of at least 30% of profit for each year, except when accumulated deficit from prior years must be absorbed.

As it is practically impossible to achieve a unanimous agreement given the Group's highly fragmented share capital, at the end of each reporting period the amount of the minimum statutory dividend obligation to its shareholders is determined, net of dividends approved during the period, and then accounted for in "Trade and other payables" and "Accounts payable to related parties", as appropriate, and recognized in Equity

The provisional and final dividends are deducted from Equity when approved by the competent body, which in the first case is normally the Board of Directors and in the second case is the shareholders as agreed at an Ordinary Shareholders' Meeting.

**s) Statement of cash flows**

The statement of cash flows reflects changes in cash and cash equivalents that took place during the period, determined with the direct method. It uses the following expressions and corresponding meanings:

- **Cash flows:** inflows and outflows of cash or cash equivalents, which are defined as highly liquid investments maturing in less than three months with a low risk of changes in value.
- **Operating activities:** the principal revenue-producing activities of the Group and other activities that cannot be considered investing or financing activities.
- **Investing activities:** the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- **Financing activities:** activities that result in changes in the size and composition of the total equity and borrowings of the Group.

## 4. SECTOR REGULATIONS AND ELECTRICITY SYSTEM OPERATIONS

### 1) Regulatory framework

The electricity sector is regulated by the General Law of Electrical Services (Chilean Electricity Law), also known as DFL No. 1 of 1982, of the Ministry of Mining – whose compiled and coordinated text was established in DFL No. 4 issued in 2006 by the Ministry of Economy (the Electricity Law) – as well as by an associated Regulation (D.S. No. 327 issued in 1998).

The main authority in energy matters is the Ministry of Energy, which is responsible for proposing and driving public policies for energy matters, strengthening coordination and expediting a comprehensive look at the sector. It was born on February 1, 2010 as an autonomous agency, after years of being part of the Ministry of Mines.

Answering to the Ministry of Energy are the regulatory agency of the power sector (the National Energy Commission) and the auditing agency (Superintendency of Electricity and Fuels). The Ministry also has the Chilean Nuclear Energy Commission (CChEN), with the Energy Efficiency Agency and the National Center for Innovation and Promotion of Sustainable Energy (CIFES), which replaced the Renewable Energy Center (CER) in November, 2014.

The CNE, which has the authority to propose regulated tariffs (node prices) and to approve plans for the construction of new generating units. Besides, the SEF, supervises and oversees compliance with the laws, regulations, and technical standards that govern the generation, transmission, and distribution of electricity, as well as liquid fuels, and gas.

Furthermore, the law considers a Panel of Experts, made up of experts whose main function is to resolve any discrepancies occurring with regard to matters stipulated in the Electricity Law and in the application of other laws involving energy matters, by means of binding decrees.

From a physical viewpoint, the Chilean electrical sector is divided into three electrical grids: the *Sistema Eléctrico Nacional* (“SEN”), and two separate medium-size grids located in southern Chile, one in Aysén and the other in Magallanes. The SEN was created in November 2017 with the interconnection of the Sistema Interconectado Central (“SIC”) and Sistema Interconectado del Norte Grande (“SING”). Until the interconnection, the SIC constituted the main electrical grid of Chile, which extended longitudinally 2,400 km and connected the country from Taltal in the north to Quellón, on the island of Chiloé in the south. Besides, the SING covered the northern part of the country, from Arica down to Coloso a length of some 700 km.

The Chilean power industry has basically three activities – Generation, Transmission and Distribution. Power facilities associated with these three activities are obligated to operate in an interconnected, coordinated manner, with the main purpose of providing the market with electrical energy at minimum cost and within the standards of service quality and safety required by the electricity regulations.

As essential services, the power transmission and distribution businesses are natural monopolies; these segments are regulated as such by the Electricity Law, which requires free access to networks and regulates rates.

Two products (Energy and Power) and sundry services are provided in the electricity market. In particular, the National Electricity Coordinator is in charge of making the balances, determining the respective transfers between generating companies and calculating the marginal hourly cost, at which price the energy transfers are valued. For its part, the CNE determines the Power prices.

Consumers are classified according to the size of their demand into regulated or unregulated customers. Regulated customers are those that have a connected capacity of less than 5,000 kW. Without detriment to the above, customers with a connected power of between 500 kW and 5,000 kW may opt for a regulated or unregulated rates system.

### Limits on integration and concentration

Chile has legislation in effect that defends free competition and, together with specific regulations that apply to the electricity market, defines criteria to avoid certain levels of economic concentration and/or abusive market practices.

In principle, the regulator allows the participation of companies in different activities (e.g. generation, distribution, and commercialization) as long as there is an adequate separation of each activity, for both accounting and company purposes.

Nevertheless, most of the restrictions imposed involve the transmission sector mainly due to its nature and to the need to guarantee adequate access to all agents. The Chilean Electricity Law establishes limits for participation of generation or distribution companies in the Trunk Transmission Systems and prohibits participation of Trunk Transmission Systems companies in the generation and distribution segment.

### **1.1. Generation segment**

Generation companies must comply with the operation plan of the CISEN. However, each generation company is free to decide whether to sell its energy and capacity to regulated or unregulated customers. Any surplus or deficit between a company's sales to its customers and its energy supply is sold to, or purchased from, other generators at the spot market price.

A power generation company may have the following types of customers:

- (i) **Unregulated customers:** Are customers mainly industrial and mining companies, with a connected capacity higher than 5,000 kW. These consumers can freely negotiate prices for electrical supply with generators and/or distributors. Customers with capacity between 500 and 5,000 kW have the option to contract energy at prices agreed upon with their suppliers or be subject to regulated prices, with a minimum term of at least four years under each pricing system.
- (ii) **Distribution companies that supply power to regulated customers:** distinguishing supply from its regulated and free customers. For the supply of their regulated customers, the distribution companies buy energy from the generating companies through Participation in public tenders regulated by the CNE for the supply to their free customers through bilateral contracts.
- (iii) **Generation Companies in Spot market:** This represents energy and capacity transactions among generating companies that result from the CISEN's coordination to keep the system running as economically as possible, where the surpluses (deficits) between a generator's energy supply and the energy it needs to comply with business commitments are transferred through sales (purchases) to (from) other generators in the CISEN. In the case of energy, transfers are valued at the marginal cost, while node prices for capacity are set every semester by the regulators.

In Chile, the capacity that must be paid to each generator depends on an annual calculation performed according to current regulations by the CISEN, to determine the sufficiency capacity of each power plant, a value that depends mainly on the availability both of the facilities as such, and of the generation resource according to the technology.

### **Non-Conventional Renewable Energy**

Law No. 20,257 was enacted in April of 2008 to encourage the use of Non-Conventional Renewable Energy ("NCRE"). The principal aspect of this law is that at least 5% of the energy sold by generation companies to their customers must come from renewable sources between years 2010 and 2014. This requirement progressively increases by 0.5% from 2015 until 2024, when a 10% renewable energy requirement will be reached. This law was amended in 2013 by Law No. 20,698, dubbed the "20/25 law," as it establishes that by 2025, 20% of energy supplied will be generated by NCRE. It does not change the previous law's plan for supplying energy under agreements in effect in July 2013.

### **1.2. Transmission segment**

The transmission segment is comprised of a combination of lines, substations and equipment for the transmission of electricity from the production points (generators) to the centers of consumption or distribution, which do not correspond to distribution facilities. The transmission segment is divided into National Transmission System, Development Poles Transmission System, Zonal Transmission System, Dedicated Transmission System and International Interconnection Systems.

The transmission system is open access, and transmission companies may impose rights of way over the available transmission capacity under non-discriminatory conditions. The fees of the existing facilities of the National Transmission System and Zonal Transmission System is determined through a tariff setting process that is carried out every four years. In that process, the Annual Value of the Transmission is determined, which comprises efficient operation and maintenance

costs and the annuity of the investment value, determined on the basis of a discount rate fixed by the authority on a quarterly basis (minimum 7% after tax) and the economic useful life of the facilities.

The planning of the National and Zonal Transmission Systems corresponds to a regulated and centralized process, where the CISEN annually issues an expansion plan, which must be approved by the CNE.

The expansions of both systems are carried out through open tenders, distinguishing between new projects and expansion of existing facilities projects. For new projects open tenders are considered, being the successful bidder the owner of the facilities. In the case of expansion of existing facilities, the owner of the original facilities is also the owner of its extension and has the obligation to tender its construction.

The bids correspond to the value resulting from the tender, which constitutes the income for the first 20 years from the start of operation. As of the year 21, the fees of such transmission facilities are determined as if they were existing facilities.

### **1.3. Distribution segment**

The distribution segment is defined for regulatory purposes as all electricity supplied to end customers at a voltage no higher than 23 kW.

Distribution companies operate under a public service concession regime, having the obligation to provide service to clients submitted to regulated tariffs (clients with a connected capacity inferior to 5,000 kW, except for clients between 500 and 5,000kW-connected capacity who exercise their option to opt for an unregulated tariff). It should be noted, that clients with an unregulated tariff could negotiate their supply with any supplier (distribution or generation company) by paying a regulated usage charge for the use of the distribution network.

Regarding price regulation, the Chilean Electricity Law establishes that the distribution companies must permanently have available energy supply, on the basis of open, non-discriminatory and transparent public tenders. These bidding processes are managed by the CNE and are carried out at least five years in advance. The result of the process is a "pay as bid" contract, with an extension up to 20 years. In case of unforeseen deviations in the projections of demand, the regulator has the authority to carry out a short-term tenders. In addition, a reimbursement mechanism exists allowing supply without contract.

The tariffs setting for this segment are set every four years on the basis of costs studies in order to determine the distribution value added (VAD). VAD determination is based on an enterprise outline efficient model and concept of typical area.

Certainly, for the process of determining VAD, the CNE classifies companies with similar distribution costs by groups named "typical areas". For each typical area both, the CNE and the distribution companies, commission studies to independent consultants to determine the associated costs with an efficient model company considering fixed costs, average energy and power losses and standard investment, maintenance and operating costs associated with the distribution. The calculation of the annual investment costs considers the New Replacement Value (NRV) of the facilities adapted to the demand, their useful life and an update rate equal to a real annual 10%.

The VAD is obtained by weighting the results of the commissioned studies by the CNE and the companies with a ratio of 2:3 and 1:3, respectively. Based on this result, the CNE structures basic tariffs and verifies that the aggregate profitability of the industry is within the established range of 10% with a margin of  $\pm 4\%$ .

Additionally, every four years a review of Services Associated with the calculation of VAD is carried out, which do not represent energy supply and which the Free Competition Court qualifies as subject to tariff regulation.

The Chilean distribution tariff model is a robust model, which already had nine cycles of tariff settings since the privatization of the sector.

## **2) Regulatory Developments in 2017**

### **2017 CNE Regulatory Plan**

On January 13, 2017, through Exempted Resolution No. 23 and pursuant Article 72-19 of the Chilean Electricity Law, the CNE published its Annual Work Plan aiming to draft and develop technical regulations for year 2017. The plan considers amendments to the Safety and Quality Service Technical Standard, new Technical Appendices and Technical Standards applicable to energy generation, distribution and transmission facilities.

### **Regulatory developments in 2017**

In 2017, several regulations associated with Transmission Law No. 20,936 were published, among others: (i) Regulation on Long-Term Energy Planning; (ii) Regulation setting the requirements and the procedure applicable to requests of international exchange of electric services; (iii) Regulation for determination of preliminary bands for new works in the transmission systems; (iv) Regulation for determination and payment of compensations for interruption of energy supply; and (v) Regulation on establishing Technical Standards ruling technical requirements on safety, coordination, quality, information and economics about electric sector operators. Furthermore, in December the Supplementary Services Regulations were submitted to the General Comptrollership of the Republic and they are expected to be published in early 2018.

Also, the regulations for the Transmission Law were published via Exempt Resolution No. 659: Technical provisions for implementing Article 8 of Law 20,870, which regulates payment of tax on emissions of the Steam-electric power plants as specified in the Tax Reform. During 2017, the company recorded an amount of ThCh \$ 17,343,465 for thermal emission tax which is classified in Raw materials and consumables in the Consolidated Statements of Comprehensive Income.

## **3) Energy Tenders**

### **Tenders**

Under the new law for energy tenders, three bidding processes have been carried out: Supply Bidding No. 2015/01, Supply Bidding No. 2015/02 and Supply Bidding No. 2017/01.

Supply Bidding No. 2015/02 was launched in June 2015 and finalized in October 2015. The final outcome of the process resulted in three energy blocks awarded for a total of 1.2 TWh (100%) per year at a weighted average price of US\$79.3 per MWh.

Supply Bidding No. 2015/01 was launched in May 2015 and finalized in July 2016. The final outcome of the process resulted for a total of 12.4 TWh/year (100%) to 84 companies at a weighted average price of US\$47.6 per MWh, with new players being incorporated into the market.

The main award of Supply Bidding No. 2015/01 was Enel Generación Chile with 5.918 TWh per year, which represents a 47.6% of the total energy awarded.

Supply Bidding No. 2017/01 was launched in January 2017 and finalized in November 2017. The final outcome of the process resulted in five blocks awarded for a total of 2.2 TWh/year (100%) to 5 companies at a weighted average price of US\$32.5 per MWh.

As in the previous process, the main successful bidder was Enel Generación Chile, which was awarded supply contracts of 1.2 TWh/year, representing 54% of the total awarded.



## 5. NON-CURRENT ASSETS OR GROUPS OF ASSETS FOR DISPOSAL CLASSIFIED AS HELD FOR SALE OR HELD FOR DISTRIBUTION TO OWNERS

### 5.1 Centrales Hidroeléctricas de Aysén S.A.

Enel Generación Chile has a 51% interest in Centrales Hidroeléctricas de Aysén S.A. (hereinafter “Hidroaysén”), whose corporate purpose was to develop, finance, own and exploit a Hydroelectric Project in Region XI Aysén, Chile.

On November 17, 2017, the Board of Directors of Hidroaysén agreed to cease the company’s activities and terminate the Hidroaysén’s electrical project. The decision was made because the forecasted value of the investment in generation and transmission for the electrical project, its related costs and the long-term market prospects indicated that the project was not economically feasible in every possible valuation scenario. Also, the significance amount of the investment and its related risks, both legal and administrative, would add a second uncertainty factor that definitively precluded continuing with the project.

On December 7, 2017, an Extraordinary Shareholders’ Meeting was held and it agreed to the early winding up of the company and how the process of liquidating the company’s assets would be carried out. The liquidation process considers distributing assets to the shareholders and it is anticipated to be completed in the first half of 2018.

On December 31, 2017, as a result of the above, the investment held by Enel Generación Chile in Hidroaysén comply with the criteria to be classified as a non-current asset held for distribution to owners, therefore, as described in note 3.j), it has been recognized at the lower of its carrying amount and fair value less costs to sell. The following table shows the carrying amount of the investment:

Equity of Centrales Hidroeléctricas de Aysén S.A.	Ownership	Carrying Amount of Centrales Hidroeléctricas de Aysén S.A.
ThCh\$	%	ThCh\$
8,245,555	51.00%	4,205,232

It is important to stress that, at 2014 year-end, Enel Generación Chile recorded a provision for the impairment of its interest in Hidroaysén of ThCh\$69,066,857 (See note 12.1.c).

#### Additional financial information about Hidroaysén:

Centrales Hidroeléctricas de Aysén S.A.	12/31/2017 ThCh\$
<b>Total Current Assets</b>	<b>355,835</b>
Cash and cash equivalents	355,446
<b>Total Non Current Assets</b>	<b>8,030,172</b>
Land	8,030,172
<b>Total Current Liabilities</b>	<b>139,182</b>
Other fixed operating expenses	(8,144,855)
Interest income	24,829
<b>Profit (loss)</b>	<b>(8,193,671)</b>

### 5.2 Sale of Electrogas S.A. - Non-current assets and disposal groups held for sale

On December 16, 2016, Enel Generación Chile signed a share purchase agreement with Aerio Chile SpA (hereinafter “Aerio Chile”), which is indirectly wholly-owned subsidiary of Redes Energeticas Nacionais, S.G.P.S. S.A. (“REN”). In accordance with the agreement Enel Generación Chile agreed to sell its entire ownership interest in Electrogas S.A., representing 42.5% of the issued capital of that company. The agreed price was US\$180 million, which would be paid on the transaction closing date.

The sale of this investment to Aerio Chile was subject to satisfaction of customary conditions precedent for this type of transactions, which includes, among others, the non-exercise by the other shareholders of Electrogas S.A. of the

preferential acquisition rights, which they were entitled to in accordance with the terms and conditions established in the shareholders agreement.

At the end of the fiscal year 2016, the investment made by Enel Generación Chile in Electrogas was ThCh\$12,993,008 and following the criteria described in note 3.j), was classified as a non-current asset available for sale.

The closing of the transaction and transfer of the investment occurred in February 7, 2017. The cash consideration received was ThCh\$115,582,806 and was recognized a gain on sale before taxes of ThCh\$105,311,912 (see Notes 6.c and 29, respectively).

Electrogas S.A.'s corporate purpose is to provide services of transportation of natural gas and other fuels, on its own and on behalf of third parties. In order to provide its services, it can build, operate and maintain gas and oil pipelines, polyducts and supplementary facilities.

### **5.3 Corporate reorganization**

#### **I. General background**

On April 28, 2015, the Company informed the SVS through a significant event notice, that the Board of Directors of its direct parent at that time, Enersis S.A. (currently named Enel Américas S.A.), communicated that it had decided to initiate an analysis of a corporate reorganization aimed at the separation of the activities of power generation and distribution in Chile from other activities conducted outside of Chile by Enersis S.A. (currently named Enel Américas S.A.) and its subsidiaries Empresa Nacional de Electricidad S.A. (the Company, currently named Enel Generación Chile S.A.) and Chilectra S.A. (currently named Enel Distribución Chile S.A.), while maintaining its inclusion in the Enel S.p.A. group.

In the same significant event notice, the Board of Directors of the Company reported that it had agreed to initiate studies to analyze a possible corporate reorganization consisting of the spin-off of its businesses in Chile from those outside of Chile, and the subsequent merger of the latter into a single company. Furthermore, it indicated that the objective of this reorganization was to create value for all of its shareholders, as none of these operations require the contribution of additional resources from shareholders. The possible corporate reorganization would take into account the best interests as well as all shareholders' interests, with special attention paid to minority interests, and if it were approved, it would be subject to approval at an Extraordinary Shareholders' Meeting..

This corporate reorganization consisted of two steps:

- Each of Enersis S.A. (currently Enel Américas S.A.) and its subsidiaries Endesa Chile and Chilectra S.A. would effect a spin-off, resulting in separation (the "Spin-off") of the businesses in Chile and outside of Chile.
- Once the previously mentioned spin-off transactions were completed, Enersis S.A. (currently named Enel Américas S.A.) would absorb by merger the newly created companies, Endesa Américas S.A. and Chilectra Américas S.A., to which the businesses outside of Chile would be allocated, and would dissolve them without liquidation.

On December 18, 2015, the Extraordinary Shareholders' Meeting of the Company approved the demerger, subject to the conditions precedent consistent in approving the demergers of Enersis S.A. (currently Enel Américas S.A.) and Chilectra S.A. (currently Enel Distribución Chile S.A.) by their respective Extraordinary Shareholders' Meetings, in addition to the relevant legal procedures and related matters. Also, it was agreed that the demerger would take effect from the first calendar day of the month following that in which a deed of compliance with conditions of the demerger is granted.

On March 1, 2016, having satisfied all conditions precedent, the demerger of the Company became effective and the new entity Endesa Américas S.A. began to exist, to which were allocated the shareholdings and other associated assets and liabilities of the businesses outside of Chile . Consequently, the corresponding capital decrease of the Company and other amendments to its by-laws were verified (see Note 23). On the same date, all of Enersis S.A. ownership interest in the Company were transferred to Enersis Chile S.A. (currently named Enel Chile S.A.) the new entity created from the demerger of Enersis S.A. (currently named Enel Américas S.A.) to which were allocated the generation and distribution businesses in Chile.

## II. Accounting aspects

As of December 31, 2015, upon compliance with the criteria in IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, the following financial accounting treatment was applied:

### i) Assets and liabilities

All assets and liabilities related to the generation and distribution business outside of Chile (including Enel Brasil, and distribution subsidiaries) were classified as “non-current assets and disposal groups held for sale or distribution to owners” or “liabilities associated with non-current assets and disposal groups held for sale or distribution to owners”, as appropriate, according to the accounting policy indicated in Note 3.j.

As of March 1, 2016 (the date when demerger of the Company became effective) and December 31, 2015, the main groups of assets and liabilities classified as held for distribution to owners, which relate to the Group’s operations outside of Chile, were as follows:

	Classified as held for distribution to owners	Classified as held for distribution to owners
	Balance as of 03-01-2016	Balance as of 12-31-2015
	ThCh\$	ThCh\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	211,252,436	112,313,130
Other current financial assets	4,026,343	5,641,903
Other current non-financial assets	11,065,826	14,336,049
Trade and other current receivables, net	211,703,393	199,139,964
Current accounts receivable from related parties	54,507,295	37,639,756
Inventories	22,562,325	25,926,892
Current income tax receivables	1,180,380	50,966
<b>TOTAL CURRENT ASSETS</b>	<b>516,297,998</b>	<b>395,048,660</b>
<b>NON-CURRENT ASSETS</b>		
Other non-current financial assets	577,719	625,981
Other non-current non-financial assets	2,764,888	3,239,510
Trade and other non-current receivables, net	220,651,649	230,824,700
Investments accounted for using the equity method	441,310,088	446,338,964
Intangible assets other than goodwill, net	29,219,975	31,083,689
Goodwill	94,270,450	100,700,656
Property, plant and equipment, net	2,481,383,742	2,663,590,814
Deferred income tax assets	16,403,221	18,253,056
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,286,581,732</b>	<b>3,494,657,370</b>
<b>TOTAL ASSETS</b>	<b>3,802,879,730</b>	<b>3,889,706,030</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Other current financial liabilities	198,963,253	221,018,241
Trade and other current payables	238,547,183	259,664,724
Current accounts payable to related parties	55,541,485	48,124,723
Current provisions	67,049,521	78,935,605
Current income tax liabilities	69,623,615	65,310,111
Other current non-financial liabilities	1,797,957	1,951,294
<b>TOTAL CURRENT LIABILITIES</b>	<b>631,523,014</b>	<b>675,004,698</b>
<b>NON-CURRENT LIABILITIES</b>		
Other non-current financial liabilities	908,367,472	896,924,119
Other non-current payables	37,652,705	39,373,175
Non-current provisions, other than for employee benefits	33,922,531	36,473,503
Deferred income tax liabilities	158,913,576	163,761,907
Non-current provisions for employee benefits	19,308,134	21,548,342
Other non-current non-financial liabilities	17,547,661	18,698,412
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,175,712,079</b>	<b>1,176,779,458</b>
<b>TOTAL LIABILITIES</b>	<b>1,807,235,093</b>	<b>1,851,784,156</b>

### ii) Profit and loss

All income and expenses related to generation and distribution business located outside of Chile (Enel Brasil, distribution subsidiaries), subject to distribution to owners, represent discontinued operations and are presented in the “Income after tax from discontinued operations” line within the consolidated statement of comprehensive income.

The following table sets forth the breakdown by nature of the line item “Income from discontinued operations, net of taxes” for the two months ended February 29, 2016 and years ended December 31, 2015:

STATEMENTS OF COMPREHENSIVE INCOME	Discontinued operations	
	For 2 months ended	For the year ended
	2-29-2016	12-31-2015
	ThCh\$	ThCh\$
Revenues	229,074,809	1,238,466,148
Other operating income	6,648,363	64,649,040
<b>Revenues and Other Operating Income</b>	<b>235,723,172</b>	<b>1,303,115,188</b>
Raw materials and consumables used	(95,953,531)	(481,747,189)
<b>Contribution Margin</b>	<b>139,769,641</b>	<b>821,367,999</b>
Other work performed by the entity and capitalized	1,187,538	11,937,667
Employee benefits expense	(11,608,563)	(85,228,546)
Depreciation and amortization expense	-	(108,405,664)
Impairment losses	(906,638)	(4,813,372)
Other expenses	(16,295,714)	(73,277,014)
<b>Operating Income</b>	<b>112,146,264</b>	<b>561,581,070</b>
Other gains, net	41,806	(508,842)
Financial income	2,779,987	59,300,320
Financial costs	(21,056,624)	(87,794,374)
Share of profit and losses of investments accounted for using the equity method	6,375,719	38,679,661
Foreign currency exchange gains (losses), net	25,485,086	96,180,972
<b>Profit before income taxes</b>	<b>125,772,238</b>	<b>667,438,807</b>
Income tax expense	(46,199,793)	(256,249,256)
<b>NET PROFIT for the year from discontinued operations</b>	<b>79,572,445</b>	<b>411,189,551</b>
<b>Income from discontinued operations Attributable to</b>		
Shareholders of the parent	39,759,035	180,546,069
Non-controlling interests	39,813,410	230,643,482
<b>TOTAL COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS</b>	<b>79,572,445</b>	<b>411,189,551</b>
<b>Components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss, before income taxes</b>		
Losses from defined benefit plans, net	-	247,120
<b>Components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss, before income taxes</b>		
Foreign currency translation losses, net	(135,953,119)	(245,784,132)
Gains (losses) from available-for-sale financial assets, net	-	(441,549)
Net losses from cash flow hedges and reclassification adjustments on cash flow hedges, net of tax	(1,697,346)	(10,204,780)
Share of other comprehensive income from investments accounted for using the equity method	(213,919)	(1,897,437)
<b>Total other comprehensive loss, before income taxes</b>	<b>(137,864,384)</b>	<b>(258,080,778)</b>
<b>Comprehensive (loss) income attributable to</b>		
Shareholders of the parent	(33,070,495)	9,868,045
Non-controlling interests	(25,221,444)	143,240,728
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(58,291,939)</b>	<b>153,108,773</b>

iii) Accumulated other comprehensive loss in equity

The accumulated other comprehensive loss amounts in equity reserves associated with assets and liabilities held for distribution to owners is as follows:

Reserves for	Balance as of	
	'03-01-2016	12-31-2015
	ThCh\$	ThCh\$
Exchange differences in foreign currency translation	(263,741,101)	(192,080,845)
Cash flow hedges	(8,696,789)	(8,022,483)
Gains and losses on remeasuring available-for-sale financial assets	(118,662)	(118,662)
Other miscellaneous reserves	(2,561,252)	(1,967,052)
<b>Total</b>	<b>(275,117,804)</b>	<b>(202,189,042)</b>

As a result of the classification of the generation and distribution activities located outside of Chile as discontinued operations, these business lines are not disclosed in Note 32 “Information by Segment”.

iv) Cash flows

The following table sets forth the net cash flows from operating, investing and financing activities attributable to discontinued operations for the two month period ended February 29, 2016 and the year ended December 31, 2015:

Summary of the net cash flows	Discontinued operations	
	For 2 months ended	For the year ended
	02-29-2016	12-31-2015
	ThCh\$	ThCh\$
Net cash provided by operating activities	69,011,031	473,002,615
Net cash used in investing activities	(25,947,761)	(233,343,855)
Net cash provided by (used in) financing activities	80,160,648	(430,690,847)
<b>Net increase (decrease) in cash and cash equivalents before the effect of exchange rate changes</b>	<b>123,223,918</b>	<b>(191,032,087)</b>
Effect of exchange rate changes on cash and cash equivalents	(24,284,612)	4,902,987
<b>Net increase in cash and cash equivalents</b>	<b>98,939,306</b>	<b>(186,129,100)</b>
Cash and cash equivalents at the beginning of the year	112,313,130	298,442,230
<b>Cash and cash equivalents at the end of the year</b>	<b>211,252,436</b>	<b>112,313,130</b>

III. Other information

The Spin-off by the Company triggered the Company’s obligation to pay taxes in Peru for a total amount of 577 million Peruvian Soles (approximately ThCh\$ 116,053,255). This tax, paid during March 2016, was generated as a result of the application of the Peruvian Income Tax Law to the transfer of the ownership interests, which the Group held in Peru, to Endesa Américas S.A. The tax is calculated as the difference between the disposal value and the acquisition cost of the ownership interests.

Because this payment was directly linked to the Spin-off, the effect has been recognized directly in equity, specifically in other reserves, following the nature of the principal transaction (transaction with shareholders in their capacity as owners).

## 6. CASH AND CASH EQUIVALENTS

a) The detail of cash and cash equivalents as of December 31, 2017 and 2016, is as follows:

Cash and cash equivalents	Balance as of	
	12-31-2017 ThCh\$	12-31-2016 ThCh\$
Cash balances	37,174	31,293
Bank balances	29,018,083	24,787,424
Time deposits	5,963,417	17,325,478
Other fixed-income instruments	176,008,467	72,342,284
<b>Total</b>	<b>211,027,141</b>	<b>114,486,479</b>

Time deposits included in cash and cash equivalents represent interest-bearing time deposits with original maturity of less or equal to 90 days. Other fixed-income investments are mainly comprised of repurchase agreements with original maturities of less than or equal to 90 days. There is no significant available cash held by the Group that is restricted.

b) The detail of cash and cash equivalents by currency is as follows:

Currency	Balance as of	
	12-31-2017 ThCh\$	12-31-2016 ThCh\$
Chilean peso	190,978,864	105,038,095
Argentine peso	6,263,344	4,807,406
U.S. dollar	13,784,933	4,640,978
<b>Total</b>	<b>211,027,141</b>	<b>114,486,479</b>

c) The following table presents the proceeds received from the sale of ownership interest in the associate Electrogas S.A.:

Loss of significant influence in Associate	12-31-2017 M\$
Amounts received for the sale of Electrogas S.A. (*)	115,582,806
<b>Total</b>	<b>115,582,806</b>

(\*) See Note 5.2

d)

Reconciliation of liabilities arising from financing activities:

Liabilities arising from financing activities	Balance as of 01-01-2017 ThCh\$	Financing Cash Flows				Non-Cash Changes				Balance as of 12-31-2017 ThCh\$
		From	Used	Interest paid	Total	Changes in fair value	Foreign exchange differences	Financial costs	Other changes	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Bank loans	4,172	-	(4,156)	(169)	(4,325)	-	-	262	-	109
Unsecured obligations	802,306,161	-	(5,530,327)	(43,514,578)	(49,044,905)	-	(33,226,098)	43,544,427	-	763,579,585
Finance leases	17,749,647	-	(1,781,064)	(811,172)	(2,592,236)	-	(1,359,668)	811,171	-	14,608,914
Financial derivatives for hedging	23,640,893	-	-	(3,543,399)	(3,543,399)	(25,059,561)	(23,488,915)	3,473,938	(4,501,598)	(29,478,642)
Loans to related parties	39,211	31,680,253	(31,680,253)	(805,551)	(805,551)	-	-	767,325	-	985
Other obligations	-	-	-	(1,305,388)	(1,305,388)	-	-	1,305,388	-	-
<b>Total</b>	<b>843,740,084</b>	<b>31,680,253</b>	<b>(38,995,800)</b>	<b>(49,980,257)</b>	<b>(57,295,804)</b>	<b>(25,059,561)</b>	<b>(58,074,681)</b>	<b>49,902,511</b>	<b>(4,501,598)</b>	<b>748,710,951</b>

## 7. OTHER FINANCIAL ASSETS

The detail of other financial assets as of December 31, 2017 and 2016 is as follows:

Other Financial Assets	Balance as of			
	12-31-2017		12-31-2016	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Available-for-sale financial investments - quoted equity securities	-	6353	-	407
Available-for-sale financial investments – non- quoted equity securities or with limited liquidity	-	2,595,342	-	2,616,240
Hedging derivatives (*)	20,038,433	30,789,703	121,443	25,533,188
Non- hedging derivatives	402,716	-	-	-
Financial assets held-to-maturity	82,127	-	365,663	652,733
<b>Total</b>	<b>20,523,276</b>	<b>33,391,398</b>	<b>487,106</b>	<b>28,802,568</b>

(\*) See Note 19..2.a.

## 8. TRADE AND OTHER RECEIVABLES

a) The detail of trade and other receivables as of December 31, 2017 and 2016 is as follows:

Trade and Other Receivables, Gross	Balance as of			
	12-31-2017		12-31-2016	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
<b>Trade and other receivables, gross</b>	<b>219,436,824</b>	<b>1,032,923</b>	<b>261,754,397</b>	<b>6,788,437</b>
Trade receivables, gross	195,570,350	62,563	214,479,114	5,751,510
Other receivables, gross	23,866,474	970,360	47,275,283	1,036,927

Trade and Other Receivables, Net	Balance as of			
	12-31-2017		12-31-2016	
	Current ThCh\$	Current ThCh\$	Current ThCh\$	Current ThCh\$
<b>Trade and other receivables, net</b>	<b>218,178,007</b>	<b>1,032,923</b>	<b>260,440,086</b>	<b>6,788,437</b>
Trade and other receivables, net	194,311,533	62,563	213,164,803	5,751,510
Other receivables, net	23,866,474	970,360	47,275,283	1,036,927

The balances in this account do not generally accrue interest.

The Group did not have any customers for which it had sales representing 10% or more of the Group's total consolidated revenues for the years ended December 31, 2017, 2016 and 2015.

Refer to Note 9.1 for detailed information on amounts, terms and conditions associated with accounts receivable from related parties.

b) As of December 31, 2017 and 2016 the balance of unimpaired past due trade receivables is as follows:

Trade Receivables Past Due But Not Impaired	Balance as of	
	12-31-2017	12-31-2016
	ThCh\$	ThCh\$
Less than three months	3,670,172	4,709,261
Between three and six months	386,333	6,014,819
Between six and twelve months	1,121,940	13,747,986
<b>Total</b>	<b>5,178,445</b>	<b>24,472,066</b>

The reconciliation of changes in the allowance for impairment of trade receivables is as follows:

<b>Trade Receivables Past Due and Impaired</b>	<b>Current and Non-current ThCh\$</b>
<b>Balance as of January 1, 2016</b>	<b>1,549,192</b>
Amounts written off	(215,826)
Foreign currency translation differences	(19,055)
<b>Balance as of December 31, 2016</b>	<b>1,314,311</b>
Increases (decreases) for the year	(55,494)
<b>Balance as of December 31, 2017</b>	<b>1,258,817</b>

### **Write-offs of bad debt**

Past-due debt is written off once all collection measures and legal proceedings have been exhausted and the debtors' insolvency has been demonstrated. In our power generation business, this process normally takes at least one year of procedures for the few cases that arise in each country.

#### **c) Additional information:**

- Additional statistical information required under Official Bulletin 715 of the CMF of February 3, 2012, XBRL Taxonomy: see Appendix 6.
- Complementary information on trade receivables: see Appendix 6.1.

## **9. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

Related party transactions are performed at current market conditions.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not itemized in this note.

As of the date of these consolidated financial statements, no guarantees have been given or received nor has any allowance for bad or doubtful accounts been recognized with respect to receivable balances for related party transactions.



## 9.1 Balances and transactions with related parties

The balances of accounts receivable and payables between the Company and its non-consolidated related parties are as follows:

### a) Receivables from related parties:

Taxpayer ID No.	Company	Description of the transaction	Term of the transaction	Relationship	Currency	Country	Receivables from related parties		
							Balance as of		
							12-31-2017	12-31-2016	12-31-2015
							ThCh\$	Current ThCh\$	ThCh\$
96.800.570-7	Enel Distribución Chile S.A.	Energy sales	Less than 90 days	Common control	CH\$	Chile	42,378,091	35,228,094	44,709,413
96.800.570-7	Enel Distribución Chile S.A.	Tolls	Less than 90 days	Common control	CH\$	Chile	10,673	-	-
96.800.570-7	Enel Distribución Chile S.A.	Dividends	Less than 90 days	Common control	CH\$	Chile	-	26	-
96.800.570-7	Enel Distribución Chile S.A.	Other services	Less than 90 days	Common control	CH\$	Chile	94,981	15,840	501,764
Foreign	Enel Generación Piura S.A.	Other services	Less than 90 days	Common control	CH\$	Peru	165,875	346,061	-
96.783.910-8	Empresa Eléctrica de Colina Ltda.	Energy sales	Less than 90 days	Common control	CH\$	Chile	-	22	3,009
96.783.910-8	Empresa Eléctrica de Colina Ltda.	Tolls	Less than 90 days	Common control	CH\$	Chile	33	22,944	-
96.783.910-8	Empresa Eléctrica de Colina Ltda.	Other services	Less than 90 days	Common control	CH\$	Chile	111	-	-
94.271.000-3	Enel Américas S.A.	Other services	Less than 90 days	Parent	CH\$	Chile	54,949	152,290	-
76.536.353-5	Enel Chile S.A.	Other services	Less than 90 days	Parent	CH\$	Chile	188,902	251,977	265,162
Foreign	Generalima S.A.	Other services	Less than 90 days	Common control	CH\$	Peru	-	341,948	-
76.418.940-K	GNL Chile S.A.	Anticipated gas purchase	Less than 90 days	Associate	US\$	Chile	18,793,098	16,780,275	15,570,315
76.418.940-K	GNL Chile S.A.	Loans	Less than 90 days	Associate	US\$	Chile	-	-	1,498,339
76.788.080-4	GNL Quintero S.A.	Energy sales	Less than 90 days	Associate	CH\$	Chile	-	-	571,118
76.107.186-6	Servicios Informáticos e Inmobiliarios Ltda.	Other services	Less than 90 days	Common control	CH\$	Chile	-	60,740	18,277
96.800.460-3	Luz Andes Ltda.	Energy sales	Less than 90 days	Common control	CH\$	Chile	-	2	2
96.800.460-3	Luz Andes Ltda.	Tolls	Less than 90 days	Common control	CH\$	Chile	9	4,917	460
96.806.130-5	Electrogas S.A.	Dividends	Less than 90 days	Associate	CH\$	Chile	-	-	1,849,765
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Energy sales	Less than 90 days	Common control	CH\$	Chile	1,031,122	129,755	86,713
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Other services	Less than 90 days	Common control	CH\$	Chile	-	198	198
96.880.800-1	Empresa Eléctrica Puyehue S.A.	Energy sales	Less than 90 days	Common control	CH\$	Chile	-	64	64
Foreign	Enel Brasil S.A.	Other services	Less than 90 days	Associate	CH\$	Brazil	2,068,594	2,097,313	-
Foreign	PH Chucas S.A.	Other services	Less than 90 days	Common control	CH\$	Costa Rica	432,233	1,614,168	1,188,564
Foreign	Endesa Generación S.A.	Commodity derivatives	Less than 90 days	Common control	CH\$	Spain	-	587,224	1,858,366
Foreign	Endesa Generación S.A.	Other services	Less than 90 days	Common control	UF	Spain	36,067	36,067	-
Foreign	Endesa Energía S.A.	Other services	Less than 90 days	Common control	CH\$	Spain	-	-	232,867
76.126.507-5	Parque Eólico Talinay Oriente S.A.	Energy sales	Less than 90 days	Common control	CH\$	Chile	16,994	142,926	59,786
76.126.507-5	Parque Eólico Talinay Oriente S.A.	Tolls	Less than 90 days	Common control	CH\$	Chile	-	8	-
76.126.507-5	Parque Eólico Talinay Oriente S.A.	Other services	Less than 90 days	Common control	CH\$	Chile	21075	-	-
Foreign	Endesa España S.A.	Other services	Less than 90 days	Common control	CH\$	Spain	13,077	13,077	-
76.179.024-2	Parque Eólico Tal Tal S.A.	Energy sales	Less than 90 days	Common control	CH\$	Chile	41,487	243,946	215,977
76.179.024-2	Parque Eólico Tal Tal S.A.	Other services	Less than 90 days	Common control	CH\$	Chile	23,182	-	-
76.321.458-3	Almeyda Solar S.p.A.	Energy sales	Less than 90 days	Common control	CH\$	Chile	50,594	98,353	91,443
76.321.458-3	Almeyda Solar S.p.A.	Other services	Less than 90 days	Common control	CH\$	Chile	8,430	-	-
76.052.206-6	Parque Eólico Valle de los Vientos S.A.	Energy sales	Less than 90 days	Common control	CH\$	Chile	75,956	81,377	125,727
76.052.206-6	Parque Eólico Valle de los Vientos S.A.	Other services	Less than 90 days	Common control	CH\$	Chile	21,075	-	-
Foreign	Compania Energetica Veracruz S.A.C.	Other services	Less than 90 days	Common control	CH\$	Peru	758,841	639,233	-
Foreign	Enel Italia Servizi SRL	Other services	Less than 90 days	Common control	CH\$	Italy	8,144	8,144	-
Foreign	Enel S.p.A	Other services	Less than 90 days	Parent	CH\$	Italy	125,960	125,960	-
Foreign	Enel Trade S.p.A	Commodity derivatives	Less than 90 days	Common control	CH\$	Italy	20,751,713	22,321,017	20,397
Extranjera	Enel Trade S.p.A	Gas Sales	Less than 90 days	Common control	US\$	Italy	21,484,590	-	-
Extranjera	Enel Trade S.p.A	Other services	Less than 90 days	Common control	US\$	Italy	8,511	-	-
Foreign	Emgesa S.A.	Other services	Less than 90 days	Common control	CH\$	Colombia	13,746	29,989	-
Foreign	Enel Generación Perú S.A.	Other services	Less than 90 days	Common control	CH\$	Peru	-	1,328,268	-
76.412.562-2	Enel Green Power del Sur S.p.A	Energy sales	Less than 90 days	Common control	CH\$	Chile	28,835	25,558	-
76.412.562-2	Enel Green Power del Sur S.p.A	Other services	Less than 90 days	Common control	CH\$	Chile	131,594	-	-
96.920.110-0	Enel Green Power Chile Ltda.	Other services	Less than 90 days	Common control	CH\$	Chile	162,594	-	-
Extranjera	Enel Green Power Colombia SAS	Other services	Less than 90 days	Common control	US\$	Colombia	46,557	-	-
Extranjera	Chinango S.A.C.	Other services	Less than 90 days	Common control	US\$	Perú	17,410	-	-
Extranjera	Enel Green Power Brasil	Other services	Less than 90 days	Common control	US\$	Brazil	47,124	-	-
Extranjera	Enel Green Power Mexico	Other services	Less than 90 days	Common control	US\$	México	152,495	-	-
Extranjera	Enel Green Power Perú	Other services	Less than 90 days	Common control	US\$	Perú	177,478	-	-
Extranjera	Enel Green Power Italia	Other services	Less than 90 days	Common control	CH\$	Italy	262,694	-	-
96.971.330-6	Geotérmica del Norte	Energy sales	Less than 90 days	Common control	CH\$	Chile	10,096	-	-
96.971.330-6	Geotérmica del Norte	Other services	Less than 90 days	Common control	US\$	Chile	82,830	-	-
<b>Total</b>							<b>109,797,820</b>	<b>82,727,781</b>	<b>68,867,726</b>

**b) Accounts payable to related parties:**

Taxpayer ID No.	Company	Description of the transaction	Term of the transaction	Relationship	Currency	Country	Balance as of			
							12-31-2017		12-31-2016	
							Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Foreign	Comercializadora de Energía del Mercosur S.A.	Other services	Less than 90 days	Associate	AR\$	Argentina	-	-	13,574	-
96.800.570-7	Enel Distribución Chile S.A.	Other services	Less than 90 days	Common control	CH\$	Chile	50,929	-	124	-
96.800.570-7	Enel Distribución Chile S.A.	Tolls	Less than 90 days	Common control	CH\$	Chile	5,469,480	-	7,264,883	-
96.806.130-5	Electrogas S.A.	Other services	Less than 90 days	Associate	CH\$	Chile	-	-	257,060	-
96.806.130-5	Electrogas S.A.	Tolls	Less than 90 days	Associate	CH\$	Chile	-	-	74,388	-
76.536.353-5	Enel Chile S.A.	Other services	Less than 90 days	Parent	CH\$	Chile	762,725	-	1,670,592	-
76.536.353-5	Enel Chile S.A.	Dividends	Less than 90 days	Parent	CH\$	Chile	75,296,956	-	85,032,236	-
76.536.353-5	Enel Chile S.A.	Mercantile current account	Less than 90 days	Parent	CH\$	Chile	985	-	39,211	-
94.271.000-3	Enel Américas S.A.	Other services	Less than 90 days	Parent	CH\$	Chile	1,987	-	-	-
94.271.000-3	Enel Américas S.A.	Other services	Less than 90 days	Parent	CP\$	Chile	-	-	14,457	-
76.418.940-K	GNL Chile S.A.	Gas purchase	Less than 90 days	Associate	CH\$	Chile	8,100,426	-	4,872,264	-
76.107.186-6	Servicios Informáticos e Inmobiliarios Ltda.	Other services	Less than 90 days	Common control	CH\$	Chile	-	-	682,650	-
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Energy purchase	Less than 90 days	Common control	CH\$	Chile	2,568,900	-	1,285,768	-
Foreign	Endesa Generación S.A.	Carbon purchase	Less than 90 days	Common control	CH\$	Spain	-	-	486,180	-
Foreign	Endesa Generación S.A.	Other services	Less than 90 days	Common control	CH\$	Spain	236,925	-	379,731	-
Foreign	Endesa Generación S.A.	Commodity derivatives	Less than 90 days	Common control	CH\$	Spain	-	-	-	-
Foreign	Enel Iberoamérica SRL	Other services	Less than 90 days	Parent	CH\$	Spain	97,601	-	183,607	-
Foreign	Enel Produzione S.p.A.	Other services	Less than 90 days	Common control	CH\$	Italy	6,768,023	318,518	-	-
Foreign	Enel Produzione S.p.A.	Other services	Less than 90 days	Common control	CH\$	Italy	3,271,180	-	-	-
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Other services	Less than 90 days	Joint Ventures	CH\$	Chile	72,965	-	-	-
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Tolls	Less than 90 days	Joint Ventures	CH\$	Chile	70,984	-	332,709	-
Foreign	Enel Ingegneria & Ricerca S.p.A	Other services	Less than 90 days	Common control	CH\$	Italy	-	-	6,343,845	251,527
76.126.507-5	Parque Eólico Talinay Oriente S.A.	Energy purchase	Less than 90 days	Common control	CH\$	Chile	65,826	-	48,432	-
Foreign	Enel Brasil S.A.	Other services	Less than 90 days	Associate	CH\$	Brazil	77,680	-	85,864	-
76.179.024-2	Parque Eólico Tal Tal S.A.	Energy purchase	Less than 90 days	Common control	CH\$	Chile	2,105,036	-	2,171,862	-
76.321.458-3	Almeyda Solar S.p.A	Energy purchase	Less than 90 days	Common control	CH\$	Chile	9,365	-	2,283	-
76.052.206-6	Parque Eólico Valle de los Vientos S.A.	Energy purchase	Less than 90 days	Common control	CH\$	Chile	1,261,153	-	475	-
Foreign	Enel S.p.A	Other services	Less than 90 days	Parent	Euro	Italy	128,811	-	79,990	-
Foreign	Enel Trade S.p.A	Commodity derivatives	Less than 90 days	Common control	CH\$	Italy	4,184,469	-	1,103,206	-
Foreign	Enel Trade S.p.A	Other services	Less than 90 days	Common control	CH\$	Italy	798,030	-	571,754	-
76.412.562-2	Enel Green Power del Sur S.p.A	Energy purchase	Less than 90 days	Common control	CH\$	Chile	10,323,525	-	7,406,880	-
76.412.562-2	Enel Green Power del Sur S.p.A	Tolls	Less than 90 days	Common control	CH\$	Chile	-	-	42,901	-
76.412.562-2	Enel Green Power del Sur S.p.A	Other services	Less than 90 days	Common control	CH\$	Chile	-	-	87,448	-
Foreign	Enel Produzione S.p.A.	Other services	Less than 90 days	Common control	Euro	Italy	-	-	483,665	-
76.722.488-5	Empresa de Transmisión Chena S.A.	Energy purchase	Less than 90 days	Common control	CH\$	Chile	43,457	-	-	-
76.722.488-5	Empresa de Transmisión Chena S.A.	Tolls	Less than 90 days	Common control	CH\$	Chile	174,766	-	-	-
76.250.019-1	Enel Green Power Chile Ltda.	Other services	Less than 90 days	Common control	CH\$	Chile	80,231	-	-	-
Extranjera	Enel Green Power Italia	Other services	Less than 90 days	Common control	CH\$	Italy	357,579	-	-	-
Extranjera	Enel Trading Argentina S.R.L.	Other services	Less than 90 days	Associate	AR\$	Argentina	13,574	-	-	-
Extranjera	Enel Italia Servizi SRL	Other services	Less than 90 days	Common control	CH\$	Italy	469,376	-	-	-
		<b>Total</b>					<b>122,862,944</b>	<b>318,518</b>	<b>121,018,039</b>	<b>251,527</b>

**c) Significant transactions and effects on income/expenses:**

Transactions with related parties that are not consolidated and their effects on profit or loss are as follows :

Taxpayer ID No.	Transactions with effects on income/expenses				For the years ended		
	Company	Relationship	Description of Transaction	Country	12-31-2017	12-31-2016	12-31-2015
					ThCh\$	ThCh\$	ThCh\$
96.800.570-7	Enel Distribución Chile S.A.	Common control	Energy sales	Chile	374,922,466	374,962,639	337,882,270
96.800.570-7	Enel Distribución Chile S.A.	Common control	Tolls	Chile	4,884,387	4,995,271	2,279,074
96.800.570-7	Enel Distribución Chile S.A.	Common control	Services provided	Chile	1,592,105	12,453	-
96.783.910-8	Empresa Eléctrica de Colina Ltda.	Common control	Electricity tolls	Chile	59,105	42,779	21,641
96.783.910-8	Empresa Eléctrica de Colina Ltda.	Parent	Services provided	Chile	652	2,233	-
94.271.000-3	Enel Américas S.A.	Parent	Services provided	Chile	387,924	498,284	1,467,189
94.271.000-3	Enel Américas S.A.	Parent	Loans	Chile	-	(1,589,749)	(4,545,877)
94.271.000-3	Enel Américas S.A.	Parent	Services received	Chile	-	(979,655)	(6,283,408)
76.536.353-5	Enel Chile S.A. (*)	Parent	Services provided	Chile	-	1,134,766	-
76.536.353-5	Enel Chile S.A. (*)	Parent	Loans	Chile	(754,401)	(420,867)	-
76.536.353-5	Enel Chile S.A. (*)	Parent	Services received	Chile	(11,433,038)	(5,148,683)	-
Foreign	Empresa Distribuidora Sur S.A.	Common control	Services received	Argentina	-	(151,365)	(1,281,486)
Foreign	Empresa Distribuidora Sur S.A.	Common control	Energy sales	Argentina	-	1,879	15,903
96.800.460-3	Luz Andes Ltda.	Common control	Electricity tolls	Chile	6,585	6,294	1,907
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Common control	Energy sales	Colombia	-	19,901,620	69,490,689
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Common control	Energy purchase	Colombia	-	(128,794)	(838,185)
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Common control	Services provided	Colombia	-	15,714	97,342
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Common control	Services received	Colombia	3,844	(17,587)	(142,605)
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Common control	Loans	Colombia	-	11,355	(12,947)
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Common control	Electricity tolls	Colombia	-	(3,864,016)	(24,597,268)
Foreign	Comercializadora de Energía del Mercosur S.A.	Associate	Services received	Argentina	-	(56,368)	(525,165)
Foreign	Empresa de Distribución Eléctrica de Lima Norte S.A.A.	Common control	Energy sales	Peru	-	16,304,643	71,454,196
Foreign	Empresa de Distribución Eléctrica de Lima Norte S.A.A.	Common control	Electricity tolls	Peru	-	(102,171)	(523,969)
Foreign	Empresa de Distribución Eléctrica de Lima Norte S.A.A.	Common control	Services provided	Peru	-	4,889,644	-
Foreign	Empresa de Distribución Eléctrica de Lima Norte S.A.A.	Common control	Services received	Peru	-	-	16,442,636
Foreign	Endesa Latinoamericana S.A.	Common control	Services received	Spain	-	(12,388)	(1,747)
Foreign	Enel Brasil S.A.	Associate	Services provided	Brazil	-	2,044,935	(89,075)
Foreign	Endesa Generación S.A.	Common control	Fuel consumption	Spain	-	(66,297,066)	-
Foreign	Endesa Generación S.A.	Common control	Commodity derivatives	Spain	-	-	(15,030,911)
Foreign	Endesa Generación S.A.	Common control	Services received	Spain	-	-	(2,144,063)
Foreign	Endesa Generación S.A.	Common control	Services provided	Spain	-	-	(23,329)
Foreign	Enel Generación Piura S.A.	Common control	Energy sales	Peru	-	34,935	320,120
Foreign	Enel Generación Piura S.A.	Common control	Energy purchase	Peru	-	(308,224)	(2,337,992)
Foreign	Enel Generación Piura S.A.	Common control	Services provided	Peru	98,421	222,826	608,437
Foreign	Enel Generación Piura S.A.	Common control	Services received	Peru	-	-	(192)
Foreign	Enel Generación Piura S.A.	Common control	Loans	Peru	(135)	(520)	(27,502)
Extranjera	Enel Perú S.A.C.	Common control	Services received	Peru	(181)	-	-
Foreign	Generalima S.A.	Common control	Services provided	Peru	7,405	108,817	151,907
Foreign	Empresa de Energía de Cundinamarca S.A.	Common control	Electricity tolls	Colombia	-	(194,805)	(1,076,426)
Foreign	Empresa de Energía de Cundinamarca S.A.	Common control	Energy sales	Colombia	-	1,161,383	4,239,620
76.788.080-4	GNL Quintero S.A.	Associate	Energy sales	Chile	-	2,356,971	3,260,734
76.788.080-4	GNL Quintero S.A.	Associate	Services received	Chile	-	(37,162)	-
76.788.080-4	GNL Quintero S.A.	Associate	Services provided	Chile	-	960,390	650,390
76.788.080-4	GNL Quintero S.A.	Associate	Electricity tolls	Chile	-	(71,599)	151,088
Foreign	Compañía de Transmisión del Mercosur S.A.	Common control	Electricity tolls	Argentina	-	(95,813)	(811,173)
76.418.940-K	GNL Chile S.A.	Associate	Gas consumption	Chile	(194,163,392)	(116,391,269)	(123,964,573)
76.418.940-K	GNL Chile S.A.	Associate	Loans	Chile	-	(436)	81,749
76.418.940-K	GNL Chile S.A.	Associate	Gas transportation	Chile	-	(49,418,058)	(52,195,582)
76.418.940-K	GNL Chile S.A.	Associate	Services provided	Chile	85,274	82,762	54,377
76.107.186-6	Servicios Informáticos e Inmobiliarios Ltda.	Common control	Services received	Chile	(490,193)	(925,095)	(826,358)

Transfers of short-term funds between related parties are treated as current accounts changes, with variable interest rates based on market conditions used for the monthly balance. The resulting amounts receivable or payable are usually at 30 day terms, with automatic rollover for the same periods and amortization in line with cash flows.

## **9.2 Board of directors and key management personnel**

The Company is managed by a Board of Directors which consists of nine members. Each director serves for a three-year term after which they can be reelected.

The Board of Directors as of December 31, 2017, except for Mr. Fabrizio Barderi, was elected at the Ordinary Shareholders' Meeting held on April 27, 2016. The current Chairman and Secretary of the Board of Directors were designated at a Board meeting held on April 28, 2016.

On August 28, 2017, Mr. Fabrizio Barderi was appointed as member of the Board of Directors, replacing Francesco Buresti who had resigned.

Members of the Board of Directors, are as follows:

- Mr. Giuseppe Conti (Chairman)
- Mr. Francesco Giorgianni
- Mr. Mauro Di Carlo
- Mr. Umberto Magrini
- Mr. Luca Noviello
- Mr. Fabrizio Barderi
- Mr. Enrique Cibié Bluth
- Mr. Jorge Atton Palma
- Mr. Julio Pellegrini Vial

### **a) Accounts receivable and payable and other transactions**

- Accounts receivable and payable

There are no outstanding amounts receivable or payable between the Company and the members of the Board of Directors and key management personnel.

- Other transactions

No transactions other than transactions in the normal course of business-electricity supply have taken place between the Company and the members of the Board of Directors and key management personnel.

### **b) Compensation for Directors**

In accordance with Article 33 of Law No. 18,046 governing stock corporations, the compensation of Directors is established each year at the Ordinary Shareholders Meeting of the Company. The methodology to determining the compensation, described below, was established at the 2017 Annual Shareholders Meeting of the Company.

The remuneration is detailed as follows:

- a) UF 174 as a fixed monthly fee, and
- b) UF 84 per diem for each Board meeting attended.

In accordance with the bylaws, the remuneration of the Chairman shall be double that of a Director, while that of the Vice-Chairman shall be 50% more than that of a Director.

If any Director of the Company is a member of more than one Board in any Chilean or foreign subsidiaries and/or associates or holds the position of Director or advisor in other Chilean or foreign companies or legal entities in which the Company has a direct or indirect ownership interest, that Director can be compensated for his/her participation in only one of those Boards or Management Committees.

The Executive Officers the Company and/or any of its Chilean or foreign subsidiaries or associates will not receive any compensation or per diem if they hold the position of Director in any of the Chilean or foreign subsidiaries or associates of the Company.

**c) Directors' Committee**

Each member of the Directors' Committee receives monthly remuneration, a portion of which is for each session attended and a portion of which is a fixed monthly payment for every meeting. This remuneration is as follows:

- a. UF 58 monthly remuneration as a fixed payment for every meeting, and
- b. UF 28 for each session attended with an unlimited number of sessions.

The enactment of Law No. 20,382 on improved Corporate Governance resulted in the merger of the Directors' Committee and the Audit Committee.

The following tables show details of the compensation paid to the members of the Board of Directors for the years ended December 31, 2017, 2016 and 2015:

Name	Position	Period in Position	For the year ended 12-31-2017		
			Enel Generación Board	Board of Subsidiaries	Directors' Committee
			ThCh\$	ThCh\$	ThCh\$
Giuseppe Conti (*)	Chairman	01-01-2017 to 12-31-2017	-	-	-
Francesco Giorgianni (*)	Director	01-01-2017 to 12-31-2017	-	-	-
Francesco Buresti (3) (*)	Director	01-01-2017 to 06-27-2017	-	-	-
Enrique Cibié Bluth	Director	01-01-2017 to 12-31-2017	95,729	-	32,648
Jorge Atton Palma	Director	01-01-2017 to 12-31-2017	95,729	-	32,648
Julio Pellegrini Vial	Director	01-01-2017 to 12-31-2017	95,729	-	32,648
Mauro Di Carlo (*)	Director	01-01-2017 to 12-31-2017	-	-	-
Umberto Magrini (*)	Director	01-01-2017 to 12-31-2017	-	-	-
Luca Noviello (*)	Director	01-01-2017 to 12-31-2017	-	-	-
Fabrizio Barderi (4) (*)	Director	08-28-2017 to 12-31-2017	-	-	-
<b>Total</b>			<b>287,187</b>	<b>-</b>	<b>97,944</b>

Name	Position	Period in Position	For the year ended 12-31-2016		
			Enel Generación Board	Board of Subsidiaries	Directors' Committee
			ThCh\$	ThCh\$	ThCh\$
Giuseppe Conti (1) (*)	Chairman	4-27-16 to 12-31-16	-	-	-
Enrico Viale (1) (*)	Chairman	1-1-16 to 4-27-16	-	-	-
Francesco Giorgianni (2) (*)	Vice-Chairman	4-27-16 to 12-31-16	-	-	-
Ignacio Mateo Montoya (2) (*)	Vice-Chairman	1-1-16 to 4-27-16	-	-	-
Francesco Buresti (*)	Director	1-1-16 to 12-31-16	-	-	-
Enrique Cibié Bluth	Director	1-1-16 to 12-31-16	98,102	-	29,796
Jorge Atton Palma	Director	1-1-16 to 12-31-16	98,102	-	29,796
Julio Pellegrini Vial (3)	Director	4-27-16 to 12-31-16	73,864	-	23,162
Mauro Di Carlo (3) (*)	Director	4-27-16 to 12-31-16	-	-	-
Umberto Magrini (3) (*)	Director	4-27-16 to 12-31-16	-	-	-
Luca Noviello (3) (*)	Director	4-27-16 to 12-31-16	-	-	-
Felipe Lamarca Claro (3)	Director	1-1-16 to 4-27-16	28,744	-	6,634
Isabel Marshall Lagarrigue (3)	Director	1-1-16 to 4-27-16	28,744	-	-
Vittorio Vagliasindi (3) (*)	Director	1-1-16 to 4-27-16	-	-	-
Francesca Gostinelli (3) (*)	Director	1-1-16 to 4-27-16	-	-	-
<b>Total</b>			<b>327,556</b>	<b>-</b>	<b>89,388</b>

Name	Position	Period in Position	For the year ended 12-31-2015		
			Company Board	Board of Subsidiaries	Directors Committee
			ThCh\$	ThCh\$	ThCh\$
Enrico Viale	Chairman	1-1-15 to 12-31-15	-	-	-
Ignacio Mateo Montoya	Vice Chairman	1-1-15 to 12-31-15	-	-	-
Francesco Buresti	Director	1-1-15 to 12-31-15	-	-	-
Felipe Lamarca Claro	Director	1-1-15 to 12-31-15	91,432	-	32,038
Enrique Cibié Bluth	Director	1-1-15 to 12-31-15	91,432	-	32,038
Susana Carey Claro	Director	1-1-15 to 4-27-15	18,065	-	7,336
Isabel Marshall Lagarrigue	Director	1-1-15 to 12-31-15	91,432	-	-
Vittorio Vagliasindi	Director	1-1-15 to 12-31-15	-	-	-
Alfredo Arahueta García	Director	1-1-15 to 4-27-15	18,065	-	-
Jorge Atton Palma	Director	4-27-15 to 12-31-15	73,366	-	24,454
Francesca Gostinelli	Director	4-27-15 to 12-31-15	-	-	-
<b>TOTAL</b>			<b>383,792</b>	<b>-</b>	<b>95,866</b>

- (1) Mr. Giuseppe Conti became Chairman on April 27, 2016, replacing Mr. Enrico Viale.
- (2) Mr. Francesco Giorgianni became Vice-Chairman on April 27, 2016 replacing Ignacio Mateo Montoya.
- (3) Mr. Julio Pellegrini Vial, Mr. Mauro Di Carlo, Mr. Umberto Magrini and Mr. Luca Noviello became Directors on April 27, 2016, replacing Mr. Felipe Lamarca Claro, Ms. Isabel Marshall Lagarrigue, Mr. Vittorio Vagliasindi and Ms. Francesca Gostinelli.
- (4) Mr. Fabrizio Barderi was appointed as Director on August 28, 2017, replacing Mr. Francesco Buresti.
- (5) Mr. Julio Pellegrini Vial, Mr. Mauro Di Carlo, Mr. Umberto Magrini and Mr. Luca Noviello became Directors on April 27, 2016, replacing Mr. Felipe Lamarca Claro, Ms. Isabel Marshall Lagarrigue, Mr. Vittorio Vagliasindi and Ms. Francesca Gostinelli.
- (\*) Mr. Giuseppe Conti, Mr. Enrico Viale, Mr. Francesco Giorgianni, Mr. Ignacio Mateo Montoya, Mr. Francesco Buresti, Mr. Mauro Di Carlo, Mr. Umberto Magrini, Mr. Luca Noviello, Mr. Vittorio Vagliasindi, Ms. Francesca Gostinelli and Mr. Fabrizio Barderi waived their fees and allowances due as the Company's Directors.

**d) Guarantees established by the Company in favor of the Directors**

During the years ended December 31, 2017 and 2016, no guarantees have been granted to the Directors.

**9.3 Compensation for the Group's executives**

**a) Compensation received by key management personnel**

Chilean ID No.	Company Executives	
	Name	Position
24.789.926-K	Valter Moro	Chief Executive Officer
13.226.963-7	Juan Alejandro Candia Narvaez (1)	Planning and Control Officer
7.012.475-0	Raúl Arteaga Errazuriz	Chief Financial Officer
8.586.744-K	Luis Alberto Vergara Adamides	Human Resources Officer
7.776.718-5	Luis Ignacio Quiñones Sotomayor	General Counsel
11.629.179-7	Humberto Espejo Paluz	Marketing and Trading Officer
13.191.190-4	Claudio Helfmann Soto	Business Development Officer
11.565.097-1	Bernardo Canales Fuenzalida	Engineering and Construction Officer
25.467.930-5	Michele Siciliano (5)	Chilean Thermal Generation Officer
10.939.381-9	Claudio Ordenes Tirado (5)	Engineering and Thermal Construction Officer
8.803.928-9	Carlo Carvallo Artigas (5)	Chilean Hydroelectric Generation Officer

(1) On April 1, 2017, Mr. Juan Alejandro Candia Narváez was appointed as Planning and Controlling Officer replacing Mr. Jorge Burlando Bonino.

#### b) Incentive plans for key management personnel

The Group has implemented an annual bonus plan for its executives based on meeting company-wide objectives and on the level of their individual contribution in achieving the overall goals of the Company. The plan provides for a range of bonus amounts according to seniority level. The bonuses paid to the executives consist of a certain number of monthly gross remunerations.

The compensation of key management personnel for the years ended December 31, 2017, 2016 and 2015 is detailed as follows:

Remuneration of the Key Management Personnel	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Cash compensation	2,057,900	1,865,334	1,581,984
Short-term benefits for employees	550,238	553,550	460,027
Other long-term benefits	321,692	252,533	695,840
<b>TOTAL</b>	<b>2,929,830</b>	<b>2,671,417</b>	<b>2,737,851</b>

#### c) Guarantees established by the Company in favor of the Group's executives

During the years ended December 31, 2017, 2016, no guarantees have been granted to the Group's executives.

#### 9.4 Compensation plans linked to share price

As of December 31, 2017 and 2016, there were no compensation plans linked to the share price.

## 10. INVENTORIES

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

Classes of Inventories	Balance as of	
	12-31-2017	12-31-2016
	ThCh\$	ThCh\$
Supplies for Production	16,879,260	12,377,179
Gas	2,301,172	2,159,901
Oil	2,593,805	2,556,438
Coal	11,984,283	7,660,840
Supplies for projects and spare parts	14,861,643	21,013,620
<b>Total</b>	<b>31,740,903</b>	<b>33,390,799</b>

As of December 31, 2017 and 2016, there were no inventories pledged as collateral to hedge any liability.

For the year ended December 31, 2017, the amount for raw materials and consumables recognized as fuel consumption for continuing operations was ThCh\$ 280,739,362 (ThCh\$ 295,148,838 and ThCh\$ 327,502,996 for the years ended December 31, 2016 and 2015, respectively). See Note 25.

As of December 31, 2017 and 2016, "Other non-current non-financial assets" includes an amount of ThCh\$12,853,459 and ThCh\$12,318,443 respectively, ThCh\$ 6,824,759 corresponding to spare parts and materials that will be used over a twelve-month period (ThCh\$ 5,118,917 as of December 31, 2016).

During the years ended December 31, 2017, 2016 and 2015, no inventories have been written down due to obsolesce or impairment.

## 11. CURRENT TAX RECEIVABLES AND PAYABLES

The detail of current tax receivables as of December 31, 2017 and 2016 is as follows:

Tax Receivables	Balance as of	
	12-31-2017	12-31-2016
	ThCh\$	ThCh\$
Monthly provisional tax payments	54,863,660	24,452,330
Tax credit for absorbed profits	10,177,809	9,839,979
Minimum presumed income	5,000	146,099
Other	118,239	-
<b>Total</b>	<b>65,164,708</b>	<b>34,438,408</b>

The detail of current tax payables as of December 31, 2017 and 2016 is as follows:

Tax Payables	Balance as of	
	12-31-2017	12-31-2016
	ThCh\$	ThCh\$
Income tax	66,933,261	61,457,940
<b>Total</b>	<b>66,933,261</b>	<b>61,457,940</b>





## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### 12.1 Investments accounted for using the equity method

a) The following tables present the changes in investments accounted for with the equity method for the years ended December 31, 2017 and 2016:

Changes in Investments in Associates	Relationship	Country	Functional Currency	Ownership Interest %	Balance as of 1-1-2017	Additions	Share of Profit (Loss) (*)	Dividends Declared	Foreign Currency Translation	Other Comprehensive Income	Other Increase (Decrease)	Balance as of 12-31-2017	Transferred to assets held for distribution to owners	Balance as of 12-31-2017
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
GNL Chile S.A.	Associate	Chile	U.S. dollar	33.33%	3,982,934	-	841,957	(743,734)	(297,841)	-	-	3,783,316	-	3,783,316
Centrales Hidroeléctricas de Aysén S.A. (*)	Joint venture	Chile	Chilean peso	51.00%	6,441,166	1,943,100	(4,179,034)	-	-	-	-	4,205,232	(4,205,232)	-
Transmisora Eléctrica de Quillota Ltda.	Joint venture	Chile	Chilean peso	50.00%	8,222,763	-	595,996	-	-	-	-	8,818,759	-	8,818,759
Enel Argentina (formerly named Endesa Argentina S.A.)	Associate	Argentina	Argentine peso	0.12%	91,335	-	44,177	-	(29,199)	(1,490)	323	105,146	-	105,146
<b>TOTAL</b>					<b>18,738,198</b>	<b>1,943,100</b>	<b>(2,696,904)</b>	<b>(743,734)</b>	<b>(327,040)</b>	<b>(1,490)</b>	<b>323</b>	<b>16,912,453</b>	<b>(4,205,232)</b>	<b>12,707,221</b>

Changes in Investments in Associates	Relationship	Country	Functional Currency	Ownership Interest %	Balance as of 1-1-2016	Additions	Share of Profit (Loss) (*)	Dividends Declared	Foreign Currency Translation	Other Comprehensive Income	Other Increase (Decrease)	Balance as of 12-31-2016	Transferred to assets held for distribution to owners	Balance as of 12-31-2016
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Electrogas S.A. (**)	Associate	Chile	U.S. dollar	42.50%	12,042,873	-	5,166,226	(3,979,095)	(844,372)	607,375	-	12,993,007	(12,993,007)	-
GNL Quinteros S.A. (***)	Associate	Chile	U.S. dollar	20.00%	17,137,023	-	2,750,075	(2,598,035)	(816,094)	(12,298,165)	(4,174,804)	-	-	-
GNL Chile S.A.	Associate	Chile	U.S. dollar	33.33%	2,662,029	-	1,491,025	-	(170,120)	-	-	3,982,934	-	3,982,934
Centrales Hidroeléctricas de Aysén S.A.	Joint venture	Chile	Chilean peso	51.00%	6,280,293	2,346,000	(2,185,127)	-	-	-	-	6,441,166	-	6,441,166
Transmisora Eléctrica de Quillota Ltda.	Joint venture	Chile	Chilean peso	50.00%	7,594,153	-	628,610	-	-	-	-	8,222,763	-	8,222,763
Enel Argentina (formerly named Endesa Argentina S.A.)	Associate	Argentina	Argentine peso	0.34%	-	235,090	23,610	-	(21,044)	(656)	(145,665)	91,335	-	91,335
Southern Cone Power Argentina S.A. (****)	Associate	Argentina	Argentine peso	2.00%	-	3,326	3,780	-	(1,080)	(63)	(5,963)	-	-	-
<b>TOTAL</b>					<b>45,716,371</b>	<b>2,584,416</b>	<b>7,878,199</b>	<b>(6,577,130)</b>	<b>(1,852,710)</b>	<b>(11,691,509)</b>	<b>(4,326,432)</b>	<b>31,731,205</b>	<b>(12,993,007)</b>	<b>18,738,198</b>

(\*) See Note 5.1.

(\*\*) See Note 5.2

(\*\*\*) See Note 12.1 b)

(\*\*\*\*) In May 2016, Southern Cone Power Argentina S.A. was merged into Enel Argentina S.A., with the latter being the legal successor company.



**b) Sale of GNL Quintero S.A.**

On June 9, 2016, the Company entered into a share purchase agreement with Enagás Chile S.p.A. (“Enagás Chile”), a wholly-owned subsidiary of Enagás S.A., under which Enagás Chile would acquire the entire 20% ownership interest held by the Company in the associated company GNL Quintero S.A.

The sale of this investment to Enagás Chile was subject to satisfaction of customary conditions precedent for this type of transaction, which included, among others, non-exercising by the other shareholders of GNL Quintero S.A. of the preferential acquisition rights, which they possess in accordance with the terms and conditions of the shareholders agreement.

On September 14, 2016, upon satisfaction of the conditions precedent, the Company transferred the shares it held in GNL Quintero S.A. to Enagás Chile. The purchase price was US\$ 197,365,113.2 million (ThCh\$ 132,820,800). Cash received for GNL Quintero S.A. is included in “Other collections from the sale of equity or debt instruments belonging to other entities” of the Consolidated Statements of Cash Flows. Also see Note 30 for the net financial result of the transaction.

GNL Quintero S.A. operates a storage and regasification of Liquefied Natural Gas (LNG) plant and its related land-based Terminal for loading and unloading LNG, including facilities and network necessary to deliver LNG, through a LNG truck loading facility and delivery point’s pipelines.

**c) Centrales Hidroeléctricas de Aysén S.A.**

In May 2014, the Committee of Ministers revoked the Environmental Qualification Resolution (“RCA”) of the Centrales Hidroeléctricas de Aysén S.A. project, in which the Company participates by accepting some of the claims filed against this project. It is a public information that this decision was resorted before the Environmental Courts in Valdivia and Santiago. On January 28, 2015, it was made public that the water rights request made by Centrales Hidroeléctricas de Aysén S.A. has been partially rejected in 2008.

The Company has expressed its intention to promote at Centrales Hidroeléctricas de Aysén S.A. the defense for water rights and the environmental qualification granted to the project in the corresponding instances, continuing with the judicial actions already started or implementing new administrative or judicial actions that are necessary to this end, and it maintains the belief that hydric resources of the Aysén region are important for the energy development of the country.

Nevertheless, given the current situation, there is uncertainty on the recoverability of the investment made so far at Centrales Hidroeléctricas de Aysén S.A., since it depends both on judicial decisions and on definitions in the energy agenda which cannot be foreseen at present, consequently the investment is not included in the portfolio of the Company’s immediate projects. Consequently, at closing date of fiscal year 2014, the Company recognized an impairment of its participation in Centrales Hidroeléctricas de Aysén S.A. amounting to ThCh\$ 69,066,857, which remains in effect as of December 31, 2017.

On December 7, 2017, an extraordinary shareholders’ meeting of this project was held, in which the early dissolution of the aforementioned was agreed to, as well the company liquidation process of assets. The liquidation process contemplates a distribution of assets to shareholders and expected to be completed during the first half of 2018.

In accordance with the above, the investment that Enel Generación Chile has in this project has been classified as non-current assets held for distribution to the owners (See Note 5.1).



## 12.2 Additional financial information on investments in associated companies

The following tables show financial information as of December 31, 2017 and 2016 from the financial statements of the investments in associates where the Group has significant influence:

Investments with Significant Influence	As of and for the year ended December 31, 2017									
	Ownership Interest	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Expenses	Profit (Loss)	Other Comprehensive Income	Comprehensive Income
	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
GNL Chile S.A.	33.33%	71,254,956	148,950	63,340,564	-	687,399,254	(684,873,130)	2,526,124	(24,472)	2,501,652

Investments with Significant Influence	As of and for the year ended December 31, 2016									
	Ownership Interest	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Expenses	Profit (Loss)	Other Comprehensive Income	Comprehensive Income
	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
GNL Quintero S.A.	20.00%	-	-	-	-	86,471,706	(72,752,059)	13,719,647	(65,571,292)	(51,851,645)
Electrogas S.A.	42.50%	9,318,456	40,746,438	5,683,680	13,809,430	24,126,070	(11,970,244)	12,155,826	(347,369)	11,808,457
GNL Chile S.A.	33.33%	90,283,944	117,703	78,452,153	-	615,229,994	(610,756,322)	4,473,522	(510,406)	3,963,116

None of our associates have published price quotations.

Appendix 3 to these consolidated financial statements provides information on the main activities of our associated companies and the ownership interest the Group holds in them.

### 12.3 Additional financial information on investments in joint ventures

The following tables present information from the financial statements as of December 31, 2017 and 2016, on the main joint ventures:

Investments in Joint Ventures	Centrales Hidroeléctricas de Aysén S.A.		Transmisora Eléctrica de Quillota Ltda.	
	51.00%	51.00%	50.00%	50.00%
	12-31-2017 (*)	12-31-2016	12-31-2017	12-31-2016
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Total current assets	-	863,962	7,793,702	6,366,378
Total non-current assets	-	15,159,321	12,036,201	12,034,576
Total current liabilities	-	3,324,706	440,426	245,025
Total non-current liabilities	-	68,081	1,751,963	1,710,406
Cash and cash equivalents	-	860,719	7,310,296	5,716,196
Revenues	-	-	2,813,493	2,774,316
Depreciation and amortization expense	-	-	(782,322)	(773,093)
Other fixed operating expenses	-	(4,363,197)	(525,471)	-
Interest income	-	42,046	-	134,995
Income tax expense	-	(7,070)	(313,709)	(225,008)
<b>Profit (loss)</b>	-	<b>(4,284,195)</b>	<b>1,191,991</b>	<b>1,257,220</b>
<b>Comprehensive income (loss)</b>	-	<b>(4,284,195)</b>	<b>1,191,991</b>	<b>1,257,220</b>

(\*) See Note 5.1.

#### - Restrictions on funds transfers from associated companies and joint ventures

As of December 31, 2017 and 2016, there were no restrictions on funds transfers from associates or joint ventures.

### 12.4 Commitments and contingencies

As of December 31, 2017 and 2016, associated companies and joint ventures did not have significant commitments and contingencies.

### 13. INTANGIBLE ASSETS OTHER THAN GOODWILL, NET

Intangible assets as of December 31, 2017 and 2016 are detailed as follows:

Intangible Assets, Net	Balance as of	
	12-31-2017 ThCh\$	12-31-2016 ThCh\$
Easements and water rights	6,338,591	6,043,003
Computer software	9,242,490	10,189,162
Other identifiable intangible assets	3,026,892	3,034,709
<b>Total</b>	<b>18,607,973</b>	<b>19,266,874</b>

Intangible Assets, Gross	Balance as of	
	12-31-2017 ThCh\$	12-31-2016 ThCh\$
Easements and water rights	6,920,897	6,625,309
Computer software	24,658,245	22,478,362
Other identifiable intangible assets	5,762,166	5,773,153
<b>Total</b>	<b>37,341,308</b>	<b>34,876,824</b>

Accumulated Amortization and Impairment	Balance as of	
	12-31-2017 ThCh\$	12-31-2016 ThCh\$
Easements and water rights	(582,306)	(582,306)
Computer software	(15,415,755)	(12,289,200)
Other identifiable intangible assets	(2,735,274)	(2,738,444)
<b>Total</b>	<b>(18,733,335)</b>	<b>(15,609,950)</b>

The reconciliation of the carrying amounts of intangible assets for the years ended December 31, 2017, 2016 and 31, 2015 is as follows:

Changes in Intangible Assets	Easements and Water Rights	Computer Software	Other Identifiable Intangible Assets, Net	Intangible Assets, Net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening Balance as of January 1, 2017	6,043,003	10,189,162	3,034,709	19,266,874
Changes in identifiable intangible assets				
Increases other than those from business combinations	295,588	2,179,883	-	2,475,471
Increase (decrease) from net foreign exchange differences, net	-	-	(114)	(114)
Amortization	-	(3,126,555)	(7,703)	(3,134,258)
<b>Increases (decreases) from transfers and other changes</b>	-	-	-	-
Increases (decreases) from transfers	-	-	-	-
<b>Disposals and withdrawals from service</b>	-	-	-	-
Disposals	-	-	-	-
<b>Total changes in identifiable intangible assets</b>	<b>295,588</b>	<b>(946,672)</b>	<b>(7,817)</b>	<b>(658,901)</b>
Closing Balance as of December 31, 2017	6,338,591	9,242,490	3,026,892	18,607,973



Changes in Intangible Assets	Easements and Water Rights	Computer Software	Other Identifiable Intangible Assets, Net	Intangible Assets, Net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Opening Balance as of January 1, 2016</b>	<b>8,052,525</b>	<b>12,373,049</b>	<b>479,852</b>	<b>20,905,426</b>
<b>Changes in identifiable intangible assets</b>				
Increase (decrease) from net foreign exchange differences, net	540,052	-	2,571,273	3,111,325
Amortization	-	(2,183,887)	(18,961)	(2,202,848)
<b>Increases (decreases) from transfers and other changes</b>	<b>352</b>	<b>-</b>	<b>(352)</b>	<b>-</b>
Increases (decreases) from transfers	352	-	(352)	-
<b>Disposals and withdrawals from service</b>	<b>(2,549,926)</b>	<b>-</b>	<b>-</b>	<b>(2,549,926)</b>
Disposals (*)	(2,549,926)	-	-	(2,549,926)
<b>Total changes in identifiable intangible assets</b>	<b>(2,009,522)</b>	<b>(2,183,887)</b>	<b>2,554,857</b>	<b>(1,638,552)</b>
<b>Closing Balance as of December 31, 2016</b>	<b>6,043,003</b>	<b>10,189,162</b>	<b>3,034,709</b>	<b>19,266,874</b>

Changes in Intangible Assets	Development Costs	Easements and Water Rights	Patents, Registered Trademarks, and Other Rights	Computer Software	Other Identifiable Intangible Assets, Net	Intangible Assets, Net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Opening Balance as of January 1, 2015</b>	<b>5,666,572</b>	<b>31,781,522</b>	<b>1,514,216</b>	<b>12,995,648</b>	<b>493,875</b>	<b>52,451,833</b>
<b>Changes in identifiable intangible assets</b>						
Increase (decrease) from net foreign exchange differences, net	4,181,283	209,063	213,815	3,739,977	-	8,344,138
Amortization (*)	(747,993)	(1,533,670)	(166,947)	(76,106)	18,464	(2,506,252)
<b>Increases (decreases) from transfers and other changes</b>	<b>(2,398,107)</b>	<b>275,065</b>	<b>5,439</b>	<b>224,384</b>	<b>79,875</b>	<b>(1,813,344)</b>
Increases (decreases) from transfers	2	275,419	5,439	(5,439)	(275,421)	-
Increases (decreases) from other changes	(2,398,109)	(354)	-	229,823	355,296	(1,813,344)
<b>Disposals and withdrawals from service</b>	<b>(949,049)</b>	<b>(80,000)</b>	<b>-</b>	<b>(41,042)</b>	<b>-</b>	<b>(1,070,091)</b>
Withdrawals from service	(949,049)	-	-	(41,042)	-	(990,091)
Disposals	-	(80,000)	-	-	-	(80,000)
Classified as held for distribution to owners	(5,752,706)	(21,727,018)	(1,036,217)	(2,475,531)	(92,217)	(31,083,689)
<b>Total changes in identifiable intangible assets</b>	<b>(5,666,572)</b>	<b>(23,728,997)</b>	<b>(1,514,216)</b>	<b>(622,599)</b>	<b>(14,023)</b>	<b>(31,546,407)</b>
<b>Closing Balance as of December 31, 2015</b>	<b>-</b>	<b>8,052,525</b>	<b>-</b>	<b>12,373,049</b>	<b>479,852</b>	<b>20,905,426</b>

(\*) See Note 15.7.9.

As of December 31, 2017 and December 31, 2016, the Group does not have significant intangible assets with an indefinite useful life.

#### 14. GOODWILL

The following table shows goodwill by the CGU or group of CGUs to which it belongs and changes for the years ended December 31, 2017 and 2016:

Company	Cash-Generating Unit	Balance as of 1-1-2017 ThCh\$	Transfer on mergers ThCh\$	Balance as of 12-31-2017 ThCh\$
GasAtacama Chile S.A.	Generación Chile	24,860,356	-	24,860,356
<b>Total</b>		<b>24,860,356</b>	<b>-</b>	<b>24,860,356</b>

Company	Cash-Generating Unit	Balance as of 1-1-2016 ThCh\$	Transfer on mergers ThCh\$	Balance as of 12-31-2016 ThCh\$
Inversiones GasAtacama Holding Ltda.	Generación Chile	20,204,251	(20,204,251)	-
Compañía Eléctrica Tarapacá S.A.	Generación Chile	4,656,105	(4,656,105)	-
GasAtacama Chile S.A.	Generación Chile	-	24,860,356	24,860,356
<b>Total</b>		<b>24,860,356</b>	<b>-</b>	<b>24,860,356</b>

The origin of goodwill as detailed below is a result of the acquisitions of the following entities, subsequently merged directly or indirectly into GasAtacama Chile S.A.:

On July 12, 2002, the Company acquired 2.51% of the shares of Empresa Eléctrica Pangué S.A. through a put option held by the minority shareholder International Finance Corporation (IFC).

On August 11, 2005, the Company acquired interest of Inversiones Lo Venecia Ltda., which held as its only asset 25% interest in the company San Isidro S.A.

Subsequently, Empresa Eléctrica Pangué S.A. and the company San Isidro S.A. were merged into Compañía Eléctrica Tarapacá S.A., the latter being the legal successor company.

On April 22, 2014, the Company purchased the 50% interest in Inversiones GasAtacama Holding Ltda. held by Southern Cross Latin America Private Equity Fund III L.P. at that time (see Note 6.d).

On October 1, 2016, Inversiones GasAtacama Holding Ltda. was merged into Compañía Eléctrica Tarapacá S.A., the latter being the legal successor company.

On November 1, 2016, Compañía Eléctrica Tarapacá S.A. was merged into GasAtacama Chile S.A., the latter being the legal successor company.

According to the Group management's estimates and projections, the expected future cash flows projections attributable to the Cash-Generating Units or groups of Cash-Generating Units, to which the acquired goodwill has been allocated, allow recovering of its carrying amount as of December 31, 2017 and 2016 (see Note 3.b).

## 15. PROPERTY, PLANT AND EQUIPMENT, NET

### 15.1 Property, plant, and equipment as of December 31, 2017 and 2016:

Classes of Property, Plant and Equipment, Net	Balance as of	
	12-31-2017 ThCh\$	12-31-2016 ThCh\$
Construction in progress	554,424,935	588,700,578
Land	52,063,679	51,342,724
Buildings	9,029,526	9,703,906
Plant and equipment	2,117,017,034	2,033,720,809
Fixtures and fittings	37,160,396	24,007,331
Finance leases	18,508,931	19,363,189
<b>Property, plant and equipment, net</b>	<b>2,788,204,501</b>	<b>2,726,838,537</b>

Classes of Property, Plant and Equipment, Gross	Balance as of	
	12-31-2017 ThCh\$	12-31-2016 ThCh\$
Construction in progress	554,424,935	588,700,578
Land	52,063,679	51,342,724
Buildings	22,251,858	22,458,889
Plant and equipment	4,666,169,339	4,481,701,141
Fixtures and fittings	104,888,965	87,281,446
Finance leases	28,760,031	28,760,031
<b>Property, plant and equipment, gross</b>	<b>5,428,558,807</b>	<b>5,260,244,809</b>

Classes of Accumulated Depreciation and Impairment of Property, Plant and Equipment	Balance as of	
	12-31-2017 ThCh\$	12-31-2016 ThCh\$
Buildings	(13,222,332)	(12,754,983)
Plant and equipment	(2,549,152,305)	(2,447,980,332)
Fixtures and fittings	(67,728,569)	(63,274,115)
Finance leases	(10,251,100)	(9,396,842)
<b>Total Accumulated Depreciation and Impairment in Property, Plant and Equipment</b>	<b>(2,640,354,306)</b>	<b>(2,533,406,272)</b>

15.2 The detail of, and changes in, property, plant, and equipment, net for the years December 31, 2017, 2016 and 2015 are as follows:

Changes in the year ended December 31, 2017		Construction in Progress	Land	Buildings, Net	Plant and Equipment, Net	Fixtures and Fittings, Net	Other Property, Plant and Equipment under Finance Leases, Net	Property, Plant and Equipment, Net
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Opening Balance as of January 1, 2017</b>		<b>588,700,578</b>	<b>51,342,724</b>	<b>9,703,906</b>	<b>2,033,720,809</b>	<b>24,007,331</b>	<b>19,363,189</b>	<b>2,726,838,537</b>
<b>Change</b>	Increases other than those from business combinations	203,401,391	-	-	-	58,944	-	203,460,335
	Increase (decrease) from net foreign exchange differences	(101,444)	(25,624)	(44,699)	(336,622)	253,596	-	(254,793)
	Depreciation	-	-	(629,681)	(110,391,381)	(2,327,975)	(854,258)	(114,203,295)
	Impairment losses recognized in profit or loss	-	-	-	-	-	-	-
	<b>Increases (decreases) from transfers and other changes</b>	<b>(207,314,070)</b>	<b>776,932</b>	<b>-</b>	<b>191,406,850</b>	<b>15,130,288</b>	<b>-</b>	<b>-</b>
	Increases (decreases) from transfers from construction in process	(207,314,070)	776,932	-	191,406,850	15,130,288	-	-
	Increases (decreases) from transfers	-	-	-	-	-	-	-
	<b>Disposals and withdrawals from service</b>	<b>(30,261,520)</b>	<b>(30,353)</b>	<b>-</b>	<b>2,617,378</b>	<b>38,212</b>	<b>-</b>	<b>(27,636,283)</b>
	Disposals	(5,099,800)	(30,353)	-	(453,882)	38,212	-	(5,545,823)
	Write-offs (*)	(25,106,557)	-	-	(1,269,597)	-	-	(26,376,154)
	Other increases/decreases	(55,163)	-	-	4,340,857	-	-	4,285,694
	<b>Total changes</b>	<b>(34,275,643)</b>	<b>720,955</b>	<b>(674,380)</b>	<b>83,296,225</b>	<b>13,153,065</b>	<b>(854,258)</b>	<b>61,365,964</b>
	<b>Closing balance as of December 31, 2017</b>		<b>554,424,935</b>	<b>52,063,679</b>	<b>9,029,526</b>	<b>2,117,017,034</b>	<b>37,160,396</b>	<b>18,508,931</b>

(\*) See Note 15.7.8 and 28.

Changes in the year ended December 31, 2016		Construction in Progress	Land	Buildings, Net	Plant and Equipment, Net	Fixtures and Fittings, Net	Other Property, Plant and Equipment under Finance Leases, Net	Property, Plant and Equipment, Net	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Opening Balance as of January 1, 2016</b>		<b>511,700,683</b>	<b>51,375,538</b>	<b>10,394,207</b>	<b>2,109,572,014</b>	<b>26,457,203</b>	<b>20,217,447</b>	<b>2,729,717,092</b>	
<b>Change</b>	Increases other than those from business combinations	189,236,636	-	-	-	22,459	-	189,259,095	
	Increase (decrease) from net foreign exchange differences	(186,893)	(32,814)	(59,699)	(361,199)	(153,858)	-	(794,463)	
	Depreciation (*)	-	-	(630,602)	(126,106,763)	(2,805,910)	(854,258)	(130,397,533)	
	Impairment losses recognized in profit or loss (*) (**)	(30,785,531)	-	-	-	-	-	(30,785,531)	
	<b>Increases (decreases) from transfers and other changes</b>	<b>(34,679,145)</b>	<b>-</b>	<b>-</b>	<b>34,183,229</b>	<b>495,916</b>	<b>-</b>	<b>-</b>	
	<b>Increases (decreases) from transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	Increases (decreases) from transfers from construction in process	(34,679,145)	-	-	34,183,229	495,916	-	-	
	<b>Disposals and withdrawals from services</b>	<b>(34,061,865)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,479)</b>	<b>-</b>	<b>(34,070,344)</b>	
	Write-offs (**)	(34,061,865)	-	-	-	(8,479)	-	(34,070,344)	
	Other increases/decreases	(12,523,307)	-	-	16,433,528	-	-	3,910,221	
	<b>Total changes</b>	<b>76,999,895</b>	<b>(32,814)</b>	<b>(690,301)</b>	<b>(75,851,205)</b>	<b>(2,449,872)</b>	<b>(854,258)</b>	<b>(2,878,555)</b>	
	<b>Closing balance as of December 31, 2016</b>		<b>588,700,578</b>	<b>51,342,724</b>	<b>9,703,906</b>	<b>2,033,720,809</b>	<b>24,007,331</b>	<b>19,363,189</b>	<b>2,726,838,537</b>

(\*) See Note 15.7.8 and 15.7.10.

(\*\*) See Note 15.7.9 and 15.7.10.

### 15.3 Principal investments

Material investments in the electricity generation business in Chile include developments in the program to create new capacity, including progress on the construction of the Central Hidroeléctrica Los Cóndores Plant, which will use the resources of the Laguna del Maule and will have approximately 150 MW of installed capacity. The construction involved additions of ThCh\$ 289,892,097 for the year ended December 31, 2017 (ThCh\$ 183,597,710 and ThCh\$ 61,514,232 for the years ended December 31, 2016 and 2015).

### 15.4 Capitalized costs

#### a) Capitalized borrowing costs:

Borrowing costs capitalized during the years ended December 31, 2017, 2016 and 2015, amounted to ThCh\$4,078,463, ThCh\$ 3,001,211 and ThCh\$2,221,329 respectively. Weighted average capitalization rate varied from 7.12% to 7.95% for the year ended December 31, 2017, from 7.95% to 9% for the year ended December 31, 2016 and 9.0% to 10.8% for the year ended December 31, 2015 (see Note 30).

#### b) Capitalized personnel expenses:

Personnel expenses directly related to the construction capitalized during the years ended December 31, 2017, 2016 and 2015 amounted to ThCh\$ 7,226,484, ThCh\$ 9,758,304 and ThCh\$15,250,810, respectively.

### 15.5 Finance leases

As of December 31, 2017 and December 31, 2016, property, plant and equipment includes ThCh\$18,508,931 and ThCh\$19,363,189, respectively, in leased assets classified as finance leases.

The present value of future lease payments derived from these finance leases is as follows:

	12-31-2017			12-31-2016		
	Gross ThCh\$	Unearned Interest ThCh\$	Present Value ThCh\$	Gross ThCh\$	Unearned Interest ThCh\$	Present Value ThCh\$
Less than one year	2,459,000	659,212	1,799,788	2,677,880	837,513	1,840,367
From one to five years	9,836,000	1,244,808	8,591,192	10,711,520	1,763,191	8,948,329
More than five years	4,377,544	159,610	4,217,934	7,445,079	484,128	6,960,951
<b>Total (*)</b>	<b>16,672,544</b>	<b>2,063,630</b>	<b>14,608,914</b>	<b>20,834,479</b>	<b>3,084,832</b>	<b>17,749,647</b>

Leased assets primarily relate to:

The Company: a lease agreement for Electric Transmission Lines and Installations (Ralco-Charrúa 2X220 KV) entered into between the Company and Abengoa Chile S.A. The lease agreement has a 20-year maturity and bears interest at an annual rate of 6.5%.

### 15.6 Operating leases

The consolidated statements of comprehensive income for the years ended December 31, 2017, 2016 and 2015 include ThCh\$ 3,606,514, ThCh\$ 1,229,779 and ThCh\$ 1,240,625, respectively, related to accrual during these periods of operating lease contracts.

As of December 31, 2017 and 2016 the total future lease payments under these contracts are as follows:

	Balance as of	
	12-31-2017 ThCh\$	12-31-2016 ThCh\$
Less than one year	2,399,014	2,392,325
From one to five years	3,331,037	4,890,854
More than five years	754,503	818,537
<b>Total</b>	<b>6,484,554</b>	<b>8,101,716</b>

### 15.7 Other information

1. As of December 31, 2017 and 2016 the Group had contractual commitments for the acquisition of property, plant and equipment amounting to ThCh\$ 281,814,599 and ThCh\$ 310,558,229, respectively.
2. As of December 31, 2017, and 2016 the Group does not have property, plant and equipment that was pledged as security for liabilities.
3. The Company and its Chilean subsidiaries have insurance policies for all risks, earthquake and machinery breakdown and damages for business interruption with a € 1,000 million limit. Additionally, the Company has Civil Liability insurance to meet claims from third parties with a € 500 million limit. The premiums associated with these policies are presented proportionally for each company in the caption "Prepaid Expenses".
4. The condition of certain assets of the Company changed, primarily works and infrastructure for facilities built to support power generation in the SIC grid in 1998, due primarily to the installation in the SIC of new thermoelectric plants, the arrival of LNG, and new other projects. As such, a new supply configuration for the upcoming years, in which it is expected that these facilities will not be used. Therefore, in 2009, Enel Generación Chile S.A. recognized an impairment loss of ThCh\$43,999,600 for these assets, which is still has not reversed. (see Note 3.d).
5. At the end of 2014, the Group recognized an impairment loss of ThCh\$ 12,581,947 related to the Punta Alcalde project. This impairment loss was triggered because the current definition of the project is not fully aligned with the strategy that the Company is reformulating; particularly, with regard to technological leadership, and to community and environmental sustainability. The Company has decided to suspend the project as its profitability is still unclear (see Note 3.d).
6. At the end of 2012, the Company's subsidiary Compañía Eléctrica Tarapacá S.A. (currently named Gas Atacama Chile S.A.) recognized an impairment loss of ThCh\$ 12,578,098, to adjust the carrying amount of certain specific assets operating in the SING grid to its recoverable amount.

At the closing of 2015, a number of new facts and circumstances was evaluated by the company, which resulted in the identification of a new single CGU for all generation assets in Chile. The analysis took into account the fact that the Group performed an optimization and joint development of all assets related to generation and transmission work, centralized trade policy, with sales contracts agreed at company level and not assigned by power plant. Generation of flows depends on all the assets as a whole.

Previously, the company identified one CGU for the assets operating in the SIC grid and another one for the assets operating in the SING, under the consideration that there were two separate markets. The new scheme, approved in 2015, posed by the interconnection of SIC and SING, unifies markets and considers formation of a single price, which was illustrated by latest bids for supply to regulated customers.

Therefore, these new conditions indicated that the recognized impairment loss mentioned above has been reversed. This was based, inter alia, on the generation of additional value by the interconnection project between the SIC and SING which is expected to be operational in 2019, by improved utilization of reserves, by expanding the potential market for specific impaired assets and decreasing overall risk of the portfolio. The effects of the interconnection are considered in the five-year projections used by the company to perform impairment tests (see Note 3.d).

7. As of December 31, 2015, the Group recognized an impairment loss of ThCh\$ 2,522,445 related to the wind project Waiwen. This impairment loss was a result of new assessment of the feasibility of the project performed by the Company and a conclusion that, under existing conditions to date, profitability is uncertain.

8. In line with its sustainability strategy and in order to develop community relations, the Company has decided to research new design alternatives for the Neltume project, in particular regarding the question of the discharge of Lake Neltume, which has been raised by the communities in the various instances of dialogue.

To start a new phase of research of an alternative project, which includes the discharge of water on the Fuy River in late December 2015, the Company withdrew the Environmental Impact Study. This decision applies only to the Neltume project and not to the transmission project, which continues its course on handling in the Environmental Assessment Service.

As a result of the above, as of December 31, 2015, the Group recognized a loss of ThCh\$2,706,830, associated with the write down of certain assets related to Environmental Impact Study, which had been withdrawn and to other studies directly linked to the old design of assets.

Consequently in line with the new sustainability strategy and as a result of sustained dialog with the communities, the Company's projects in the territory, namely Neltume and Choshuenco, have good prospects from the social point of view. However, given the current conditions of the Chilean electricity market, expected profitability of the Neltume and Choshuenco projects is lower than the total capitalized investment in them. As a result, at the end of 2016, the Group recognized an impairment loss of ThCh\$ 20,459,461 associated with the Neltume project and ThCh\$ 3,748,124 associated with the Choshuenco project.

At the end of the fiscal year 2017, following an analysis during the last months, Enel Generación Chile determined to abandon the Neltume project; a decision justified mainly by the high-sustained competitiveness in the Chilean electricity market, which in November 2017 was ratified with the result of the last tender of Electric Distributors. Added to the above, there is the time associated with developing the alternative water discharge, considering a period of no less than 5 years, given the necessity to request and obtain a transfer of the current Water Right and commission a new study for environmental impact. The abandonment implied the recognition of a Th\$ 21,975,641 loss, with the purpose of reducing to zero the net book value of the assets associated with the project (see Note 28).

Additionally, the Company also decided to abandon the Choshuenco project, mainly because the strong synergies considered with the Neltume hydroelectric project would not exist anymore and make it not viable. This decision involved recognizing a loss of Th\$3,130,270, with the purpose of reducing the net book value of the assets associated with the project to zero (See Note 28)

9. As of August 31, 2016, the Company decided to withdraw from the water rights associated with the hydroelectric projects Bardón, Chillan 1, Chillan 2, Futaleufú, Hechún and Puelo. This decision was taken because of, among other aspects evaluated, the high annual maintenance cost of these unused water rights, lack of technical and economic feasibility and insufficient local community support. As a result, the Group wrote-off a total amount of ThCh\$ 32,834,160 of property, plant and equipment and ThCh\$ 2,549,926 of intangible assets, which represent 100% of the related costs previously capitalized.
10. As of December 31, 2016, the Group recognized an impairment loss of ThCh\$ 6,577,946 associated with certain Non-Conventional Renewable Energy ("NCRE") initiatives, such as wind, mini-hydro, biomass and solar projects. These initiatives deal with collection of natural resources data (wind speed, solar radiation, etc.) as well as engineering studies enabling the Company to perform and support technical and economical assessments in order to visualize their perspectives and decide on future steps. The results of the studies have not been entirely satisfactory, mainly due to the current conditions in the Chilean electricity market, as future viability of the NCRE projects is uncertain. As a result the Group recognized an impairment of 100% of the capitalized investments to date in NCRE projects

On the other hand, the Group decided to write off 100% of capitalized investment in two thermal projects that until now were held in its portfolio. These are the Tames 2 and Totoralillo projects, which were being developed within the framework of the public land concessions provided by the National Heritage Ministry in 2013. The amount of the write-off was ThCh\$ 1,096,137 and arose as a result of the current conditions in the Chilean electricity market, lack of future viability of this type of technology (steam-coal) and high development costs, which make these projects unfeasible.

Additionally, at the end of fiscal year 2016, the Company recorded an account payable for Th\$2,244,900, from penalties that it should pay for waiving the concessions related to these projects. During fiscal year 2017, the Ministry of National Assets and Enel Generación Chile, agreed to extinguish onerous concessions and not imposed any penalties.

## 16. DEFERRED TAXES

- a) The following is the analysis of deferred income tax assets/(liabilities) presented in the consolidated statements of financial position as of December 31, 2017 and 2016

Deferred tax assets/(liabilities)	Opening balance as of January 1, 2017	Changes						Closing balance as of December 31, 2017	Balance as of December 31, 2017	
Deferred tax assets/(liabilities)	Opening balance as of January 1, 2017	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Foreign exchange currency translation	Transfers to (from) non-current assets and disposal groups held for sale	Other increases (decreases)	Closing balance as of December 31, 2017	Assets	Liabilities
Deferred tax assets/(liabilities)	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Depreciation	(209,128,557)	(23,672,231)	-	-	61,222	-	(1,503)	(232,741,069)	146,622	(232,887,691)
Amortization	-	-	-	-	-	-	-	-	-	-
Accumulations (or accruals)	-	-	-	-	-	-	-	-	-	-
Provisions	20,198,527	(226,700)	-	-	-	-	342,283	20,314,110	20,314,110	-
Foreign currency contracts	-	-	-	-	-	-	-	-	-	-
Post-employment benefits obligations	1,639,108	249,625	(68,034)	-	-	-	(342,283)	1,478,416	1,504,434	(26,018)
Revaluations of financial instruments	-	-	-	-	-	-	-	-	-	-
Tax loss	11,911,396	(2,375,294)	-	-	-	-	-	9,536,102	9,536,102	-
Assets classified as held to distribute to owners	-	30,938,936	-	-	-	-	-	30,938,936	30,938,936	-
Other	8,798,644	(2,260,498)	(2)	-	(28,356)	-	3,669,801	10,179,589	14,962,228	(4,782,639)
<b>Deferred tax assets/(liabilities)</b>	<b>(166,580,882)</b>	<b>2,653,838</b>	<b>(68,036)</b>	<b>-</b>	<b>32,866</b>	<b>-</b>	<b>3,668,298</b>	<b>(160,293,916)</b>	<b>77,402,432</b>	<b>(237,696,348)</b>
<b>Offsetting of deferred tax assets/(liabilities)</b>									<b>(77,402,432)</b>	<b>77,402,432</b>
<b>Deferred tax assets/(liabilities) after offsetting</b>								<b>(160,293,916)</b>	<b>-</b>	<b>(160,293,916)</b>

Deferred tax assets/(liabilities)	Opening balance as of January 1, 2016	Changes						Closing balance as of December 31, 2016	Balance as of December 31, 2016	
Deferred tax assets/(liabilities)	Opening balance as of January 1, 2016	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Foreign exchange currency translation	Transfers to (from) non-current assets and disposal groups held for sale	Other increases (decreases)	Closing balance as of December 31, 2016	Assets	Liabilities
Deferred tax assets/(liabilities)	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Depreciation	(236,853,008)	27,607,871	-	-	79,558	34,135	2,887	(209,128,557)	5,465,105	(214,593,662)
Amortization	-	-	-	-	-	-	-	-	-	-
Accumulations (or accruals)	-	-	-	-	-	-	-	-	-	-
Provisions	17,384,299	2,839,332	-	-	-	(25,104)	-	20,198,527	20,540,810	(342,283)
Foreign currency contracts	-	-	-	-	-	-	-	-	-	-
Post-employment benefits obligations	1,401,345	(214,061)	474,498	-	-	(22,674)	-	1,639,108	1,639,108	-
Revaluations of financial instruments	-	-	-	-	-	-	-	-	-	-
Tax loss	12,720,468	(809,016)	-	-	-	-	(56)	11,911,396	11,911,396	-
Assets classified as held to distribute to owners	-	-	-	-	-	-	-	-	-	-
Other	7,454,508	(381,398)	(5)	5,555,110	12,645	-	(3,842,216)	8,798,644	17,744,166	(8,945,522)
<b>Deferred tax assets/(liabilities)</b>	<b>(197,892,388)</b>	<b>29,042,728</b>	<b>474,493</b>	<b>5,555,110</b>	<b>92,203</b>	<b>(13,643)</b>	<b>(3,839,385)</b>	<b>(166,580,882)</b>	<b>57,300,585</b>	<b>(223,881,467)</b>
<b>Offsetting of deferred tax assets/(liabilities)</b>									<b>(38,604,462)</b>	<b>38,604,462</b>
<b>Deferred tax assets/(liabilities) after offsetting</b>								<b>(166,580,882)</b>	<b>18,696,123</b>	<b>(185,277,005)</b>

Recovery of deferred tax assets will depend on whether sufficient tax profits will be obtained in the future. The Group believes that the future profit projections for its subsidiaries will allow these assets to be recovered. **b)** As of December 31, 2017, the Group does not have unrecognized deferred tax assets related to tax losses carry forward (see Note 3.o).

The Group has not recognized deferred tax liabilities for taxable temporary differences associated with investment in subsidiaries and joint ventures, as it is able to control the timing of the reversal of the temporary differences and considers that it is probable that such temporary differences will not reverse in the foreseeable future. The aggregate amount of taxable temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognized totaled ThCh\$ 59,530,551 as of December 31, 2017 (ThCh\$ 116,489,507 as of December 31, 2016).

Additionally, the Group has not recognized deferred tax assets for deductible temporary differences, associated with investment in subsidiaries and joint ventures, as it is able to control the timing of the reversal of the temporary differences and considers that it is probable that such temporary differences will not reverse in the foreseeable future, which as of December 31, 2017, totaled ThCh\$ 238,424,357 (ThCh\$ 385,427,246 as of December 31, 2016).

The Group companies are potentially subject to income tax audits by the tax authorities in Chile. Such tax audits are limited to a number of annual tax periods and once these have expired audits of these periods can no longer be performed. Tax audits by



nature are often complex and can require several years to complete. Tax periods potentially subject to examination correspond to fiscal years 2014-2016.

Given the range of possible interpretations of tax standards, the results of any future inspections carried out by tax authorities for the years subject to audit can give rise to tax liabilities that cannot currently be quantified objectively. Nevertheless, the Company Management estimates that the liabilities, if any, that may arise from such audits, would not significantly impact the Company's future results.

The effects of deferred tax on the components of Other Comprehensive Income are as follows:

Effects of Deferred Tax on the Components of Other Comprehensive Income	For the year ended December 31, 2017			For the year ended December 31, 2016			For the year ended December 31, 2015		
	Amount Before Income Tax	Income Tax Expense (Benefit)	Amount After Income Tax	Amount Before Income Tax	Income Tax Expense (Benefit)	Amount After Income Tax	Amount Before Income Tax	Income Tax Expense (Benefit)	Amount After Income Tax
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Available-for-sale financial assets	8	(2)	6	18	(5)	13	(441,585)	10	(441,575)
Cash flow hedge	97,309,516	(26,139,149)	71,170,367	86,959,338	(20,924,809)	66,034,529	(135,791,934)	35,463,169	(100,328,765)
Foreign currency translation	(3,690,798)	-	(3,690,798)	(139,529,128)	-	(139,529,128)	(244,110,922)	-	(244,110,922)
Investments accounted for using the equity method	-	-	-	(11,904,709)	-	(11,904,709)	(2,475,299)	-	(2,475,299)
Actuarial income on defined-benefit pension plans	251,976	(68,034)	183,942	(1,757,402)	474,498	(1,282,904)	(216,648)	(5,476)	(222,124)
<b>Income tax related to components of other income and expenses debited or credited to Equity</b>	<b>93,870,702</b>	<b>(26,207,185)</b>	<b>67,663,517</b>	<b>(66,231,883)</b>	<b>(20,450,316)</b>	<b>(86,682,199)</b>	<b>(383,036,388)</b>	<b>35,457,703</b>	<b>(347,578,685)</b>

The reconciliation of deferred tax movements between balance sheet and comprehensive income for the years 2017 and 2016 and 2015 is as follows:

	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Increase (decrease) of the deferred taxes related to continuing operations	(68,036)	474,493	830,036
Deferred taxes on hedge movements (revenue and derivatives hedge)	(26,139,149)	(21,528,043)	31,318,550
Increase (decrease) of the deferred taxes related to discontinuing operations	-	603,234	3,309,117
<b>Total</b>	<b>(26,207,185)</b>	<b>(20,450,316)</b>	<b>35,457,703</b>

Law No. 20,780 was published in the Diario Oficial (the Official Gazette) on September 29, 2014, modifying the income tax and other tax systems. The law stipulates that, starting in 2017, the current income tax system will be replaced with two alternative tax systems: the attributed income system and the partially integrated system.

This Law gradually increases the rate of income tax on corporate income. Thus, it are increased to 21% in 2014, to 22.5% in 2015, and 24% in 2016. From 2017 taxpayers choosing the attributed income system are subject to a rate of 25%, while companies choosing the partially integrated system are subject to a rate of 25.5% in 2017 and 27% in 2018.

The Law also states that corporations will automatically be subject to the partially integrated system unless a future Special Shareholders' Meeting agrees to select the attributed income system.

Law No. 20,899 was published on February 8, 2016, simplifying the income tax system. This law among its main modifications, imposes a partially integrated system as mandatory for corporations, cancelling previously available attributed income system option.

## 17. OTHER FINANCIAL LIABILITIES

The balance of other financial liabilities as of December 31, 2017 and 2016 is as follows:

Other Financial Liabilities	Balance as of			
	12-31-2017		12-31-2016	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Interest-bearing borrowings	17,255,679	760,932,929	18,013,012	802,046,968
Hedging derivatives (*)	304,278	21,045,216	313,571	48,981,953
Non-hedging derivatives (**)	1,255,478	-	7,369,481	2,987,830
<b>Total</b>	<b>18,815,435</b>	<b>781,978,145</b>	<b>25,696,064</b>	<b>854,016,751</b>

(\*) See Note 19.2.a.

(\*\*) See Note 19.2.b.

### 17.1 Interest-bearing borrowings

The detail of current and non-current interest-bearing borrowings as of December 31, 2017 and 2016 is as follows:

Interest-bearing borrowings	Balance as of			
	12-31-2017		12-31-2016	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Bank loans	109	-	4,172	-
Unsecured liabilities	15,455,782	748,123,803	16,168,473	786,137,688
Finance leases	1,799,788	12,809,126	1,840,367	15,909,280
<b>Total</b>	<b>17,255,679</b>	<b>760,932,929</b>	<b>18,013,012</b>	<b>802,046,968</b>

17.2 Bank loans by currency and contractual maturity as of December 31, 2017 and 2016 are as follows:

#### - Summary of bank loans by currency and contractual maturity

Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/No)	Balance as of 12-31-2017			Balance as of 12-31-2016		
					One to three months	Three to twelve months	Total Current	One to three months	Three to twelve months	Total Current
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	CH\$	6.00%	6.00%	No	109	-	109	4,172	-	4,172
<b>Total</b>					<b>109</b>	<b>-</b>	<b>109</b>	<b>4,172</b>	<b>-</b>	<b>4,172</b>

- Identification of Bank Loans by Company

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Financial Institution	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Interest payment	Balance as of 12-31-2017		Balance as of 12-31-2016	
										Less than 90 days	Total Current	Less than 90 days	Total Current
										ThCh\$	ThCh\$	ThCh\$	ThCh\$
91.081.000-6	Enel Generación Chile S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	Ch\$	6.00%	6.00%	At maturity	97	97	2,037	2,037
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Banco Santander	Chile	Ch\$	6.00%	6.00%	At maturity	12	12	2,135	2,135
<b>Total ThCh\$</b>										<b>109</b>	<b>109</b>	<b>4,172</b>	<b>4,172</b>

Appendix 4, letter a), presents details of estimated future cash flows (undiscounted) that the Group will have to disburse to settle the bank loans detailed above.

### 17.3 Unsecured liabilities

The detail of unsecured liabilities by currency and maturity as of December 31, 2017 and 2016 is as follows:

Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/No)	Balance as of 12-31-2017								
					Current			Non-current					
					One to three months	Three to twelve months	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	US\$	6.99%	6.90%	No	6,322,081	2,206,269	<b>8,528,350</b>	-	-	-	-	430,228,859	<b>430,228,859</b>
Chile	UF	6.00%	5.48%	No	-	6,927,432	<b>6,927,432</b>	5,574,013	5,574,013	5,574,013	5,574,013	295,598,892	<b>317,894,944</b>
<b>Total</b>					<b>6,322,081</b>	<b>9,133,701</b>	<b>15,455,782</b>	<b>5,574,013</b>	<b>5,574,013</b>	<b>5,574,013</b>	<b>5,574,013</b>	<b>725,827,751</b>	<b>748,123,803</b>

Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/No)	Balance as of 12-31-2016								
					Current			Non-current					
					One to three months	Three to twelve months	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	US\$	6.99%	6.90%	No	6,884,819	2,402,653	<b>9,287,472</b>	-	-	-	-	468,578,474	<b>468,578,474</b>
Chile	UF	6.00%	5.48%	No	-	6,881,001	<b>6,881,001</b>	5,480,380	5,480,380	5,480,380	5,480,380	295,637,694	<b>317,559,214</b>
<b>Total</b>					<b>6,884,819</b>	<b>9,283,654</b>	<b>16,168,473</b>	<b>5,480,380</b>	<b>5,480,380</b>	<b>5,480,380</b>	<b>5,480,380</b>	<b>764,216,168</b>	<b>786,137,688</b>

## 17.4 Secured liabilities

The detail of secured liabilities by currency and maturity as of December 31, 2017 and 2016 is as follows:

### - Summary of secured liabilities by currency and maturity

There are no secured liabilities as of December 31, 2017 and 2016.

### - Fair value measurement and hierarchy

The fair value of current and non-current bond obligations, both secured and unsecured, as of December 31, 2017 and 2016 totaled ThCh\$ 947,565,989 and ThCh\$ 998,383,047 respectively. During both periods, the obligations have been classified as Level 2 fair values based on the inputs from the valuation techniques used (see Note 3.g). Notably, these financial liabilities are measured at amortized cost. (See Note 3.f.4).

### - Secured and Unsecured Liabilities by Company

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Company	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes / No)	Balance as of 12-31-2017								
										Current			Non-current					Total
										Less than 90 days	More than 90 days	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	
										ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
91.081.000-6	Enel Generación Chile S.A. Chile	Foreign	BNY Mellon S-1	US	US\$	7.96%	7.88%	No	4,152,926	-	4,152,926	-	-	-	-	125,566,611	125,566,611	
91.081.000-6	Enel Generación Chile S.A. Chile	Foreign	BNY Mellon S-2	US	US\$	7.40%	7.33%	No	1,328,023	-	1,328,023	-	-	-	-	42,902,198	42,902,198	
91.081.000-6	Enel Generación Chile S.A. Chile	Foreign	BNY Mellon S-3	US	US\$	8.26%	8.13%	No	841,132	-	841,132	-	-	-	-	19,398,499	19,398,499	
91.081.000-6	Enel Generación Chile S.A. Chile	Foreign	BNY Mellon 24296	US	US\$	4.32%	4.25%	No	-	2,206,269	2,206,269	-	-	-	-	242,361,551	242,361,551	
91.081.000-6	Enel Generación Chile S.A. Chile	97.036.000-k	Banco Santander 317-H	Chile	U.F.	7.17%	6.20%	No	-	6,374,051	6,374,051	5,574,013	5,574,013	5,574,013	5,574,013	30,872,536	53,168,588	
91.081.000-6	Enel Generación Chile S.A. Chile	97.036.000-k	Banco Santander 522-M	Chile	U.F.	4.82%	4.75%	No	-	553,381	553,381	-	-	-	-	264,726,356	264,726,356	
			<b>Total</b>						<b>6,322,081</b>	<b>9,133,701</b>	<b>15,455,782</b>	<b>5,574,013</b>	<b>5,574,013</b>	<b>5,574,013</b>	<b>5,574,013</b>	<b>725,827,751</b>	<b>748,123,803</b>	

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Company	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes / No)	Balance as of 12-31-2016								
										Current			Non-current					Total
										Less than 90 days	More than 90 days	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	
										ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
91.081.000-6	Enel Generación Chile S.A. Chile	Foreign	BNY Mellon S-1	US	US\$	7.96%	7.88%	No	4,522,585	-	4,522,585	-	-	-	-	136,759,395	136,759,395	
91.081.000-6	Enel Generación Chile S.A. Chile	Foreign	BNY Mellon S-2	US	US\$	7.40%	7.33%	No	1,446,232	-	1,446,232	-	-	-	-	46,792,429	46,792,429	
91.081.000-6	Enel Generación Chile S.A. Chile	Foreign	BNY Mellon S-3	US	US\$	8.26%	8.13%	No	916,002	-	916,002	-	-	-	-	21,608,757	21,608,757	
91.081.000-6	Enel Generación Chile S.A. Chile	Foreign	BNY Mellon 24296	US	US\$	4.32%	4.25%	No	-	2,402,653	2,402,653	-	-	-	-	263,417,893	263,417,893	
91.081.000-6	Enel Generación Chile S.A. Chile	97.036.000-k	Banco Santander 317-H	Chile	U.F.	7.17%	6.20%	No	-	6,337,021	6,337,021	5,480,380	5,480,380	5,480,380	5,480,380	35,587,764	57,509,284	
91.081.000-6	Enel Generación Chile S.A. Chile	97.036.000-k	Banco Santander 522-M	Chile	U.F.	4.82%	4.75%	No	-	543,980	543,980	-	-	-	-	260,049,930	260,049,930	
			<b>Total</b>						<b>6,884,819</b>	<b>9,283,654</b>	<b>16,168,473</b>	<b>5,480,380</b>	<b>5,480,380</b>	<b>5,480,380</b>	<b>5,480,380</b>	<b>764,216,168</b>	<b>786,137,688</b>	

Appendix 4, letter b) shows the detail of estimated future cash flows (undiscounted) that the Group will have to disburse to settle the secured and unsecured liabilities detailed above.

- **Detail of Finance Lease Obligations**

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Name	Country	Currency	Nominal Interest Rate	Balance as of December 31, 2017								
								Current			Non-current					
								Less than 90 days	More than 90 days	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
								ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
91.081.000-6	Enel Generación Chile S.A.	Chile	76.555.400-4	Transec S.A	Chile	US\$	6.50%	439,377	1,360,411	1,799,788	2,459,000	1,916,774	2,041,364	2,174,053	4,217,935	12,809,126
				<b>Total</b>						<b>1,799,788</b>						<b>12,809,126</b>

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Name	Country	Currency	Nominal Interest Rate	Balance as of December 31, 2016								
								Current			Non-current					
								Less than 90 days	More than 90 days	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
								ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
91.081.000-6	Enel Generación Chile S.A.	Chile	76.555.400-4	Transec S.A	Chile	US\$	6.50%	449,283	1,391,084	1,840,367	2,677,880	2,677,880	1,959,990	2,087,390	6,506,140	15,909,280
				<b>Total</b>						<b>1,840,367</b>						<b>15,909,280</b>

Appendix 4 letter c) presents details of estimated future cash flows (undiscounted) that the Group will have to disburse to settle the finance lease obligations detailed above.

## 17.5 Hedged debt

Of the U.S. dollar denominated debt held by the Group as of December 31, 2017, ThCh 440,823,086 is related to future cash flow hedges for the Group's U.S. dollar-linked operating income (see Note 3.m). As of December 31, 2016, this amount was ThCh\$ 480,061,539.

The following table details changes in "Reserve for cash flow hedges" for the years ended December 31, 2017, 2016 and 2015 due to exchange differences corresponding to this debt:

	12-31-2017	12-31-2016	12-31-2015
HEDGING RESERVE	ThCh\$	ThCh\$	ThCh\$
<b>Balance in hedging reserves (hedging income) at beginning of year</b>	<b>(85,790,673)</b>	<b>(122,448,724)</b>	<b>(64,530,210)</b>
Foreign currency exchange differences recorded in net equity	28,878,949	23,870,051	(70,199,670)
Recognition of foreign currency exchange differences in profit (loss)	12,633,039	12,788,000	6,438,133
Foreign currency translation differences	-	-	(73,961)
Classified as assets held for distribution to owners (*)	-	-	5,916,984
<b>Balance in hedging reserves (hedging income) at year end</b>	<b>(44,278,685)</b>	<b>(85,790,673)</b>	<b>(122,448,724)</b>

(\*) Corresponds to the effects generated by the financial debt of Enel Generación Perú S.A. (formerly named Edegel S.A.A.)

## 17.6 Other information

As of December 31, 2017 and 2016 the Group had long-term lines of credit unconditionally available for use totaling ThCh\$ 199,271,103 and ThCh\$ 342,827,047, respectively.

## 18. RISK MANAGEMENT POLICY

The Group's companies are exposed to certain risks that are managed by systems that identify, measure, limit concentration of, and monitor these risks.

The main principles in the Group's risk management policy include the following:

- Compliance with good corporate governance standards.
- Strict compliance with all the Group's internal policies.
- Each business and corporate area determines:
  - i) The markets in which it can operate based on its knowledge and ability to ensure effective risk management.
  - ii) Criteria regarding counterparts.
  - iii) Authorized operators.
- Business and corporate areas establish their risk tolerance in a manner consistent with the defined strategy for each market in which they operate.
- All of the operations of the businesses and corporate areas are conducted within the limits approved for each case.
- Businesses, corporate areas, lines of business and companies design the risk management controls necessary to ensure that transactions in the markets are conducted in accordance with the Group policies, standards, and procedures.

### 18.1 Interest rate risk

Changes in interest rates affect the fair value of assets and liabilities bearing fixed interest rates, as well as the expected future cash flows of assets and liabilities subject to floating interest rates.

The objective of managing interest rate risk exposure is to achieve a balance in the debt structure to minimize the cost of debt with reduced volatility in profit or loss.

Depending on the Group's estimates and on the objectives of the debt structure, hedging transactions are performed by entering into derivatives contracts that mitigate interest rate risk.

The financial debt structure of the Group detailed by fixed and/or hedged and floating interest rate on total net debt, net of hedging derivative instruments, is as follows:

Gross position

	Balance as of	
	12-31-2017	12-31-2016
	%	%
Fixed interest rate	92%	92%

## **18.2 Exchange rate risk**

Exchange rate risks principally involve the following transactions:

- Debt taken on by the Group's companies that is denominated in a currency other than that in which its cash flows are indexed.
- Payments to be made for the acquisition of project-related materials in a currency other than that in which its cash flows are indexed.
- Revenues in Group companies directly linked to changes in currencies other than those of its cash flows.

In order to mitigate exchange rate risk, the Group's foreign currency risk management policy is based on cash flows and includes maintaining a balance between U.S. dollar flows and the levels of assets and liabilities denominated in this currency. The objective is to minimize the exposure to variability in cash flows that are attributable to foreign exchange risk.

The hedging instruments currently being used to comply with the policy are currency swaps and forward exchange contracts. In addition, the policy seeks to refinance debt in the functional currency of each of the Group's companies.

## **18.3 Commodities risk**

The Group has a risk exposure to price changes in certain commodities, due basically to:

- Purchases of fuel used to generate electricity.
- Energy purchase/sale transactions that take place in local markets.

In order to reduce the risk in situations of extreme drought, the Company has designed a commercial policy that defines the levels of sales commitments in line with the capacity of its generating power plants in a dry year. It also includes risk mitigation terms in certain contracts with unregulated customers and, in the case of regulated customers subject to long-term tender agreements, it determines indexation polynomials that help reduce exposure to commodity risk.

Considering the operating conditions faced by the power generation market in Chile, with drought and highly volatile commodity prices on international markets, the Company is constantly verifying the advisability of using hedging to lessen the impacts that these price swings have on its results.

As of December 31, 2017, the Group had swap hedges for 2.3 million MMBTU to be settled at January 2018.

As of December 31, 2016, the Group had swap hedges for 3 million barrels of Brent oil to be settle from January to November 2017 and 3.3 million MMTBU of Henry Hub gas swap to be settle from January to September 2017.

Depending on operating conditions, which are constantly being updated, these hedges may be modified or may cover other commodities.

Depending on operating conditions, which are constantly being updated, these hedges may be modified or may cover other commodities.

## **18.4 Liquidity risk**

The Group's liquidity risk management policy consists of entering into long-term committed banking facilities and temporary financial investments for amounts that cover the projected needs over a period of time that is determined based on the situation and expectations for debt and capital markets.



The projected needs mentioned above include maturities of financial debt, net of financial derivatives. For further details regarding the features and conditions of financial obligations and financial derivatives (see Notes 17, 19, and Appendix 4).

As of December 31, 2017 the Group has liquidity of cash and cash equivalent totaling ThCh\$ 211,027,141 (ThCh\$ 114,486,479 as of December 31, 2016) and unconditionally available lines of long-term credit totaling ThCh\$ 199,271,103 (ThCh\$ 342,827,047 as of December 31, 2016).

## **18.5 Credit risk**

The Group closely monitors its credit risk.

### **Trade receivables:**

The credit risk for receivables from the Group's commercial activity has historically been very low, due to the short-term period of collections from customers, resulting in non-significant cumulative receivables amounts.

Energy service to customers with outstanding payments is suspended, and most contracts have termination clauses for payment default. The Company monitors its credit risk on an ongoing basis and measures its maximum exposure to payment default risk, which, as stated above, is very limited.

### **Financial assets, other than trade receivables:**

Cash surpluses are invested in the highest-rated local and foreign financial entities (with risk rating equivalent to investment grade whenever possible) with thresholds established for each entity.

Banks having investment grade ratings from the three main international rating agencies (Moody's, S&P and Fitch) are considered in the investment selection process.

Investments may be backed with Chilean treasury bonds and/or with commercial paper issued by the highest rated banks; the latter are preferred, as they offer higher returns (always in line with current investment policies).

## **18.6 Risk measurement**

The Group measures the Value at Risk (VaR) of its debt positions and financial derivatives in order to monitor the risk assumed by the Company, thereby reducing volatility in the income statement.

The portfolio of positions included in calculating the current VaR consists of the following:

- Financial debt.
- Hedge derivatives for debt, dividends and projects.

The VaR determined represents the potential variation in value of the portfolio of positions described above within a quarter with a 95% confidence level. To determine the VaR, we take into account the volatility of the risk variables affecting the value of the portfolio of positions including:

- U.S. dollar Libor interest rate.
- The exchange rates of the various currencies used in the calculation.

The calculation of VaR is based on generating possible future scenarios (at one quarter) of market values for the risk variables, using scenarios based on actual observations for 5 years of the same period (quarter).

The quarterly 95%-confidence VaR number is calculated as the 5% percentile of the potential quarterly variations in the fair value of the portfolio.

Given the aforementioned assumptions, the quarterly VaR of the positions discussed above corresponds to ThCh\$ 66,890,686.

These values represent the potential increase of the Debt and Derivatives' Portfolio, thus these Values At Risk are inherently related, among other factors, to the Portfolio's value at each quarter's end.

## 19. FINANCIAL INSTRUMENTS

### 19.1 Financial instruments, classified by type and category

- a) The detail of financial assets, less cash and cash equivalents, classified by type and category, as of December 31, 2017 and 2016 is as follows:

Balance as of 12-31-2017	Financial assets held for trading	Held-to-maturity Investments	Loans and receivables	Available-for-sale financial assets	Financial derivatives designated for hedging
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Derivative instruments	402,716	-	-	-	20,038,433
Other financial assets	-	82,127	317,062,707	-	-
<b>Total current</b>	<b>402,716</b>	<b>82,127</b>	<b>317,062,707</b>	-	<b>20,038,433</b>
Equity instruments	-	-	-	2,601,695	-
Derivative instruments	-	-	-	-	30,789,703
Other financial assets	-	-	1,032,923	-	-
<b>Total non-current</b>	-	-	<b>1,032,923</b>	<b>2,601,695</b>	<b>30,789,703</b>
<b>Total</b>	<b>402,716</b>	<b>82,127</b>	<b>318,095,630</b>	<b>2,601,695</b>	<b>50,828,136</b>

Balance as of 12-31-2016	Financial assets held for trading	Held-to-maturity Investments	Loans and receivables	Available-for-sale financial assets	Financial derivatives designated for hedging
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Derivative instruments	-	-	-	-	121,443
Other financial assets	-	365,663	309,844,312	-	-
<b>Total current</b>	-	<b>365,663</b>	<b>309,844,312</b>	-	<b>121,443</b>
Equity instruments	-	-	-	2,616,647	-
Derivative instruments	-	-	-	-	25,533,188
Other financial assets	-	652,733	6,788,437	-	-
<b>Total non-current</b>	-	<b>652,733</b>	<b>6,788,437</b>	<b>2,616,647</b>	<b>25,533,188</b>
<b>Total</b>	-	<b>1,018,396</b>	<b>316,632,749</b>	<b>2,616,647</b>	<b>25,654,631</b>

- b) The detail of financial liabilities, classified by type and category, as of December 31, 2017 and 2016 is as follows:

Balance as of 12-31-2017	Financial liabilities held for trading	Loans and payables	Financial derivatives designated for hedging
	ThCh\$	ThCh\$	ThCh\$
Interest-bearing loans	-	17,255,679	-
Derivative instruments	1,255,478	-	304,278
Other financial liabilities	-	430,340,275	-
<b>Total current</b>	<b>1,255,478</b>	<b>447,595,954</b>	<b>304,278</b>
Interest-bearing loans	-	760,932,929	-
Derivative instruments	-	-	21,045,216
Other financial liabilities	-	951,161	-
<b>Total non-current</b>	-	<b>761,884,090</b>	<b>21,045,216</b>
<b>Total</b>	<b>1,255,478</b>	<b>1,209,480,044</b>	<b>21,349,494</b>

Balance as of 12-31-2016	Financial liabilities held for trading	Loans and payables	Financial derivatives designated for hedging
	ThCh\$	ThCh\$	ThCh\$
Interest-bearing loans	-	18,013,012	-
Derivative instruments	7,369,481	-	313,571
Other financial liabilities	-	441,818,602	-
<b>Total current</b>	<b>7,369,481</b>	<b>459,831,614</b>	<b>313,571</b>
Interest-bearing loans	-	802,046,968	-
Derivative instruments	2,987,830	-	48,981,953
Other financial liabilities	-	1,704,549	-
<b>Total non-current</b>	<b>2,987,830</b>	<b>803,751,517</b>	<b>48,981,953</b>
<b>Total</b>	<b>10,357,311</b>	<b>1,263,583,131</b>	<b>49,295,524</b>

## 19.2 Derivative instruments

The risk management policy of the Group primarily uses interest rate and foreign exchange rate derivatives to hedge its exposure to interest rate and foreign currency risks.

The Company classifies its derivatives as follows:

- Derivatives designated for Cash flow hedges: Those that hedge the cash flows of the underlying hedged item.
- Derivatives designated for Fair value hedges: Those that hedge the fair value of the underlying hedged item.
- Non-hedge derivatives: Financial derivatives that do not meet the requirements established by IFRS to be designated as hedge instruments are recognized at fair value with changes in net profit (assets held for trading).

### a) Assets and liabilities for hedge derivative instruments

As of December 31, 2017 and 2016, financial derivative transactions qualifying as hedge instruments resulted in recognition of the following assets and liabilities in the consolidated statement of financial position:

	Balance as of							
	12-31-2017				12-31-2016			
	Assets		Liabilities		Assets		Liabilities	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
<b>Exchange rate hedge:</b>	<b>20,038,433</b>	<b>30,789,703</b>	<b>304,278</b>	<b>21,045,216</b>	<b>121,443</b>	<b>25,533,188</b>	<b>313,571</b>	<b>48,981,953</b>
Cash flow hedge	20,038,433	30,789,703	304,278	21,045,216	121,443	25,533,188	313,571	48,981,953
<b>Total</b>	<b>20,038,433</b>	<b>30,789,703</b>	<b>304,278</b>	<b>21,045,216</b>	<b>121,443</b>	<b>25,533,188</b>	<b>313,571</b>	<b>48,981,953</b>

### - General information on hedge derivative instruments

Hedge derivative instruments and their corresponding hedged instruments are shown in the following table:

Type of hedging instrument	Description of hedging instrument	Description of hedged item	Fair value of hedged item	Fair value of hedged item	Type of risks hedged
			12-31-2017	12-31-2016	
			ThCh\$	ThCh\$	
SWAP	Exchange rate	Unsecured liabilities (bonds)	7,696,061	(23,640,893)	Cash flow
FORWARD	Exchange rate	Revenues	21,782,581	-	Cash flow

For the years ended December 31, 2017 and 2016, the Group has not recognized significant gains or losses for ineffective cash flow hedges.

### b) Financial derivative instrument assets and liabilities at fair through profit or loss

As of December 31, 2017 and 2016, financial derivative transactions recognized at fair value through profit or loss, resulted in the recognition of the following assets and liabilities in the statement of financial position:

	Balance as of							
	12-31-2017				12-31-2016			
	Asset		Liabilities		Asset		Liabilities	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Non-hedging derivative instruments	402,716	-	1,255,478	-	-	-	7,369,481	2,987,830

These derivative instruments correspond to forward contracts entered into by the Group, whose purpose is to hedge the exchange rate risk related to future obligations arising from civil works contracts linked to the construction of the Los Córdobes

Plant. Although these hedges have an economic background, they do not qualify as accounting hedge because they do not strictly comply with the accounting hedge requirements established in IAS 39 “Financial Instruments: Recognition and Measurement”.

### c) Other disclosures on financial derivatives

The following tables present the fair value of hedging and non-hedging financial derivatives entered into by the Group as well as the remaining contractual maturities as of December 31, 2017 and 2016:

Financial derivatives	Balance as of 12-31-2017				
	Fair value	Notional value			Total
		Less than one year	1 - 2 years	2 - 3 years	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Exchange rate hedges:</b>	29,478,642	306,350,419	525,812,635	-	832,163,054
Cash flow hedges	29,478,642	306,350,419	525,812,635	-	832,163,054
<b>Derivatives not designated for hedge accounting</b>	(852,762)	19,682,638	-	-	19,682,638
<b>Total</b>	<b>28,625,880</b>	<b>326,033,057</b>	<b>525,812,635</b>	<b>-</b>	<b>851,845,692</b>

Financial derivatives	Balance as of 12-31-2016				
	Fair value	Notional value			Total
		Less than one year	1 - 2 years	2 - 3 years	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Exchange rate hedges:</b>	(23,640,893)	-	-	523,686,966	523,686,966
Cash flow hedges	(23,640,893)	-	-	523,686,966	523,686,966
<b>Derivatives not designated for hedge accounting</b>	(10,357,311)	49,738,751	21,434,625	-	71,173,376
<b>Total</b>	<b>(33,998,204)</b>	<b>49,738,751</b>	<b>21,434,625</b>	<b>523,686,966</b>	<b>594,860,342</b>

The hedging and non-hedging derivatives contractual maturities do not represent the Group’s total risk exposure, as the amounts recorded in the above tables have been drawn up based on undiscounted contractual cash inflows and outflows for their settlement.

### 19.3 Fair value hierarchy

Financial instruments recognized at fair value in the consolidated statement of financial position are classified based on the hierarchy described in Note 3.g above.

The following table presents financial assets and liabilities measured at fair value as of December 31, 2017 and 2016:

Financial instruments measured at fair value	Balance as of 12-31-2017 ThCh\$	Fair value measured at end of reporting period using:		
		Level 1	Level 2	Level 3
		ThCh\$	ThCh\$	ThCh\$
<b>Financial Assets</b>				
Financial derivatives designated as cash flow hedges	50,828,136	-	50,828,136	-
Financial derivatives designated as fair value hedge	-	-	-	-
Financial derivatives not designated for hedge accounting	402,716	-	402,716	-
Commodity derivatives designated as non-cash flow hedge	9,940,955	-	9,940,955	-
Commodity derivatives designated as cash flow hedges	5,742,633	-	5,742,633	-
Financial assets at fair value with change in result	-	-	-	-
Available-for-sale financial assets, non-current	6,353	6,353	-	-
<b>Total</b>	<b>66,920,793</b>	<b>6,353</b>	<b>66,914,440</b>	<b>-</b>
<b>Financial Liabilities</b>				
Financial derivatives designated as cash flow hedges	21,349,494	-	21,349,494	-
Financial derivatives not designated for hedge accounting	1,255,478	-	1,255,478	-
Commodity derivatives designated as non-cash flow hedge	889,026	-	889,026	-
Commodity derivatives not designated for hedge accounting	-	-	-	-
Commodity derivatives designated as fair value hedge	-	-	-	-
<b>Total</b>	<b>23,493,998</b>	<b>-</b>	<b>23,493,998</b>	<b>-</b>

Financial instruments measured at fair value	Balance as of 12-31-2016 ThCh\$	Fair value measured at end of reporting period using:		
		Level 1	Level 2	Level 3
		ThCh\$	ThCh\$	ThCh\$
<b>Financial Assets</b>				
Financial derivatives designated as cash flow hedges	25,654,631	-	25,654,631	-
Commodity derivatives designated as cash flow hedges	875,481	-	875,481	-
Commodity derivatives not designated for hedge accounting	16,159,565	-	16,159,565	-
Available-for-sale financial assets, non-current	407	407	-	-
<b>Total</b>	<b>42,690,084</b>	<b>407</b>	<b>42,689,677</b>	<b>-</b>
<b>Financial Liabilities</b>				
Financial derivatives designated as cash flow hedges	49,295,524	-	49,295,524	-
Financial derivatives not designated for hedge accounting	10,357,311	-	10,357,311	-
Commodity derivatives not designated for hedge accounting	40,013	-	40,013	-
Commodity derivatives designated as cash flow hedges	1,063,193	-	1,063,193	-
<b>Total</b>	<b>60,756,041</b>	<b>-</b>	<b>60,756,041</b>	<b>-</b>

## 20. TRADE AND OTHER PAYABLES

The breakdown of trade and other payables as of December 31, 2017 and 2016 is as follows:

Trade and other payables	Balance as of			
	12-31-2017		12-31-2016	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Trade payables	94,132,901	-	90,386,018	-
Other payables	235,315,325	632,643	250,702,646	1,453,022
<b>Total trade and other payables</b>	<b>329,448,226</b>	<b>632,643</b>	<b>341,088,664</b>	<b>1,453,022</b>

The detail of trade and other payables as of December 31, 2017 and 2016 is as follows:

Trade and other payables	Balance as of			
	12-31-2017		12-31-2016	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Energy suppliers	80,832,851	-	72,361,322	-
Fuel and gas suppliers	13,300,050	-	18,024,696	-
Payables to tax authorities other than Corporate Income Tax	9,868,976	-	7,152,058	-
Payables for goods and services	146,590,421	5,431	147,606,676	40,256
VAT debit tax (VAT/ICMS)	12,048,722	-	13,136,043	-
Dividends payable to non-controlling interests	53,139,347	-	58,901,712	-
Mitsubishi contract (LTSA)	1,227,656	-	10,582,997	-
Accounts payable to staff	11,741,237	-	12,401,802	-
Other payables	698,966	627,212	921,358	1,412,766
<b>Total trade and other payables</b>	<b>329,448,226</b>	<b>632,643</b>	<b>341,088,664</b>	<b>1,453,022</b>

See Note 18.4 for the description of the liquidity risk management policy.

The detail of payments due and paid as of December 31, 2017 and 2016 is presented in Appendix 7.

## 21. PROVISIONS

a) The breakdown of provisions as of December 31, 2017 and 2016 is as follows:

Provisions	Balance as of			
	12-31-2017		12-31-2016	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Provision for legal proceedings	3,497,786	-	4,694,579	-
Decommissioning or restoration (*)	-	63,992,567	-	57,325,915
Other provisions	1,798,849	-	1,798,849	-
<b>Total</b>	<b>5,296,635</b>	<b>63,992,567</b>	<b>6,493,428</b>	<b>57,325,915</b>

(\*) See Note 3.a.

Provision for legal proceedings mainly consist of the contingencies related to the lawsuits on administrative sanctions.

The ultimate timing and amount of the cash outflows related to the above provisions depends on the final resolution of the provisioned matters. For example, in the specific case of the legal proceedings it depends on the final resolution of the related legal claim. The Administration considers that the provisions recognized in the financial statements adequately cover the corresponding risks.

b) Changes in provisions for the years ended December 31, 2017, and 2016 are as follows:

Changes in Provisions	Legal Proceedings	Decommissioning and Restoration	Other Provisions	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Opening balance as of January 1, 2017</b>	<b>4,694,579</b>	<b>57,325,915</b>	<b>1,798,849</b>	<b>63,819,343</b>
<b>Changes in Provisions</b>				
Increase (decrease) in existing provisions	309,749	4,340,858	-	<b>4,650,607</b>
Provisions used	(495,166)	-	-	<b>(495,166)</b>
Reversal of Not Used Provision (*)	(1,016,300)	-	-	<b>(1,016,300)</b>
Increase for adjustment to value of money over time	-	2,325,794	-	<b>2,325,794</b>
Foreign currency translation	4,924	-	-	<b>4,924</b>
<b>Total changes in provisions</b>	<b>(1,196,793)</b>	<b>6,666,652</b>	<b>-</b>	<b>5,469,859</b>
<b>Closing Balance as of December 31, 2017</b>	<b>3,497,786</b>	<b>63,992,567</b>	<b>1,798,849</b>	<b>69,289,202</b>

Changes in Provisions	Legal Proceedings	Decommissioning and Restoration	Other Provisions	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Opening balance as of January 1, 2016</b>	<b>9,798,765</b>	<b>50,702,975</b>	<b>5,818,849</b>	<b>66,320,589</b>
<b>Changes in Provisions</b>				
Increase (decrease) in existing provisions	908,447	4,091,238	-	<b>4,999,685</b>
Provisions used	(4,948,437)	-	(4,020,000)	<b>(8,968,437)</b>
Reversal of Not Used Provision (*)	(1,074,333)	-	-	<b>(1,074,333)</b>
Increase for adjustment to value of money over time	-	2,531,702	-	<b>2,531,702</b>
Foreign currency translation	10,137	-	-	<b>10,137</b>
<b>Total changes in provisions</b>	<b>(5,104,186)</b>	<b>6,622,940</b>	<b>(4,020,000)</b>	<b>(2,501,246)</b>
<b>Closing Balance as of December 31, 2016</b>	<b>4,694,579</b>	<b>57,325,915</b>	<b>1,798,849</b>	<b>63,819,343</b>

(\*) Corresponds to reversals of provisions for Litigation

## 22. EMPLOYEE BENEFIT OBLIGATIONS

### 22.1 General information

The Company and GasAtacama Chile S.A. provide various post-employment benefits for all or some of their active or retired employees. These benefits are calculated and recognized in the financial statements according to the criteria described in Note 3.1.1, and include primarily the following:

- **Defined benefit plans:**

Complementary pension: The beneficiary is entitled to receive a monthly amount that supplements the pension obtained from the respective social security system.

Employee severance indemnities: The beneficiary receives a certain number of contractual salaries upon retirement. Such benefit is subject to a required minimum service vesting requirement period, which depending on the company, varies within a range from 5 to 15 years.

Electricity: The beneficiary receives a monthly bonus to cover a portion of their billed residential electricity consumption.

Health benefit: The beneficiary receives health coverage in addition to that to which they are entitled to under applicable social security system.

## 22.2 Details, changes and presentation in financial statements

- a) The post-employment obligations associated with the defined benefits plan as of December 31, 2017, 2016 and 2015 are as follows:

Post-employment obligations	Balance as of		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Post-employment obligations	14,875,948	15,820,557	15,271,416
<b>Total</b>	<b>14,875,948</b>	<b>15,820,557</b>	<b>15,271,416</b>
<b>Non-current portion</b>	<b>14,875,948</b>	<b>15,820,557</b>	<b>15,271,416</b>

- b) The balance and changes in post-employment defined benefit obligations as of and for the years ended December 31, 2017, 2016 and 2015 are as follows:

Actuarial Value of Post-employment Obligations	ThCh\$
<b>Opening Balance as of January 1, 2015</b>	<b>43,461,827</b>
Current service cost (*)	2,271,559
Net interest cost (*)	3,320,289
Actuarial gains from changes in financial assumptions (*)	(82,320)
Actuarial losses from changes in seniority adjustments (*)	298,968
Foreign currency translation differences	(3,557,400)
Contributions paid by the Company	(8,839,400)
Defined benefit plan obligations from the past service costs	(523)
Transfer of personnel	(53,242)
Classified as liabilities associated with assets held for distribution to owners	(21,548,342)
<b>Closing balance as of December 31, 2015</b>	<b>15,271,416</b>
Current service cost	802,823
Net interest cost	705,211
Actuarial gains from changes in financial assumptions	245,683
Actuarial gains from changes in seniority adjustments	1,511,719
Contributions paid by the Company	(2,949,958)
Transfer of personnel	224,066
Other changes	9,597
<b>Closing balance as of December 31, 2016</b>	<b>15,820,557</b>
Current service cost	790,850
Net interest cost	691,075
Actuarial gains from changes in financial assumptions	(310,557)
Actuarial gains from changes in seniority adjustments	58,581
Contributions paid by the Company	(1,993,830)
Transfer of personnel	(180,728)
<b>Closing balance as of December 31, 2017</b>	<b>14,875,948</b>

(\*) Current service costs related to continuing operations of the Group amounted to ThCh\$ 1,063,547 for the year ended December 31, 2015. Net interest cost related to continuing operations of the Group amounted to ThCh\$ 759,311 for the year ended December 31, 2015. Finally, the actuarial losses related to continuing operations of the Group amounted to ThCh\$ 830,089 for the year ended December 31, 2015.

The Group companies make no contributions to funds for financing the payment of these benefits.



- c) The following amounts were recognized in the consolidated statement of comprehensive income for continuing and discontinued operations for the years ended December 31, 2017, 2016 and 2015:

Expense Recognized in Comprehensive Income Statement	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Current service cost for defined benefits plan	790,850	802,823	2,271,559
Interest cost for defined benefits plan	691,075	705,211	3,320,289
Past service costs	-	-	(523)
<b>Expenses recognized in the Statement of Income</b>	<b>1,481,925</b>	<b>1,508,034</b>	<b>5,591,325</b>
Losses from rereasurement of defined benefit plans	(251,976)	1,757,402	216,648
<b>Total expense recognized in Comprehensive Income Statement</b>	<b>1,229,949</b>	<b>3,265,436</b>	<b>5,807,973</b>

## 22.3 Other disclosures

### Actuarial assumptions

As of December 31, 2017, 2016 and 2015 the following assumptions were used in the actuarial calculation of defined benefits:

Actuarial assumptions	Chile		
	12-31-2017	12-31-2016	12-31-2015
Discount rates used	5.00%	4.70%	4.95%
Expected rate of salary increases	4.00%	4.00%	4.00%
Mortality tables	CB-H-2014 y RV-M-2014	CB-H-2014 and RV-M-2014	RV 2009
Expected rotation rate	3.8%	4.7%	7.0%

### Sensitivity

As of December 31, 2017, the sensitivity of the value of the actuarial liability for post-employment benefits to variations of 100 basis points in the discount rate assumes a decrease of ThCh\$ 923,224 (ThCh\$ 1,019,805 as of December 31, 2016) if the rate rises and an increase of ThCh\$ 1,076,294, (ThCh\$ 1,173,586 as of December 31, 2017 and 2016 respectively) if the rate falls.

### Future disbursements

The estimates available indicate that disbursements for defined benefit plans will increase to ThCh\$ 1,914,503 in the next year.

### Term of commitments

The Group's obligations have a weighted average term of 6.54 years, and the flow for benefits for the next 10 years and more is expected to be as follows:

Years	ThCh\$
1	1,914,503
2	1,548,303
3	1,060,730
4	1,718,533
5	1,319,346
More than 5	5,859,301

## 23. TOTAL EQUITY

### 23.1 Equity attributable to the Parent

#### 23.1.1 Subscribed and paid-up capital and number of shares

As a result of Spin-off of the Company and the creation of Endesa Américas S.A., the Extraordinary Shareholders' Meeting of the Company held on December 18, 2015 approved the distribution of a portion of the Company's equity and the proportional reduction of the issued capital and other equity accounts of the Company, based on the net assets allocated to business in Chile and abroad. This Spin-off had legal effects as of March 1, 2016, when the new company Endesa Américas S.A. began to exist, and the capital decrease of the Company was confirmed (see Note 5.2).

As a consequence, the Company's issued capital as of December 31, 2017 is ThCh\$ 552,777,321, divided into 8,201,754,580 fully subscribed and paid no par value shares listed at the Bolsa de Comercio de Santiago de Chile, Bolsa Electrónica de Chile, Bolsa de Valores de Valparaíso and New York Stock Exchange (NYSE).

As a result of the Spin-off, share premium, raised from capital contributions made in 1986 and 1994, which amounted to ThCh\$ 206,008,557 as of December 31, 2015, as of December 31, 2016 decreased to ThCh\$ 85,511,492.

During the years ended December 31, 2017, 2016 and 2015, the Group did not engage in any transaction of any kind with potential dilutive effects leading to diluted earnings per share that could differ from basic earnings per share.

#### 23.1.2 Dividends

The shareholders at the Ordinary Shareholders' Meeting held on April 27, 2016 approved the dividend policy for 2016. This policy established the distribution as final dividends of an amount equal to 50% of net profits for 2016, of which up to 15% of net profit for the nine month period ended September 30, 2016, as shown in the financial statements at that date, represent provisional interim dividends. In accordance with this policy provisional interim dividend No. 61 was paid on January 27, 2017, and the remaining of the final dividend No. 62, amounting to Th\$ 21.56050 per share, was distributed and paid in May 2017.

The shareholders at the Ordinary Shareholders' Meeting held on April 25, 2017 approved the dividend policy for 2017. This policy established the distribution as final dividends of an amount equal to 55% of net profits for 2017, of which up to 15% of net profit for the nine month period ended September 30, 2016, as shown in the financial statements at that date, represent provisional interim dividends to be paid in January 2018.

Compliance with the aforementioned dividend plan is subject to the actual net profit earned by the Company during the applicable year, and to the results of the Company's periodic income projections or to the existence of certain conditions, as applicable.

The following table details the dividends paid by the Company in recent years:

Number	Type of Dividends	Payment date	Chilean Pesos per Share	Effecting the year
49	Interim	1-26-2011	6.42895	2010
50	Final	5-11-2011	26.09798	2010
51	Interim	1-19-2012	5.08439	2011
52	Final	5-17-2012	22.15820	2011
53	Interim	1-24-2013	3.04265	2012
54	Final	5-9-2013	11.24302	2012
55	Interim	1-31-2014	3.87772	2013
56	Final	5-15-2014	17.69856	2013
57	Interim	1-27-2015	3.44046	2014
58	Final	5-25-2015	16.95495	2014
59	Interim	1-29-2016	3.55641	2015
60	Final	5-24-2016	11.02239	2015
61	Interim	1-27-2017	7.24787	2016
62	Final	05-26-2017	21.5605	2016
63	Interim	01-26-2018	4.93614	2017

## 23.2 Foreign currency translation reserves

The following table details currency translation adjustments attributable to the shareholders of the Parent in the consolidated statement of financial position for the years ended December 31, 2017, 2016 and 2015:

Reserves for Accumulated Currency Translation Differences	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
GasAtacama Chile S.A.	11,688,351	14,979,960	16,780,346
GNL Quintero S.A.	-	-	(1,164,922)
Others	920,567	1,230,881	4,076,442
<b>Total</b>	<b>12,608,918</b>	<b>16,210,841</b>	<b>19,691,866</b>

## 23.3 Capital management

The Company's objective is to maintain an adequate level of capitalization in order to be able to secure its access to the financial markets, so as to fulfill its medium- and long-term goals while maximizing the return to its shareholders and maintaining a solid financial position.

## 23.4 Restrictions on subsidiaries transferring funds to the parent

As of December 31, 2017 and 2016, there were no restrictions on funds transfers from subsidiaries to the parent.

## 23.5 Other reserves

Other reserves within equity attributable to shareholders of the Parent for the years ended December 31, 2017, 2016 and 2015 are as follows:

Other Reserves	Balance as of	Changes	Balance as of
	1-1-2017		12-31-2017
	ThCh\$	ThCh\$	ThCh\$
Exchange differences on translation	16,210,841	(3,601,923)	12,608,918
Cash flow hedges	(123,499,401)	71,170,367	(52,329,034)
Remeasurement of available-for-sale financial assets	(1,033)	6	(1,027)
Other comprehensive income from non-current assets held for distribution to owners	2,722,113	(2,772,113)	-
Other miscellaneous reserves	(32,188,067)	(2,880,031)	(35,068,098)
<b>Total</b>	<b>(136,755,547)</b>	<b>61,966,306</b>	<b>(74,789,241)</b>

Other Reserves	Balance as of	Changes	Balance as of
	1-1-2016		12-31-2016
	ThCh\$	ThCh\$	ThCh\$
Exchange differences on translation	19,691,866	(3,481,025)	16,210,841
Cash flow hedges	(205,691,575)	82,192,174	(123,499,401)
Remeasurement of available-for-sale financial assets	(1,046)	13	(1,033)
Other comprehensive income from non-current assets held for distribution to owners	(202,189,042)	204,911,155	2,722,113
Other miscellaneous reserves	(719,716,306)	687,528,239	(32,188,067)
<b>Total</b>	<b>(1,107,906,103)</b>	<b>971,150,556</b>	<b>(136,755,547)</b>

Other Reserves	Balance as of 1-1-2015 ThCh\$	Changes ThCh\$	Balance as of 12-31-2015 ThCh\$
Exchange differences on translation	(11,409,870)	31,101,736	19,691,866
Cash flow hedges	(117,559,279)	(88,132,296)	(205,691,575)
Remeasurement of available-for-sale financial assets	(1,020)	(26)	(1,046)
Other reserves within Equity related to non-current assets and disposal groups and liabilities associated held for sale or distribution to owners	-	(202,189,042)	(202,189,042)
Other miscellaneous reserves	(719,216,262)	(500,044)	(719,716,306)
<b>Total</b>	<b>(848,186,431)</b>	<b>(259,719,672)</b>	<b>(1,107,906,103)</b>

- **Reserves for Exchange differences on translation:** These arise primarily from exchange differences relating to:
  - Translation of the financial statements of our foreign operations from their functional currencies to our presentation currency (i.e. Chilean peso) (see Note 2.7.3);
  - Translation of goodwill arising from the acquisition of foreign operations with a functional currency other than the Chilean peso (see Note 3.b).
- **Cash flow hedges reserves:** These represent the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges (see Notes 3.f.5 and 3.m).
- **Remeasurement of available-for-sale financial assets:** These represent variations in fair value, net of their effect on the available-for-sale investments (see Note 3.f.1).

### 23.6 Other miscellaneous reserves:

The main items of other miscellaneous reserves and their effects for the nine month periods ended December 31, 2017 and 2016, are the following:

Other Miscellaneous Reserves	Balance as of 12-31-2017 ThCh\$	Balance as of 12-31-2016 ThCh\$
Reserve for corporate reorganization ("Spin-Off") (1)	461,145,397	461,145,397
Reserve for transition to IFRS (2)	(493,425,043)	(493,425,043)
Reserve for subsidiaries transactions (3)	(4,047,287)	(4,047,287)
Other miscellaneous reserves (4)	1,258,835	4,138,866
<b>Total</b>	<b>(35,068,098)</b>	<b>(32,188,067)</b>

- (1) Reserve for corporate reorganization (Spin-Offs of companies) completed on March 1, 2016. Corresponds to the effects from the reorganization of the Company and the separation of the Chilean business into a new entity, Endesa Américas S.A. (see Note 5.2 and 23.1.1).
- (2) Reserve for transition to IFRS. In accordance with Official Bulletin No. 456 from the CMF, included in this line item is the price-level restatement of paid-in capital from the date of transition to IFRS, January 1, 2004, to December 31, 2008. Also, it is included the foreign currency translation difference at the date of transition to IFRS. Please note that, while the Company adopted the IFRS as its statutory accounting standards on January 1, 2009, the date of transition to that international standard used was January 1, 2004. This results from applying the exemption for that purpose in IFRS 1, "First Time Adoption".
- (3) Reserve from transactions with our subsidiaries. Corresponds to the effect of purchases of equity interests in subsidiaries that were accounted for as transactions between entities under common control.
- (4) Other miscellaneous reserves from transactions made in prior years.

## 23.7 Non-controlling interests

The details of non-controlling interests are as follows:

Non-Controlling Interests	Non-Controlling Interests	% financial interest				
		Equity		Profit (loss)		
		12-31-2017	12-31-2016	12-31-2017	12-31-2016	12-31-2015
Company	Interests	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Empresa Eléctrica Pehuenche S.A.	7.35%	9,963,472	10,008,502	5,649,253	6,512,893	8,674,207
Compañía Eléctrica Tarapacá S.A.(*)	3.79%	-	-	-	-	2,840,348
GasAtacama Chile S.A. (*)	2.63%	17,532,754	18,789,260	1,439,148	2,547,670	-
Empresa Generadora de Energía Eléctrica S.A. (Emgesa S.A. E.S.P.)	73.13%	-	-	-	23,510,575	154,959,234
Generandes Perú S.A.	39.00%	-	-	-	5,488,220	19,466,375
Enel Generación Perú S. A. (formerly named Edegel S.A.A.)	16.40%	-	-	-	4,257,097	15,078,085
Chinango S.A.C.	20.00%	-	-	-	697,822	3,042,018
Enel Generación Costanera S.A. (formerly named Central Costanera S.A.)	24.32%	-	-	-	(1,729,294)	(242,897)
Enel Generación el Chocón S.A. (formerly named Hidroeléctrica El Chocón S.A.)	32.33%	-	-	-	7,090,623	35,783,793
Others	-	-	-	-	498,339	2,551,535
<b>Total</b>		<b>27,496,226</b>	<b>28,797,762</b>	<b>7,088,401</b>	<b>48,873,945</b>	<b>242,152,698</b>

(\*) On November 1, 2016 Inversiones Compañía Eléctrica Tarapacá S.A. was merged into GasAtacama Chile S.A., the latter being the legal successor.

## 24. REVENUE AND OTHER INCOME

The detail of revenues presented in the statement of comprehensive income for the years ended December 31, 2017, 2016 and 2015 is as follows:

Revenues	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Energy sales	<b>1,457,671,722</b>	<b>1,516,688,442</b>	<b>1,474,818,366</b>
<b>Generation</b>	<b>1,457,671,722</b>	<b>1,516,688,442</b>	<b>1,474,818,366</b>
Regulated customers	1,101,089,106	1,180,042,597	1,081,142,280
Non-regulated customers	285,623,737	234,641,908	243,596,910
Spot market sales	70,958,879	102,003,937	150,079,176
<b>Other sales</b>	<b>94,452,287</b>	<b>64,638,599</b>	<b>24,293,133</b>
Natural gas sales	91,652,707	64,443,715	23,797,122
Sales of products and services	2,799,580	194,884	496,011
<b>Other services provided</b>	<b>46,908,131</b>	<b>58,632,774</b>	<b>40,866,012</b>
Tolls and transmission	38,850,596	50,437,592	34,734,375
Other services	8,057,535	8,195,182	6,131,637
<b>Total operating revenue</b>	<b>1,599,032,140</b>	<b>1,639,959,815</b>	<b>1,539,977,511</b>
<b>Other operating income</b>	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
Commodity derivatives	20,328,649	10,794,682	1,820,371
Other income	15,576,299	8,972,832	2,012,435
<b>Total Other operating income</b>	<b>35,904,948</b>	<b>19,767,514</b>	<b>3,832,806</b>

## 25. RAW MATERIALS AND CONSUMABLES USED

The detail of raw materials and consumables presented in profit or loss for the years ended December 31, 2017, 2016 and 2015 is as follows:

Raw Materials and Consumables	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Energy purchases	(346,954,692)	(335,731,822)	(320,731,795)
Fuel consumption	(280,739,362)	(295,148,838)	(327,502,996)
Transportation costs	(152,869,838)	(192,502,995)	(179,691,471)
Other raw materials and consumables	(123,414,114)	(71,676,459)	(52,964,961)
<b>Total raw materials and consumables</b>	<b>(903,978,006)</b>	<b>(895,060,114)</b>	<b>(880,891,223)</b>

## 26. EMPLOYEE BENEFITS EXPENSE

Employee expenses recognized in profit or loss for the years ended December 31, 2017, 2016 and 2015 are as follows:

Employee Benefits Expense	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Wages and salaries	(44,367,982)	(47,845,074)	(57,501,658)
Post-employment benefit obligations expense	(790,850)	(802,823)	(1,063,547)
Social security and other contributions	(6,524,962)	(7,031,344)	(5,603,779)
Other staff expenses	(2,538,676)	(4,670,831)	(6,800,373)
<b>Total employee benefits expense</b>	<b>(54,222,470)</b>	<b>(60,350,072)</b>	<b>(70,969,357)</b>

## 27. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

The detail of depreciation, amortization and impairment losses recognized in profit or loss for the years ended December 31, 2017, 2016 and 2015 is as follows:

Depreciation, amortization and impairment losses	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Depreciation	(114,203,295)	(130,397,533)	(123,336,695)
Amortization	(3,134,258)	(2,202,848)	(1,498,864)
<b>Subtotal</b>	<b>(117,337,553)</b>	<b>(132,600,381)</b>	<b>(124,835,559)</b>
(Impairment)/Reversal of impairment (*)	55,494	(30,785,531)	9,793,652
<b>Total depreciation, amortization and impairment losses</b>	<b>(117,282,059)</b>	<b>(163,385,912)</b>	<b>(115,041,907)</b>

(1) (Impairment)/Reversal of impairment	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
(Impairment)/Reversal of impairment	55,494	-	-
(Charge)/Reversal of bad debt expense for financial assets	-	-	(371,558)
(Impairment)/Reversal of impairment of property, plant and equipment	-	(30,785,531)	10,165,210
<b>Total</b>	<b>55,494</b>	<b>(30,785,531)</b>	<b>9,793,652</b>

(\*) See Note 15.7). 6, 7, 8 and 10

## 28. OTHER EXPENSES BY NATURE

Other operating expenses for the years ended December 31, 2017, 2016 and 2015 are as follows:

Other expenses by nature	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Professional, outsourced and other services	(27,666,155)	(31,529,339)	(35,580,482)
Other supplies and services	(18,746,799)	(16,538,925)	(17,249,969)
Insurance premiums	(12,479,501)	(15,963,457)	(14,750,997)
Taxes and charges	(3,411,239)	(3,589,932)	(5,897,231)
Repairs and maintenance	(2,183,793)	(2,467,908)	(3,277,318)
Marketing, public relations and advertising	(388,562)	(713,691)	(572,883)
Leases and rental costs	(3,606,514)	(1,229,779)	(1,240,625)
Environmental expenses	(3,862,251)	(1,341,773)	(2,806,941)
Huechún and Chillán projects written-off (*)	-	(2,549,926)	-
Current projects written-off (**)	(25,105,910)	(33,930,297)	(2,706,830)
Other supplies	(2,720,780)	(4,680,233)	(3,308,962)
Travel expenses	(1,925,277)	(1,974,202)	(2,057,192)
Indemnities and fines	(724,239)	(2,793,753)	(890,392)
<b>Total other expenses by nature</b>	<b>(102,821,020)</b>	<b>(119,303,215)</b>	<b>(90,339,822)</b>

(\*) See Note 15.7). 9.

(\*\*) See Note 15.7). 8, 9 and 10.

Research activities expenses amounted to ThCh\$ 3,862,251, ThCh\$ 1,341,773 and ThCh\$ 2,806,341 for the years ended December 31, 2017, 2016 and 2015, respectively. (See Note 36).

## 29. OTHER GAINS, NET

Other gains, net for the years ended December 31, 2017, 2016 and 2015 are as follows:

Other gains (losses)	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Gain on disposal of Electrogas (*)	105,311,912	-	-
Gain on disposal of Sociedad Concesionaria Túnel El Melón S.A.	-	-	4,207,167
Gain on disposal of GNL Quintero (**)	-	121,325,018	0
Gain on sale of land	7,626,100	-	-
Other	150,857	165,956	(191,766)
<b>Total other gains, net</b>	<b>113,088,869</b>	<b>121,490,974</b>	<b>4,015,401</b>

(\*) See Notes 5.2.

(\*\*) See Note 12.1.b.

### 30. FINANCIAL RESULTS

Financial income and costs for the years ended December 31, 2017, 2016 and 2015 are as follows:

Financial Income	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Cash and cash equivalents	3,077,708	2,150,797	152,518
Other financial income	2,195,964	3,999,954	82,303
<b>Total financial income</b>	<b>5,273,672</b>	<b>6,150,751</b>	<b>234,821</b>

Financial Costs	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
<b>Financial Costs</b>	<b>(50,851,829)</b>	<b>(55,701,778)</b>	<b>(64,206,719)</b>
Bank loans	(261)	(2,033,835)	(129,350)
Secured and unsecured obligations	(42,708,253)	(44,268,489)	(51,697,708)
Valuation of financial derivatives	(1,067,820)	(824,922)	(1,725,211)
Post-employment benefit obligations	(691,075)	(705,211)	(759,311)
Capitalized borrowing costs (*)	4,078,463	3,001,211	2,221,329
Formalization of debts and other associated expenses	(836,174)	-	-
Other	(9,626,709)	(10,870,532)	(12,116,468)
<b>Gains from indexed assets and liabilities, net (a)</b>	<b>145,608</b>	<b>606,075</b>	<b>3,600,187</b>
<b>Foreign currency exchange differences (a)</b>	<b>8,822,301</b>	<b>13,266,320</b>	<b>(53,880,472)</b>
Positive	19,563,838	48,546,664	26,738,738
Negative	(10,741,537)	(35,280,344)	(80,619,210)
<b>Total financial costs</b>	<b>(41,883,920)</b>	<b>(41,829,383)</b>	<b>(114,487,004)</b>
<b>Total financial results</b>	<b>(36,610,248)</b>	<b>(35,678,632)</b>	<b>(114,252,183)</b>

(\*) See Note 15.4.a)

The effects on financial results from exchange differences and the application of indexed assets and liabilities originated from the following:

Gains from indexed assets and liabilities, net (a)	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Other financial assets (derivative instruments)	4,657,016	7,188,900	10,153,342
Other non-financial assets	-	-	819,503
Trade and other accounts receivable	-	452,440	526,361
Current tax receivables and liabilities	1,039,755	1,979,594	4,965,940
Other financial liabilities (financial debt and derivative instruments)	(5,551,163)	(9,014,859)	(12,864,959)
Other provisions	-	-	-
<b>Total gains from indexed assets and liabilities, net</b>	<b>145,608</b>	<b>606,075</b>	<b>3,600,187</b>



Foreign currency exchange differences (b)	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Cash and cash equivalents	3,109,046	183,225	2,584,228
Other financial assets (derivative instruments)	10,895,862	25,048,205	10,637,768
Other non-financial assets	-	-	-
Trade and other accounts receivable	363,325	2,541,385	9,884,307
Current tax receivables and liabilities	(188,270)	-	-
Other financial liabilities (financial debt and derivative instruments)	(4,358,937)	(18,217,515)	(30,533,746)
Trade and other accounts payable	(998,725)	3,711,020	(46,453,029)
<b>Total foreign currency exchange differences</b>	<b>8,822,301</b>	<b>13,266,320</b>	<b>(53,880,472)</b>

### 31. INCOME TAXES

The following table presents the components of the income tax expense/(benefit) recognized in the accompanying Consolidated Statement of Comprehensive Income for the years ended December 31, 2017, 2016 and 2015:

Current Income Tax and Adjustments to Current Income Tax for Previous Periods	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Current income tax	(133,038,125)	(135,594,643)	(49,317,727)
Adjustments to current tax from the previous period	(24,409)	(295,585)	(7,068,433)
Expense for current income tax due to changes in tax rates or the introduction of new taxes	-	-	-
Current tax income/(expense) related to hedge accounting	18,309,177	23,630,564	(32,386,954)
<b>Current tax expense, net</b>	<b>(114,753,357)</b>	<b>(112,259,664)</b>	<b>(88,773,114)</b>
Expense from deferred taxes for origination and reversal of temporary differences	2,653,838	29,042,729	12,117,295
Expense for deferred income tax due to changes in tax rates or the introduction of new taxes	-	-	-
<b>Total deferred tax benefit</b>	<b>2,653,838</b>	<b>29,042,729</b>	<b>12,117,295</b>
<b>Income tax expense, continuing operations</b>	<b>(112,099,519)</b>	<b>(83,216,935)</b>	<b>(76,655,819)</b>

The principal temporary differences are detailed in Note 16.a.

The following table reconciles computed income tax expense resulting from applying the applicable statutory tax rate to “Profit before income taxes” and the actual income tax expense recognized in the accompanying Consolidated Statement of Comprehensive Income for the years ended December 31, 2017, 2016 and 2015:

Reconciliation of Tax Expense	Rate	12-31-2017	Rate	12-31-2016	Rate	12-31-2015
	%	ThCh\$	%	ThCh\$	%	ThCh\$
<b>ACCOUNTING PROFIT BEFORE INCOME TAX</b>		<b>537,641,734</b>		<b>525,076,863</b>		<b>300,487,081</b>
<b>Total tax income (expense) using statutory rate</b>	<b>(25.50%)</b>	<b>(137,098,643)</b>	<b>(24.00%)</b>	<b>(126,018,446)</b>	<b>(22.50%)</b>	<b>(67,609,594)</b>
Tax effect of rates applied in other countries	0.06%	328,968	0.06%	330,353	0.00%	-
Tax effect of non-taxable operations	6.43%	34,547,907	7.51%	39,421,280	0.70%	2,118,333
Tax effect of non-tax-deductible expenses	(3.09%)	(16,589,585)	(1.95%)	(10,216,591)	(3.47%)	(10,419,563)
Tax effect of adjustments to deferred taxes in previous periods	(0.00%)	(24,409)	(0.05%)	(295,585)	(2.35%)	(7,068,433)
Price level restatement for tax purposes (equity investments)	1.25%	6,736,243	2.58%	13,562,054	2.10%	6,323,438
<b>Total adjustments to tax expense using statutory rates</b>	<b>4.65%</b>	<b>24,999,124</b>	<b>8.15%</b>	<b>42,801,511</b>	<b>(3.01%)</b>	<b>(9,046,225)</b>
<b>Actual income tax expense</b>	<b>(20.85%)</b>	<b>(112,099,519)</b>	<b>(15.85%)</b>	<b>(83,216,935)</b>	<b>(25.51%)</b>	<b>(76,655,819)</b>

## 32. SUPPLEMENTAL DISAGGREGATED FINANCIAL INFORMATION

In the development of its activity, the organization of Enel Generación Chile was previously organized on the basis of the priority focus on its main business, consisting of the generation of electrical energy. Bearing in mind the differentiated information that is analyzed by the Administration for decision making, the information by segments had been presented following a geographical distribution by country:

- Chile.
- Argentina. (discontinued)
- Perú. (discontinued)
- Colombia. (discontinued)

However, since the corporate reorganization was carried out (see note 5.3.), And operations outside Chile are presented as discontinued operations in the consolidated financial statements, the Group no longer has operating segments as defined by IFRS 8 "Segments". The financial information currently provided to the Administration for decision making is the same included in the Group's consolidated financial statements. The Company, for comparative purposes, has chosen to voluntarily present supplementary disaggregated information of the net results and cash flows related to discontinued operations, on a geographical basis. The accounting policies used to determine this supplementary disaggregated financial information are the same as those used in the preparation of the Group's consolidated financial statements.

The Group generates substantially all of its income from continuing operations in Chile. Likewise, in Chile there are substantially all non-current assets.

**Supplementary financial information disaggregated (detail):**

Country	Chile			Argentina			Colombia			Perú			Eliminations			Total		
	As of 31, December			As of 31, December			As of 31, December			As of 31, December			As of 31, December			As of 31, December		
	2017 ThCh\$	2016 ThCh\$	2015 ThCh\$	2017 ThCh\$	2016 ThCh\$	2015 ThCh\$	2017 ThCh\$	2016 ThCh\$	2015 ThCh\$	2017 ThCh\$	2016 ThCh\$	2015 ThCh\$	2017 ThCh\$	2016 ThCh\$	2015 ThCh\$	2017 ThCh\$	2016 ThCh\$	2015 ThCh\$
<b>STATEMENT OF INCOME</b>																		
<b>REVENUES AND OTHER OPERATING INCOME</b>	<b>1,634,937,088</b>	<b>1,659,727,329</b>	<b>1,543,810,317</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>1,634,937,088</b>	<b>1,659,727,329</b>	<b>1,543,810,317</b>
Revenues	1,599,032,140	1,639,959,815	1,539,977,511	-	-	-	-	-	-	-	-	-	-	-	-	1,599,032,140	1,639,959,815	1,539,977,511
Energy sales	1,457,671,722	1,516,688,442	1,474,818,366	-	-	-	-	-	-	-	-	-	-	-	-	1,457,671,722	1,516,688,442	1,474,818,366
Other sales	94,452,287	64,638,599	24,293,133	-	-	-	-	-	-	-	-	-	-	-	-	94,452,287	64,638,599	24,293,133
Other services rendered	46,908,131	58,632,774	40,866,012	-	-	-	-	-	-	-	-	-	-	-	-	46,908,131	58,632,774	40,866,012
Other operating income	35,904,948	19,767,514	3,832,806	-	-	-	-	-	-	-	-	-	-	-	-	35,904,948	19,767,514	3,832,806
<b>RAW MATERIALS AND CONSUMABLES USED</b>	<b>(903,978,006)</b>	<b>(895,060,114)</b>	<b>(880,891,223)</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>(903,978,006)</b>	<b>(895,060,114)</b>	<b>(880,891,223)</b>
Energy purchases	(346,954,692)	(335,731,822)	(320,731,795)	-	-	-	-	-	-	-	-	-	-	-	-	(346,954,692)	(335,731,822)	(320,731,795)
Fuel consumption	(280,739,362)	(295,148,838)	(327,502,996)	-	-	-	-	-	-	-	-	-	-	-	-	(280,739,362)	(295,148,838)	(327,502,996)
Transportation expenses	(152,869,838)	(192,502,995)	(179,691,471)	-	-	-	-	-	-	-	-	-	-	-	-	(152,869,838)	(192,502,995)	(179,691,471)
Other miscellaneous supplies and services	(123,414,114)	(71,676,459)	(52,964,961)	-	-	-	-	-	-	-	-	-	-	-	-	(123,414,114)	(71,676,459)	(52,964,961)
<b>CONTRIBUTION MARGIN</b>	<b>730,959,082</b>	<b>764,667,215</b>	<b>662,919,094</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>730,959,082</b>	<b>764,667,215</b>	<b>662,919,094</b>
Other work performed by the entity and capitalized	7,226,484	9,758,304	15,250,810	-	-	-	-	-	-	-	-	-	-	-	-	7,226,484	9,758,304	15,250,810
Employee benefit expense	(54,222,470)	(60,350,072)	(70,969,357)	-	-	-	-	-	-	-	-	-	-	-	-	(54,222,470)	(60,350,072)	(70,969,357)
Other expenses	(102,821,020)	(119,303,215)	(90,339,822)	-	-	-	-	-	-	-	-	-	-	-	-	(102,821,020)	(119,303,215)	(90,339,822)
<b>GROSS OPERATING INCOME</b>	<b>581,142,076</b>	<b>594,772,232</b>	<b>516,860,725</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>581,142,076</b>	<b>594,772,232</b>	<b>516,860,725</b>
Depreciation and amortization expense	(117,337,553)	(132,600,381)	(124,835,559)	-	-	-	-	-	-	-	-	-	-	-	-	(117,337,553)	(132,600,381)	(124,835,559)
Impairment losses (reversals of impairment losses) recognized in profit or loss	55,494	(30,785,531)	9,793,652	-	-	-	-	-	-	-	-	-	-	-	-	55,494	(30,785,531)	9,793,652
<b>OPERATING INCOME</b>	<b>463,860,017</b>	<b>431,386,320</b>	<b>401,818,818</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>463,860,017</b>	<b>431,386,320</b>	<b>401,818,818</b>
<b>FINANCIAL RESULT</b>	<b>(36,610,248)</b>	<b>(35,678,632)</b>	<b>(114,252,183)</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>(36,610,248)</b>	<b>(35,678,632)</b>	<b>(114,252,183)</b>
<b>Financial income</b>	<b>5,273,672</b>	<b>6,150,751</b>	<b>234,821</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>5,273,672</b>	<b>6,150,751</b>	<b>234,821</b>
Income from deposits and other financial instruments	3,077,708	2,150,797	152,518	-	-	-	-	-	-	-	-	-	-	-	-	3,077,708	2,150,797	152,518
Other financial income	2,195,964	3,999,954	82,303	-	-	-	-	-	-	-	-	-	-	-	-	2,195,964	3,999,954	82,303
<b>Financial costs</b>	<b>(50,851,829)</b>	<b>(55,701,778)</b>	<b>(64,206,719)</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>(50,851,829)</b>	<b>(55,701,778)</b>	<b>(64,206,719)</b>
Bank borrowings	(261)	(2,033,835)	(129,350)	-	-	-	-	-	-	-	-	-	-	-	-	(261)	(2,033,835)	(129,350)
Secured and unsecured obligations	(42,708,253)	(44,268,489)	(51,697,708)	-	-	-	-	-	-	-	-	-	-	-	-	(42,708,253)	(44,268,489)	(51,697,708)
Other	(8,143,315)	(9,399,454)	(12,379,661)	-	-	-	-	-	-	-	-	-	-	-	-	(8,143,315)	(9,399,454)	(12,379,661)
Gains (losses) from indexed assets and liabilities	145,608	606,075	3,600,187	-	-	-	-	-	-	-	-	-	-	-	-	145,608	606,075	3,600,187
Foreign currency exchange differences	<b>8,822,301</b>	<b>13,266,320</b>	<b>(53,880,472)</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>8,822,301</b>	<b>13,266,320</b>	<b>(53,880,472)</b>
Positive	19,563,838	48,546,664	26,738,738	-	-	-	-	-	-	-	-	-	-	-	-	19,563,838	48,546,664	26,738,738
Negative	(10,741,537)	(35,280,344)	(80,619,210)	-	-	-	-	-	-	-	-	-	-	-	-	(10,741,537)	(35,280,344)	(80,619,210)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(2,696,904)	7,878,201	8,905,045	-	-	-	-	-	-	-	-	-	-	-	-	(2,696,904)	7,878,201	8,905,045
Other gains (losses)	<b>113,088,869</b>	<b>121,490,974</b>	<b>4,015,401</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>113,088,869</b>	<b>121,490,974</b>	<b>4,015,401</b>
Gain (loss) from other investments	105,462,769	121,457,430	4,309,205	-	-	-	-	-	-	-	-	-	-	-	-	105,462,769	121,457,430	4,309,205
Gain (loss) from the sale of property, plant and equipment	7,626,100	33,544	(293,804)	-	-	-	-	-	-	-	-	-	-	-	-	7,626,100	33,544	(293,804)
<b>INCOME BEFORE TAX</b>	<b>537,641,734</b>	<b>525,076,863</b>	<b>300,487,081</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>537,641,734</b>	<b>525,076,863</b>	<b>300,487,081</b>
Income tax	(112,099,519)	(83,216,935)	(76,655,819)	-	-	-	-	-	-	-	-	-	-	-	-	(112,099,519)	(83,216,935)	(76,655,819)
<b>Net income from continuing operations</b>	<b>425,542,215</b>	<b>441,859,928</b>	<b>223,831,262</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>425,542,215</b>	<b>441,859,928</b>	<b>223,831,262</b>
Net income from discontinued operations	-	5,889,236	(5,111,984)	-	15,063,586	109,339,865	-	32,152,791	211,906,861	-	26,466,832	95,054,809	-	-	-	-	79,572,445	411,189,551
<b>NET INCOME</b>	<b>425,542,215</b>	<b>447,749,164</b>	<b>218,719,278</b>	-	<b>15,063,586</b>	<b>109,339,865</b>	-	<b>32,152,791</b>	<b>211,906,861</b>	-	<b>26,466,832</b>	<b>95,054,809</b>	-	-	-	<b>425,542,215</b>	<b>521,432,373</b>	<b>635,020,813</b>
Net income attributable to:																		
Shareholders of Enel Chile	425,542,215	447,749,164	218,719,278	-	15,063,586	109,339,865	-	32,152,791	211,906,861	-	26,466,832	95,054,809	-	-	-	425,542,215	521,432,373	635,020,813
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	418,453,814	472,558,428	392,868,115
																<b>7,088,401</b>	<b>48,873,945</b>	<b>242,152,698</b>

Country	Chile			Argentina			Colombia			Peru			Eliminations			Total		
STATEMENT OF CASH FLOW	12-31-2017	12-31-2016	12-31-2015	12-31-2017	12-31-2016	12-31-2015	12-31-2017	12-31-2016	12-31-2015	12-31-2017	12-31-2016	12-31-2015	12-31-2017	12-31-2016	12-31-2015	12-31-2017	12-31-2016	12-31-2015
STATEMENT OF CASH FLOW	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Net cash provided by (used in) operating activities	488,167,382	490,177,558	433,106,626	-	13,638,776	71,449,572	-	47,055,127	254,539,609	-	8,317,128	144,659,247	-	-	(2,540,818)	488,167,382	559,188,589	901,214,236
Net cash (used in) provided by investing activities	(91,867,647)	(34,631,759)	(132,241,285)	-	(5,901,336)	(50,193,057)	-	(16,448,412)	(159,371,575)	-	(3,598,013)	(32,455,858)	-	-	(114,333,695)	(91,867,647)	(60,579,520)	(488,595,470)
Net cash (used in) provided by financing activities	(301,835,211)	(388,561,440)	(302,477,643)	-	(17,813,237)	(18,352,756)	-	(90,476,446)	(259,847,758)	-	(22,802,105)	(141,981,410)	-	-	116,874,513	(301,835,211)	(519,653,228)	(605,785,054)

### 33. THIRD PARTY GUARANTEES, OTHER CONTINGENT ASSETS AND LIABILITIES, AND OTHER COMMITMENTS

#### 33.1 Direct guarantees

As of December 31, 2017 and 2016 no property, plant and equipment was pledged as security for liabilities.

As of December 31, 2017 and 2016, the Group had future energy purchase commitments totaled ThCh\$ 3,938,524,357 and ThCh\$ 3,981,128,504, respectively.

#### 33.2 Indirect guarantees

There were no indirect guarantees as of December 31, 2017 and 2016.

### 33.3 Litigation and arbitration

As of the date of these consolidated financial statements, the most relevant litigation involving the Group are as follows:

#### Pending lawsuits of the Company and Subsidiaries

1. Enel Generación Chile S.A.: In 2005, three lawsuits were filed against Enel Generación Chile S.A., the Chilean Treasury and the Chilean Water Authority (DGA, in its Spanish acronym), which are currently being treated as a single proceeding, requesting that DGA Resolution No. 134, which established non-consumptive water rights in favor of Enel Generación Chile S.A. to build the Neltume hydroelectric power plant project be declared null as a matter of public policy, with compensation for damages. Alternatively, the lawsuits request the compensation for damages for the losses allegedly sustained by the plaintiffs due to the loss of their status as riparian owners along Pirihueico Lake, as well as due to the devaluation of their properties. The defendants have rejected these allegations, contending that the DGA Resolution complies with all legal requirements, and that the exercise of this right does not cause any detriment to the plaintiffs, among other arguments. The sums involved in these suits are undetermined. This case was joined with two other cases: the first one is captioned “Arrieta v. the State and Others” in the 9th Civil Court, docket 15279-2005 and the second is captioned “Jordán v. the State and Others,” in the 10th Civil Court, docket 1608-2005. With regard to these cases, an injunction has been ordered against entering into any acts and contracts concerning Enel Generación Chile S.A.’s water rights related to the Neltume project. On September 25, 2014, the Court of Law issued an unfavorable ruling against Enel Generación Chile S.A. that in essence declared the right to use water established by DGA Resolution No. 134 illegal and orders its cancellation in the corresponding Water Rights Register of the correspondent Real Estate Registrar. Enel Generación Chile S.A. filed an appeal and cassation resources with the Santiago Court of Appeals, which are still pending. In parallel, on June 9, 2017 the Court of Appeals issued a complementary ruling rejecting the claims for compensation for damages on the ground that there were no damages affecting the defendants, Enel Generación Chile S.A. filed an appeal, which is still pending resolution. Notwithstanding the foregoing, on January 29, 2018, the Board of Enel Generación Chile SA unanimously agreed to stop and abandon the development of the hydroelectric projects of Neltume and Choshuenco for not being economically viable, so this judicial contingency is over. We must remember that the judicial plaintiffs had requested the declaration by a court that the water right is null.
2. GasAtacama Chile S.A.: On May 23, 2016 the Superintendency of Electricity and Fuels by means of ORD No. 5,705, filed charges against GasAtacama Chile S.A., for providing allegedly erroneous information to national centralizing operating agent CDEC-SING regarding the Minimum Technical (MT) and Average Time of Operation (TMO) parameters during the period from January 1, 2011 to October 29, 2015. GasAtacama Chile S.A. submitted its objections, which were rejected through notification by the Superintendency’s Resolution No. 014606 dated August 4, 2016, setting a fine for UTM 120,000. Disagreeing with the Superintendency’s resolution applying the fine in question, GasAtacama Chile S.A. filed an appeal for reinstatement filed before the Superintendency, which was rejected by the Superintendency through Resolution No. 15908, dated November 2, 2016, confirming the totality of the fine imposed. In opposition to the aforementioned resolution, GasAtacama Chile S.A. filed an illegality claim before the Court of Appeals of Santiago, recognizing provision for 25% of the fine. To date, the claim of illegality is pending resolution by the Court of Appeals of Santiago. The loss contingency rating on this issue is probable because although the contingency was assessed on the basis that the fine imposed does not meet the legal requirement, nevertheless we had to make provisions for 50% of the fine, for the single fact of the application of the fine by the State Regulator. The basis for recognizing half of the risk lies in the fact that we have sued the Superintendence of Electricity and Fuels, before the Courts of Justice, requesting the annulment of the fine because it has no legal basis.

### 33.4 Financial restrictions

A number of the Group’s loan agreements include the obligation to comply with certain financial covenants, which is normal for the contracts of this nature. There are also affirmative and negative ratios requiring the monitoring of these commitments. In addition, there are restrictions in the events-of-default clauses of the agreements which require compliance.

#### 1) Cross Default

Some of the financial debt contracts of the Company contain cross default clauses. The domestic credit line agreement governed by Chilean law, which the Company signed in March 2016 for UF 2.8 million, stipulate that cross default arises only in the event of non-compliance by the borrower itself, with no reference made to its subsidiaries; i.e., the Company. In order to

accelerate payment of the debt in this credit line due to cross default originating from other debt, the amount overdue of a debt must exceed US\$ 50 million, or the equivalent in other currencies, and other additional conditions must be met such as the expiry of grace periods. This credit line has not been drawn upon.

The Company's international credit line governed by New York State law, which was signed in February 2016 expiring in February 2020, also makes no reference to its subsidiaries, thus, cross default is only triggered in the event of non-compliance by the borrower itself. For the repayment of debt to be accelerated under these credit lines due to cross default originated from other debt, the amount in default must exceed US\$50 million or its equivalent in other currencies, and other additional conditions must be met, including the expiration of grace periods (if any), and a formal notice of intent to accelerate the debt repayment must have been served by creditors representing more than 50% of the amount owed or committed in the contract. As of December 31, 2017, these credit lines have not been drawn upon.

Regarding the bond issues of the Company registered with the United States Securities and Exchange Commission (the "SEC"), commonly called "Yankee bonds", a cross default can be triggered by another debt of the Company or of any of its Chilean subsidiaries, for any amount overdue provided that the principal of the debt giving rise to the cross default exceeds US\$ 30 million or its equivalent in other currencies. Debt acceleration due to cross default does not occur automatically but has to be demanded by the holders of at least 25% of the bonds of a certain series of Yankee bonds. In addition, events of bankruptcy or insolvency of foreign subsidiaries have no contractual effects on the Company's Yankee bonds. The Company's Yankee bonds mature in 2024, 2027, 2037 and 2097. Specifically for those maturing in 2024 (issued in April 2014), the threshold for triggering cross default increased to US\$ 50 million or its equivalent in other currencies. As of December 31, 2017, the outstanding amount of Yankee bonds totals ThCh\$ 438,757,209.

The bonds of the Company issued in Chile state that cross default can be triggered only by the default of the issuer in cases where the amount overdue exceeds US\$50 million or its equivalent in other currencies. Debt acceleration requires the agreement of at least 50% of the bondholders of a certain series. As of December 31, 2017, the outstanding amount owed of domestic bonds totals ThCh\$324,822,376.

## 2) Financial covenants

Financial covenants are contractual commitments with respect to minimum or maximum financial ratios that the Company is obliged to meet at certain periods of time (quarterly, annually, etc.). Most of the Group's financial covenants limit the level of indebtedness and evaluate the ability to generate cash flows in order to service the companies' debts. Various companies are also required to certify these covenants periodically. The types of covenants and their respective limits vary according to the type of debt.

The Company bonds issued in Chile include the following financial covenants whose definitions and calculation formulas are established in the respective indentures:

### Series H

- Consolidated Debt Ratio: The consolidated debt ratio, which is Financial debt to Capitalization, must be no more than 0.64. Financial debt is the sum of Interest-bearing loans, current; Interest-bearing loans, non-current; Other financial liabilities, current; Other financial liabilities, non-current; and Other obligations guaranteed by the issuer or its subsidiaries; while Capitalization is the sum of Financial liabilities, Equity attributable to the shareholders of the Company, and Non-controlling interests. As of December 31, 2017, the ratio was 0.28.
- Consolidated Equity: A minimum Equity of Ch\$761,661 million must be maintained; this limit is adjusted at the end of each year as established in the indenture. Equity corresponds to Equity attributable to the shareholders of the parent company. As of December 31, 2017, the equity attributable to shareholders of the Company was Ch\$ 1,961,517,727 million.
- Financial Expense Coverage: A financial expense coverage ratio of at least 1.85 must be maintained. Financial expense coverage is the quotient between i) the Gross margin plus Financial income and Dividends received from associates, and

ii) Financial expenses; both items refer to the period of four consecutive quarters ending at the close of the quarter being reported. For the year ended December 31, 2017, this ratio was 11.55.

- Net Asset Position with Related Parties: A net asset position must be maintained with related parties of no more than a hundred million dollars. The Net asset position with related parties is the difference between i) the sum of Accounts receivable from related entities, Current, accounts receivable from related entities, non-current, less transactions in the ordinary course of business of less than 180 days term, short-term transactions of associates of the Company in which Enel Américas S.A. has no participation, and long-term transactions of associates of the Company in which Enel Américas S.A. has no participation, and ii) the sum of Accounts payable to related entities, current, Accounts payable to related entities, non-current, less transactions in the ordinary course of business at less than 180 days term, short-term transactions of associates of the Company in which Enel Américas S.A. has no participation, and long-term transactions of associates of the Company in which Enel Américas S.A. has no participation. As of December 31, 2017, using the exchange rate prevailing on that date, the net asset position with related parties was a negative US\$ 83.39 million, indicating that Enel Américas S.A. is a net debtor of the Company.

#### Series M

- Consolidated Debt Ratio: The consolidated debt ratio, which is Financial debt to Capitalization, must be no more than 0.64. Financial debt is the sum of Interest-bearing loans, current; Interest-bearing loans, non-current; Other financial liabilities, current; and Other financial liabilities, non-current; while Capitalization is the sum of Financial liabilities and Equity. As of December 31, 2017, the debt ratio was 0.28.
- Consolidated Equity: Same as for Series H.
- Financial Expense Coverage Ratio: Same as for Series H.

The Company's domestic (governed by Chilean law, maturity in April 2019) and international (governed by New York State law, maturity in July 2019 and February 2020) credit lines include the following covenants whose definitions and formulas, identical to each other, are established in the respective contracts:

- Debt Equity Ratio: The debt equity ratio, which is Financial debt to Net Equity, must be no more than 1.4. Financial debt is the sum of Interest-bearing loans, current; Interest-bearing loans, non-current; while Net Equity is the sum of the Equity attributable to the shareholders of the Company, and Non-controlling interests. As of December 31, 2017, the ratio was 0.39.
- Debt Repayment Capacity (Debt/EBITDA Ratio): The ratio between Financial Debt and EBITDA must be no more than 6.5. Financial Debt is the sum of interest-bearing loans, current; and interest-bearing loans, non-current; while EBITDA is the operating income excluding depreciation and amortization expense and impairment losses/(reversal of impairment losses) for the four mobile quarters ended on the calculation date. As of December 31, 2017, the Debt/EBITDA ratio was 1.34.

Yankee Bonds are not subject to financial covenants.

As of December 31, 2017, the most restrictive financial covenant was the Debt Equity Ratio requirement for three credit lines.

The other Group companies not mentioned in this Note, are not subject to compliance with financial covenants.

Lastly, in most of the contracts, debt acceleration for non-compliance with these covenants does not occur automatically, but is subject to certain conditions, such as a cure period.

As of December 31, 2017 and 2016, no company of the Group was in default under their financial obligations summarized herein or other financial obligations whose defaults might trigger the acceleration of their financial commitments.

Guarantees Committed to Third Parties, Other Assets and Contingent Liabilities and Other Commitments.

As of December 31, 2017 and December 31, 2016, Enel Generación Chile did not have fixed assets taxed as collateral for liabilities.

As of December 31, 2017, Enel Generación Chile had future commitments to purchase energy for an amount of ThCh \$ 2,817,983 (ThCh \$ 3,981,129 as of December 31, 2016).

### 34. PERSONNEL FIGURES

The Group personnel, including that of subsidiaries and jointly-controlled companies in the five Latin American countries where the Group is present, is distributed as follows as of December 31, 2017 and 2016:

Country	As of and for the year ended 12-31-2017				
	Managers and Main Executives	Professionals and Technicians	Workers and Others	Total	Average for the Year
Chile	24	772	27	823	842
Argentina	-	23	2	25	25
<b>Total</b>	<b>24</b>	<b>795</b>	<b>29</b>	<b>848</b>	<b>867</b>

Country	As of and for the year ended 12-31-2016				
	Managers and Main Executives	Professionals and Technicians	Workers and Others	Total	Average for the Year
Chile	25	798	34	857	910
Argentina	-	26	-	26	27
<b>Total</b>	<b>25</b>	<b>824</b>	<b>34</b>	<b>883</b>	<b>937</b>

It is important to note that the Group's operations outside of Chile, beginning on March 1, 2016, are part of the new company named Endesa Américas S.A. (See Notes 3.j and 4.2 and Appendix 2).

### 35. SANCTIONS

The following Group's subsidiaries have received sanctions from administrative authorities:

#### 35.1. Enel Generación Chile

As of December 31, 2017, the illegality claims against Resolution No. 2658 of Biobío's Secretary of Health Ministry imposing a fine of UTM 500 (ThCh\$23,347) for alleged infractions of Enel Generación Chile S.A. related to asbestos removal approved by the Health authority.

Additionally, at the same date, it is still pending the reposition filed in the sanitary summary procedure initiated by the inspection document No. 0788, coming from the Antofagasta's Health Secretary, which imposed on the company a fine of 200 UTM (ThCh\$9,339), which payment is still pending.

Finally, there is sanction initiated by the Coquimbo's Secretary of Health Ministry imposing a fine of UTM 500 (ThCh\$23,347) related to alleged infractions safety work standards.

#### 35.2. GasAtacama Chile S.A.

As of December 31, 2017, the Superintendency of Electricity and Fuels fined GasAtacama Chile S.A. for a total amount of 400 UTM (ThCh\$18,492). This amount has already been paid.

It is also pending the resolution of an illegality claim filed by GasAtacama Chile S.A. against the Superintendency of Electricity and Fuels Resolution No. 15908 "CELTA", dated November 2, 2016. This resolution imposed a fine of 120,000UTM (ThCh\$5,541,960). This sanction is currently being appealed before the Santiago Court of Appeals.

Additionally, there are pending four non significant repositions claimed against the Tarapaca's Health Secretary's resolutions, through inspections records No. 3648742, 011599, 10066 and 766, that imposed fines on GasAtacama Chile S.A. for 500 UTM (ThCh\$23,347) each.



### 36. ENVIRONMENT

Environmental expenses for the years ended December 31, 2017, 2016 and 2015, are as follows:

Company	Project Name	Project Description	Project Status [Terminated In Process]	12-31-2017				12-31-2016
				ThCh\$				ThCh\$
				Total Disbursements	Amounts Capitalized	Expenses	Total Disbursements	Total disbursements previous period
Gas Atacama Chile	Environmental monitoring	Environmental monitoring	In process	1,463,204	-	1,463,204	1,463,204	-
	Normalization CEMS	Normalization of warehouses, environmental management	In process	1,021,630	1,021,630	-	1,021,630	-
Pehuenche	Hydro Power Plants Environmental Costs	Studies, monitoring, laboratory analysis, removal and disposal of solid waste from hydropower (Hydroelectric Power Plant)	In process	6,787	-	6,787	6,787	6,515
Eólica Canela	Improving reforested sectors	Environmental maintenance	In process	104,810	104,810	-	104,810	-
	Environmental expenditures in power plants.	Analysis and monitoring of water quality and Canela's hygienic maintenance	In process	18,347	-	18,347	18,347	94,770
Enel Generación Chile S.A	Environmental costs in combined cycle plants	Principal incurred expenses: Bocamina U1-2: Operation and maintenance of air monitoring and meteorological stations, Environmental audit monitoring network, CEMS Annual Validation, Biomass Protocol Service, Environment Materials (magazine, books), Isocinetic Measurements , SGI Works (NC Objective, Inspections, Audits and Audit) ISO 14001, OHSAS Certification, Operation and Maintenance Service CEMS.	In process	1,252,355	-	1,252,355	1,252,355	567,616
	Environmental costs in thermal plants	Studies, monitoring, laboratory analysis, withdrawal and final disposal of solid waste in hydroelectric plants.	In process	251,277	-	251,277	251,277	181,644
	Environmental costs in hydroelectric plants	Studies, monitoring, laboratory analysis, removal and final disposal of solid waste in thermoelectric plants Estudios, monitoreos, análisis de laboratorio, retiro y disposición final de residuos sólidos en centrales termoeléctricas (C.T.)	In process	870,281	-	870,281	870,281	243,264
	Ralco Hydroelectric Plant	Reforestation according to Agreement with the Catholic University and Electrification of housing in Ayin Maipu	In process	5,075,137	5,075,137	-	5,075,137	4,497,330
	Tal Tal Thermal Plant	Engineering, Civil Works and Permits	In process	1,290,133	1,290,133	-	1,290,133	3,173,813
<b>Total</b>				<b>11,353,961</b>	<b>7,491,710</b>	<b>3,862,251</b>	<b>11,353,961</b>	<b>8,764,952</b>

Company	Project Name	Project Description	Project Status [Terminated, In Process]	12-31-2016				12-31-2015
				Total Disbursements	Amounts Capitalized	Expenses	Total Disbursements	ThCh\$
				ThCh\$	ThCh\$	ThCh\$	ThCh\$	Total disbursements previous period
Pehuenche	Hydro Power Plants Environmental Costs	Studies, monitoring, laboratory analysis, removal and disposal of solid waste from hydropower (Hydroelectric Power Plant)	In process	6,515	-	6,515	6,515	16,877
	Environmental costs in combined cycle plants	Principal incurred expenses: Bocamina U1-2: Operation and maintenance of air monitoring and meteorological stations, Environmental audit monitoring network, CEMS Annual Validation, Biomass Protocol Service, Environment Materials (magazine, books), Isocinetic Measurements , SGI Works (NC Objective, Inspections, Audits and Audit) ISO 14001, OHSAS Certification, Operation and Maintenance Service CEMS.	In process	567,616	-	567,616	567,616	196,060
Enel Generación Chile S.A	Environmental costs in thermal plants	Studies, monitoring, laboratory analysis, withdrawal and final disposal of solid waste in hydroelectric plants.	In process	181,644	-	181,644	181,644	127,053
	Environmental costs in hydroelectric plants	Studies, monitoring, laboratory analysis, removal and final disposal of solid waste in thermoelectric plants Estudios, monitoreos, análisis de laboratorio, retiro y disposición final de residuos sólidos en centrales termoeléctricas (C.T.)	In process	243,264	-	243,264	243,264	-
	Ralco Hydroelectric Plant	Reforestation according to Agreement with the Catholic University and Electrification of housing in Ayin Maipu	In process	4,497,330	4,497,330	-	4,497,330	-
	Tal Tal Thermal Plant	Engineering, Civil Works and Permits	In process	3,173,813	3,173,813	-	3,173,813	11,376
Gas Atacama Chile	Studies, monitoring and waste disposal	Hygiene, waste treatment, management system and pest control	Terminated	78,221	-	78,221	78,221	2,457,430
	Studies, monitoring and laboratory analysis	Removal and final disposal of solid waste in thermal power plants	In process	169,743	-	169,743	169,743	-
	Coal-fired power stations	Emissions Standard (Desox and Denox Tarapacá)	In process	27,648,451	27,648,451	-	27,648,451	-
	ZLD plant (studies)	ZLD plant (studies)	Terminated	13,470	13,470	-	13,470	1,051,017
Eólica Canela	Environmental expenditures in power plants.	Analysis and monitoring of water quality and Canela's hygienic maintenance.	In process	94,770	-	94,770	94,770	12
		<b>Total</b>		<b>36,674,837</b>	<b>35,333,064</b>	<b>1,341,773</b>	<b>36,674,837</b>	<b>3,859,825</b>

Company	Project Name	Project Description	Project Status [Terminated, In Process]	12-31-2015				
				Total Disbursements	Amounts Capitalized	Expenses	Total Disbursements	Total disbursements previous period
				ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Pehuenche	Hydro Power Plants Environmental Costs	Studies, monitoring, laboratory analysis, removal and disposal of solid waste from hydropower (Hydroelectric Power Plant)	In process	16,877	-	16,877	-	16,877
	Investments in Central Hydroelectric Plants	Regularization fuel facilities; Regularization water and sewer system; Regularization collection wells; Fabrication and installation cubits acid spill; Normalization fenced site archeology	In process	361,712	361,712	-	-	361,712
Enel Generación Chile S.A	Central Environmental Costs	Waste treatment, sanitation	In process	2,455,575	-	2,455,575	-	2,455,575
	CT Bocamina	Emissions monitoring, CEMS project, NOX abatement	In process	1,855	1,855	-	-	1,855
	Cems project	Cems C.T. Quintero project	In process	33	33	-	-	33
	Cems project	Cems C.T. San Isidro II project	In process	16	16	-	-	16
	Cems project	Cems C.T. Tal Tal project	In process	12	12	-	-	12
	Regularizations C.H.	Regularizations C.H.	In process	155,485	155,485	-	-	155,485
	Regularizations C.H. Ralco	Social Afforestation Program and Restorations Palmucho Chenqueco bypass road; Bridge reconstruction Lonquimay.	In process	1,051,017	61	-	-	1,051,017
Compañía Electrica Tarapacá S.A.	Waste	Studies, monitoring, laboratory analysis and waste disposal retirement	Terminated	196,060	-	196,060	-	196,060
	Waste treatment	Removal of non-hazardous household and industrial waste	Terminated	127,053	-	127,053	-	127,053
	Abatement Nox (LNF burners + OFA), desulfurizer and monitoring CEMS emissions	Abatement Nox (LNF burners + OFA), desulfurizer and monitoring CEMS emissions	Terminated	9,624	9,624	-	-	9,624
	Afforestation (RCA) Water Eyes	Afforestation (RCA) Water Eyes	Terminated	27,032	27,032	-	-	27,032
Eólica Canela	Central Environmental expenses	Analysis and monitoring water quality and Sanitation Canela	In process	11,376	-	11,376	-	11,376
		<b>Total</b>		<b>4,413,727</b>	<b>555,830</b>	<b>2,806,941</b>	<b>-</b>	<b>4,413,727</b>

### 37. FINANCIAL INFORMATION ON SUBSIDIARIES, SUMMARIZED

As of and for the years ended December 31, 2017, 2016 and 2015 the summarized financial information of our principal subsidiaries under IFRS is as follows:

As of and for the year ended 12-31-2017	Financial Statements	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Equity	Total Liabilities and Equity	Revenues	Costs	Profit (loss)	Other Comprehensive Income	Total Comprehensive Income
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Empresa Eléctrica Pehuenche S.A.	Separate	35,369,243	186,760,346	<b>222,129,589</b>	(38,310,560)	(48,261,590)	(135,557,439)	<b>(222,129,589)</b>	152,501,383	(36,289,330)	<b>76,860,591</b>	-	<b>76,860,591</b>
Group Inversiones GasAtacama Holding Ltda.	Consolidated	182,143,224	611,319,090	<b>793,462,314</b>	(75,370,131)	(83,894,881)	(634,197,303)	<b>(793,462,315)</b>	307,272,380	(170,752,796)	<b>54,725,392</b>	(3,338,115)	<b>51,387,277</b>
As of and for the year ended 12-31-2016	Financial Statements	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Equity	Total Liabilities and Equity	Revenues	Costs	Profit (loss)	Other Comprehensive Income	Total Comprehensive Income
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Empresa Eléctrica Pehuenche S.A.	Separate	35,730,340	193,496,141	<b>229,226,481</b>	(43,012,321)	(50,044,060)	(136,170,100)	<b>(229,226,481)</b>	155,568,982	(23,529,449)	<b>88,610,786</b>	-	<b>88,610,786</b>
Compañía Eléctrica Tarapacá S.A.	Consolidated	-	-	-	-	-	-	-	219,980,554	(139,960,874)	<b>61,981,668</b>	(924,812)	<b>61,056,856</b>
Group Inversiones GasAtacama Holding Ltda.	Consolidated	195,487,529	662,442,813	<b>857,930,342</b>	(86,380,335)	(89,573,087)	(681,976,920)	<b>(857,930,342)</b>	173,489,754	(87,098,923)	<b>43,329,082</b>	(1,779,413)	<b>41,549,669</b>
As of and for the year ended 12-31-2015	Financial Statements	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Equity	Total Liabilities and Equity	Revenues	Costs	Profit (loss)	Other Comprehensive Income	Total Comprehensive Income
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Subsidiaries within continuing operations</b>													
Empresa Eléctrica Pehuenche S.A.	Separate	63,745,589	201,366,300	<b>265,111,889</b>	(62,820,897)	(51,972,920)	(150,318,072)	<b>(265,111,889)</b>	193,189,705	(28,569,912)	<b>118,016,421</b>	33,526	<b>118,049,947</b>
Compañía Eléctrica de Tarapacá S.A.	Separate	82,875,363	509,275,829	<b>592,151,192</b>	(115,138,485)	(44,379,433)	(432,633,274)	<b>(592,151,192)</b>	230,852,534	(139,555,849)	<b>70,262,390</b>	(624)	<b>70,261,766</b>
Inversiones GasAtacama Holding Ltda. Group	Consolidated	245,456,212	207,236,190	<b>452,692,402</b>	(24,048,629)	(49,959,438)	(378,684,335)	<b>(452,692,402)</b>	183,015,183	(110,330,364)	<b>46,215,560</b>	(3,059,806)	<b>43,155,754</b>
<b>Subsidiaries within discontinued operations</b>													
Enel Argentina S.A. (formerly named Endesa Argentina S.A.)	Separate	1,814,204	32,328,045	<b>34,142,249</b>	(616,318)	-	(33,525,931)	<b>(34,142,249)</b>	-	-	<b>622,972</b>	(10,352,540)	<b>(9,729,568)</b>
Enel Generación Costanera S.A. (formerly named Central Costanera S.A.)	Separate	27,559,412	142,918,106	<b>170,477,518</b>	(102,001,988)	(53,611,202)	(14,864,328)	<b>(170,477,518)</b>	100,856,664	(4,598,130)	<b>(998,809)</b>	(4,729,767)	<b>(5,728,576)</b>
Hidroinvest S.A.	Separate	575,373	11,429,899	<b>12,005,272</b>	(452,427)	-	(11,552,845)	<b>(12,005,272)</b>	-	-	<b>21,877</b>	(3,570,020)	<b>(3,548,143)</b>
Enel Generación el Chocón S.A. (formerly named Hidroeléctrica ElChocón S.A.)	Separate	44,240,854	240,460,115	<b>284,700,969</b>	(71,433,902)	(63,908,193)	(149,358,874)	<b>(284,700,969)</b>	40,004,655	(4,574,336)	<b>110,802,880</b>	(44,667,506)	<b>66,135,374</b>
Southern Cone Power Argentina S.A.	Separate	8,003	575,537	<b>583,540</b>	(12,826)	-	(570,714)	<b>(583,540)</b>	-	-	<b>(7,151)</b>	(176,471)	<b>(183,622)</b>
Empresa Generadora de Energía Eléctrica S.A.	Separate	172,918,511	1,803,546,987	<b>1,976,465,498</b>	(349,736,334)	(831,187,906)	(795,541,258)	<b>(1,976,465,498)</b>	778,768,426	(321,664,855)	<b>211,896,264</b>	(91,252,276)	<b>120,643,988</b>
Generandes Perú S.A.	Separate	1,945,582	225,170,087	<b>227,115,669</b>	(1,364,513)	-	(225,751,156)	<b>(227,115,669)</b>	-	-	<b>42,044,140</b>	4,890,902	<b>46,935,042</b>
Enel Generación Perú S. A. (formerly named Edegel S.A.A.)	Separate	111,421,412	723,995,979	<b>835,417,391</b>	(117,775,269)	(188,814,672)	(528,827,450)	<b>(835,417,391)</b>	343,761,564	(143,234,611)	<b>91,161,037</b>	4,059,334	<b>95,220,371</b>
Chinango S.A.C.	Separate	7,647,526	112,688,111	<b>120,335,637</b>	(8,369,365)	(40,621,719)	(71,344,553)	<b>(120,335,637)</b>	39,114,967	(8,235,270)	<b>15,210,089</b>	(708,295)	<b>14,501,794</b>
Generandes Perú Group	Consolidated	120,047,319	808,405,916	<b>928,453,235</b>	(126,541,945)	(229,436,392)	(572,474,899)	<b>(928,453,236)</b>	382,452,709	(151,046,058)	<b>95,054,809</b>	(9,131,696)	<b>85,923,113</b>
Enel Argentina S.A. (formerly named Endesa Argentina S.A.) Group	Consolidated	73,348,681	385,562,798	<b>458,911,479</b>	(173,663,474)	(115,955,351)	(169,292,654)	<b>(458,911,479)</b>	140,398,933	(9,172,466)	<b>109,347,016</b>	(50,970,094)	<b>58,376,922</b>

### 38. SUBSEQUENT EVENTS

- Enel Generación Chile S.A. board in an ordinary meeting held on January 29, 2018, after a lengthy discussion, unanimously agreed to detain and abandon the development of the Neltume and Choshuenco hydroelectric projects because of its economic infeasibility, recognizing a loss for ThCh\$ 25,106. This affects the Company's net results in its Consolidated Financial Statements for the year ended December 2017.

Additionally, the Directors Board unanimously agreed to return those projects water rights to the Chilean State

- Regarding the tender offer that Enel Chile S.A. has made for the all the shares and American Depositary Shares issued by Enel Generación Chile S.A.:

On February 21, 2018, and in accordance with the provisions of article 207 letter c) of Law 18,045, the Company has received the individual reports of the Directors of the Company, Sirs Enrique Cibié Bluth, Jorge Atton Palma, Julio Pellegrini Vial, Giuseppe Conti, Umberto Magrini, Luca Noviello, Francesco Giorgianni, Mauro Di Carlo and Fabrizio Barderi.

Likewise, in compliance with the provisions of article 207 letter c), was placed on the record a copy of the reports and the prospectus of the Tender Offer, referred to in article 203 of Law 18.045, which are available to the public and shareholders on the Company's website [www.enelgeneración.cl](http://www.enelgeneración.cl).

- On March 25, 2018, Enel Chile S.A., our parent company, informed as a significant event in relation to the Reorganization process approved by the Extraordinary Shareholders' Meeting held on December 20, 2017 (the "Meeting"):
  - I. In compliance with article 212 of Law No. 18,045 of the Securities Market, Enel Chile, dated March 25, 2018, published in the new papers "El Mercurio de Santiago" and "La Tercera" the corresponding result notice for its offer to acquire up to all of the shares issued by Enel Generación Chile S.A. that are not owned by Enel Chile S.A., that is, 3,282,265,786 shares issued by Enel Generación Chile, which are equivalent to 40.02% of the shares issued by said company, declaring successful the aforementioned offer, according to its terms and conditions.

Pursuant to the Enel Generación Chile Tender Offer, Enel Chile acquires for itself 2,753,096,167 shares issued by Enel Generación Chile (including those shares represented by the American Depositary Shares ("ADS") ), acquired by virtue of a Public Offer of Acquisition of Shares carried out in the United States of America), equivalent to 33.6% of the subscribed and paid shares issued by Enel Generación Chile. In this way, Enel Chile becomes the owner of a total of 7,672,584,961 shares issued by Enel Generación Chile (including those shares represented by the acquired ADSs). Consequently, the control percentage reached by Enel Chile corresponds to 93.55% of the subscribed and paid capital of Enel Generación Chile.

Therefore, Enel Chile declares unsuccessful each and every one of the conditions and stages that make up the corporate reorganization approved by the Meeting, for which it declares the resolution condition of the capital increase of Enel Chile approved at the Meeting to be unsuccessful.

Thus, each of the stages that make up the Reorganization will have its effects on the dates that, for each case, are indicated below:

- a) Merger: The merger by incorporation of Enel Green Power Latin America S.A. ("Enel Green Power") in Enel Chile (the "Fusion"), will take effect on April 2, 2018, that is, the first business day of the month following the date on which Enel Chile has published the Notice of Result provided by article 212 of the Securities Market Law, declaring the Enel Generación Chile Tender Offer successful. On that date, Enel Chile will acquire all the assets and liabilities of Enel Green Power and will succeed it in all its rights and obligations, joining Enel Chile all the shareholders and equity of Enel Green Power, which, as a consequence of the above, it will be dissolved as of right, without the need for its liquidation.
- b) Capital Increase of Enel Chile: The resolution condition applicable to the capital increase of Enel Chile approved at the Meeting for, among other objects, having sufficient shares to be delivered on the occasion of the Enel Generación Chile Tender Offer is declared unsuccessful. By virtue of the foregoing, as of April 2, 2018, the shareholders or third

parties that exercised their pre-emptive subscription rights during the period of preferential option ended on March 16, 2018, may concur to grant the subscription of corresponding shares and proceed to the payment of the shares subscribed by them. The subscription agreements of shares will have their effects from the date of their granting, date in which they will be delivered the subscribed and paid shares for each one of them.

- c) Enel Generation Chile Tender Offer: In accordance with article 212 of Law No. 18,045 of the Securities Market, the date of acceptance of the Tender Enel Generation Chile by the shareholders of said company and of the execution of the sale of shares sold under Tender Offer Generation has been made on the date of publication of the Notice of Result. Notwithstanding the foregoing, the payment of the price of Enel Generación Chile Tender Offer and subscription of first issue shares of Enel Chile, will be made on April 2, 2018, in accordance with the terms and conditions described in the Enel Generation Chile Tender Offer prospectus. As of this date, the shareholders register of Enel Generación Chile was updated.
- d) Modification of Bylaws of Enel Generación Chile: The modification of the bylaws of Enel Generación Chile approved by an extraordinary shareholders' meeting of said company held on December 20, 2017, takes effect on March 25, 2018, the date on which is published the Notice of Result that provides the article 212 of the Securities Market Law declaring the Enel Generation Chile Tender Offer successful.

- II. Finally, and in accordance with Ordinary Letter No. 32,435 issued by the CMF, dated November 7, 2017, the price of the shares of dissident shareholders who exercised their The right to withdraw from Enel Chile as a consequence of the approval of the Merger will be paid by Enel Chile from the date on which the Merger takes effect in accordance with the terms and conditions agreed upon at the Meeting, that is, to of April 2, 2018 with its corresponding readjustments and interests.
- On March 26, 2018, Enel Generación Chile S.A. informed as a significant event as indicated by Enel Chile in the aforementioned essential fact, the modification of the bylaws of Enel Generación approved at the Meeting taking effect on March 25, 2018.

There have been no other subsequent events that have occurred between January 1, 2018 and the date of these consolidated financial statements were approved for issuance board of the Directors of the Company.

## APPENDIX 1 GROUP COMPANIES

This appendix is part of Note 2.4, “Subsidiaries”. It presents the Group’s percentage of control in each subsidiary.

Taxpayer ID No.	Company	Functional Currency	% of control as of 12-31-2017			% of control as of 12-31-2016			Relationship	Country	Activity
			Direct	Indirect	Total	Direct	Indirect	Total			
76.003.204-2	Central Eólica Canela S.A.	Chilean peso	0.00%	0.00%	0.00%	0.00%	75.00%	75.00%	Subsidiary	Chile	Promotion and development of renewable energy projects
96.504.980-0	Empresa Eléctrica Pehuenche S.A.	Chilean peso	92.65%	0.00%	92.65%	92.65%	0.00%	92.65%	Subsidiary	Chile	Complete electric energy cycle
96.830.980-3	GasAtacama Chile S.A.	US Dólar	0.00%	100.00%	100.00%	0.00%	97.37%	97.37%	Subsidiary	Chile	Management of Companies
78.952.420-3	Gasoducto Atacama Argentina S.A. (1)	US Dólar	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	Subsidiary	Chile	Natural gas exploitation and transportation

- (1) The company ceased to be a subsidiary in 2016 and became an investment in associate. Significant influence is exercised through Enel Generación Chile’s control.

## APPENDIX 2 CHANGES IN THE SCOPE OF CONSOLIDATION

This appendix is part of Note 2.4.1 “Changes in the scope of consolidation”

Exclusion from the scope of consolidation for the years ended December 31, 2017 and 2016.

Company	For the year ended 12-31-2017				For the year ended 12-31-2016			
	% ownership interest				% ownership interest			
	Direct	Indirect	Total	Consolidation method	Direct	Indirect	Total	Consolidation method
Central Eólica Canela S.A.(1)	0.00%	75.00%	75.00%	Full Integration	-	-	-	Full Integration
Electrogas S.A. (2)	0.00%	42.50%	42.50%	Equity method	-	-	-	Equity method
Gasoducto TalTal S.A.	0.00%	0.00%	0.00%	Full Integration	-	100.00%	100.00%	Full Integration
GNL Norte S.A.	0.00%	0.00%	0.00%	Full Integration	-	100.00%	100.00%	Full Integration
Progas S.A.	0.00%	0.00%	0.00%	Full Integration	-	100.00%	100.00%	Full Integration
GNL Quintero S.A.(3)	0.00%	0.00%	0.00%	Equity method	-	20.00%	20.00%	Equity method
Compañía Eléctrica Tarapacá S.A.	0.00%	0.00%	0.00%	Full Integration	96.21%	0.00%	96.21%	Full Integration
Inversiones GasAtacama Holding Ltda.	0.00%	0.00%	0.00%	Full Integration	50.00%	50.00%	100.00%	Full Integration
GasAtacama S.A.	0.00%	0.00%	0.00%	Full Integration	0.00%	100.00%	100.00%	Full Integration
Southern Cone Power Argentina S.A. (6)	0.00%	0.00%	0.00%	Full Integration	98.00%	2.00%	100.00%	Full Integration
Emgesa S.A. E.S.P. (4)	0.00%	0.00%	0.00%	Full Integration	56.43%	0.00%	56.43%	Full Integration
Emgesa Panama S.A. (4)	0.00%	0.00%	0.00%	Full Integration	0.00%	56.43%	56.43%	Full Integration
Sociedad Portuaria Central Cartagena S.A.(4)	0.00%	0.00%	0.00%	Full Integration	0.00%	94.95%	94.95%	Full Integration
Enel Generación el Chocón S.A. (ex - Hidroeléctrica El Chocón S.A.) (4)	0.00%	0.00%	0.00%	Full Integration	2.48%	65.19%	67.67%	Full Integration
Hidroinvest S.A. (4)	0.00%	0.00%	0.00%	Full Integration	41.94%	54.15%	96.09%	Full Integration
Enel Generación Costanera S.A. (ex - Central Costanera S.A.)	0.00%	0.00%	0.00%	Full Integration	24.85%	50.82%	75.67%	Full Integration
Ingendesa do Brasil Ltda. (4)	0.00%	0.00%	0.00%	Full Integration	1.00%	99.00%	100.00%	Full Integration
Enel Generación Perú S.A (ex - Edegel) (4)	0.00%	0.00%	0.00%	Full Integration	29.40%	54.20%	83.60%	Full Integration
Chinango S.A.C. (4)	0.00%	0.00%	0.00%	Full Integration	0.00%	80.00%	80.00%	Full Integration
Generandes Perú S.A. (4)	0.00%	0.00%	0.00%	Full Integration	61.00%	0.00%	61.00%	Full Integration
Distrilec Inversora S.A. (4)	0.00%	0.00%	0.00%	Equity method	0.89%	0.00%	0.89%	Equity method
Enel Trading Argentina S.R.L. (ex-Endesa Cemsá S.A.)(4)	0.00%	0.00%	0.00%	Equity method	0.00%	45.00%	45.00%	Equity method
Enel Argentina S.A. (ex Endesa Argentina S.A.) (5) (7)	0.00%	0.00%	0.00%	Full Integration	99.88%	0.12%	100.00%	Full Integration
Central Térmica Manuel Belgrano (4)	0.00%	0.00%	0.00%	Equity method	0.00%	24.18%	24.18%	Equity method
Central Térmica San Martín (4)	0.00%	0.00%	0.00%	Equity method	0.00%	24.18%	24.18%	Equity method
Central Vuelta Obligada S.A. (4)	0.00%	0.00%	0.00%	Equity method	0.00%	3.45%	3.45%	Equity method
Enel Brasil S.A. (4)	0.00%	0.00%	0.00%	Equity method	34.64%	4.00%	38.64%	Equity method

(1) The company was dissolved on December 22, 2017.

(2) See Note 5.2.

(3) See Note 12.1.b).

(4) See Note 5.3.

(5) The company ceased to be a subsidiary in 2016 and became an investment in associate. Significant influence is exercised through Enel Generación Chile’s control.

(6) See Note 12.1.a).

### APPENDIX 3 ASSOCIATED COMPANIES AND JOINT VENTURES

This appendix is an integral part of Note 12. Investments accounted for using the equity method .

Taxpayer ID No.	Company (in alphabetical order)	Functional currency	Ownership Interest as of 12-31-2017			Ownership Interest as of 12-31-2016			Relationship	Country	Activity
			Direct	Indirect	Total	Direct	Indirect	Total			
76.652.400-1	Centrales Hidroeléctricas De Aysén S.A. (1)	Chilean peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%	Joint venture	Chile	Hydroelectric plant development and operation
77.017.930-0	Transmisora Eléctrica de Quillota Ltda. (2)	U.S. dollar	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%	Joint venture	Chile	Electric energy transportation and distribution
96.806.130-5	Electrogas S.A. (4)	U.S. dollar	0.00%	0.00%	0.00%	42.50%	0.00%	42.50%	Associate	Chile	Portfolio company
76.418.940-K	GNL Chile. S.A. (3)	U.S. dollar	33.33%	0.00%	33.33%	33.33%	0.00%	33.33%	Associate	Chile	Promotion of liquefied natural gas supply project
76.788.080-4	GNL Quintero S.A. (5)	U.S. dollar	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Associate	Chile	Development, design and supply of liquid natural gas degasifying terminal
Foreign	Southern Cone Power Argentina S.A.(6)	Argentine peso	0.00%	0.00%	0.00%	2.00%	0.00%	2.00%	Associate	Argentina	Portfolio company
Foreign	Enel Argentina S.A. (ex - Endesa Argentina S.A.) (6)	Argentine peso	0.00%	0.12%	0.12%	0.00%	0.12%	0.12%	Associate	Argentina	Portfolio company

(1) See Note 5.1.

(2) See Note 12.3.

(3) See Note 12.2.

(4) See Note 5.1.

(5) See Note 12.1.b.

(6) The company ceased to be a subsidiary in 2016 and became an investment in associate. Significant influence is exercised through Enel Generación Chile's control.



**APPENDIX 4 ADDITIONAL INFORMATION ON FINANCIAL DEBT**

This appendix is part of Note 17, “Other financial liabilities”.

The following tables present the contractual undiscounted, including contractual interest obligations, cash flows by type of financial debt:

**a) Bank borrowings**

- **Summary of bank borrowing by currency and maturity**

Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/No)	Balance as of 12-31-2017			Balance as of 12-31-2016		
					One to three months	Three to twelve months	Total Current	One to three months	Three to twelve months	Total Current
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	CH\$	6.00%	6.00%	No	109	-	109	4,181	-	4,181
<b>Total</b>					<b>109</b>	<b>-</b>	<b>109</b>	<b>4,181</b>	<b>-</b>	<b>4,181</b>

- **Identification of bank borrowings by company**

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Financial Institution	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Interest payment	Balance as of 12-31-2017		Balance as of 12-31-2016	
										Less than 90 days	Total Current	Less than 90 days	Total Current
										ThCh\$	ThCh\$	ThCh\$	ThCh\$
91.081.000-6	Enel Generación Chile S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	Ch\$	6.00%	6.00%	At maturity	97	97	2,048	2,048
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Banco Santander	Chile	Ch\$	6.00%	6.00%	At maturity	12	12	2,133	2,133
				<b>Total ThCh\$</b>						<b>109</b>	<b>109</b>	<b>4,181</b>	<b>4,181</b>

b) Secured and unsecured liabilities

- Summary of secured and unsecured liabilities by currency and maturity

Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/No)	Balance as of 12-31-2017								
					Current			Non-current					
					One to three months	Three to twelve months	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	US\$	6.00%	6.90%	No	6,697,979	20,093,935	26,791,914	26,791,913	26,791,913	26,791,913	26,791,913	568,727,913	675,895,565
Chile	UF	6.00%	5.48%	No	5,775,038	22,689,438	28,464,476	51,927,014	49,837,566	47,748,117	45,658,669	256,892,562	452,063,928
				<b>Total</b>	<b>12,473,017</b>	<b>42,783,373</b>	<b>55,256,390</b>	<b>78,718,927</b>	<b>76,629,479</b>	<b>74,540,030</b>	<b>72,450,582</b>	<b>825,620,475</b>	<b>1,127,959,493</b>

Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/No)	Balance as of 12-31-2016								
					Current			Non-current					
					One to three months	Three to twelve months	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	US\$	6.99%	6.90%	No	7,264,786	21,794,359	29,059,145	29,059,146	29,059,146	29,059,146	29,059,146	641,348,382	757,584,966
Chile	UF	6.00%	5.48%	No	6,466,160	24,665,200	31,131,360	30,632,431	53,611,843	51,316,337	49,020,830	305,390,728	489,972,169
				<b>Total</b>	<b>13,730,946</b>	<b>46,459,559</b>	<b>60,190,505</b>	<b>59,691,577</b>	<b>82,670,989</b>	<b>80,375,483</b>	<b>78,079,976</b>	<b>946,739,110</b>	<b>1,247,557,135</b>

- Secured and unsecured liabilities by company

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Company	Country	Currency	Nominal Interest Rate	Secured (Yes/ No)	Balance as of 12-31-2017								
									Current			Non-current					
									Less than 90 days	More than 90 days	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-1	US	US\$	7.88%	No	2,612,406	7,837,217	10,449,623	10,449,623	10,449,623	10,449,623	10,449,623	170,108,928	211,907,420
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-2	US	US\$	7.33%	No	833,743	2,501,229	3,334,972	3,334,972	3,334,972	3,334,972	3,334,972	86,312,007	99,651,895
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-3	US	US\$	8.13%	No	530,161	1,590,483	2,120,644	2,120,644	2,120,644	2,120,644	2,120,644	51,884,633	60,367,209
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon 24296	US	US\$	4.25%	No	2,721,669	8,165,006	10,886,675	10,886,674	10,886,674	10,886,674	10,886,674	260,422,345	303,969,041
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Banco Santander 317-H	Chile	U.F.	6.20%	No	1,414,018	9,606,378	11,020,396	10,516,773	10,013,150	9,509,527	9,005,904	44,726,323	83,771,677
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Banco Santander 522-M	Chile	U.F.	4.75%	No	4,361,020	13,083,060	17,444,080	41,410,241	39,824,416	38,238,590	36,652,765	212,166,239	368,292,251
				<b>Total</b>					12,473,017	42,783,373	55,256,390	78,718,927	76,629,479	74,540,030	72,450,582	825,620,475	1,127,959,493

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Company	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/ No)	Balance as of 12-31-2016								
										Current			Non-current					
										Less than 90 days	More than 90 days	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
										ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-1	US	US\$	7.96%	7.88%	No	2,832,647	8,497,942	11,330,589	11,330,590	11,330,590	11,330,590	11,330,590	196,227,387	241,549,747
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-2	US	US\$	7.40%	7.33%	No	903,234	2,709,703	3,612,937	3,612,937	3,612,937	3,612,937	3,612,937	93,701,216	108,152,964
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-3	US	US\$	8.26%	8.13%	No	574,765	1,724,294	2,299,059	2,299,059	2,299,059	2,299,059	2,299,059	56,341,806	65,538,042
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon 24296	US	US\$	4.32%	4.25%	No	2,954,140	8,862,420	11,816,560	11,816,560	11,816,560	11,816,560	11,816,560	295,077,973	342,344,213
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Banco Santander 317-H	Chile	U.F.	7.17%	6.20%	No	1,525,571	9,843,433	11,369,004	10,870,075	10,371,146	9,872,218	9,373,289	52,887,199	93,373,927
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Banco Santander 522-M	Chile	U.F.	4.82%	4.75%	No	4,940,589	14,821,767	19,762,356	19,762,356	43,240,697	41,444,119	39,647,541	252,503,529	396,598,242
				<b>Total</b>						13,730,946	46,459,559	60,190,505	59,691,577	82,670,989	80,375,483	78,079,976	946,739,110	1,247,557,135

c) Finance lease obligations

- Finance lease obligations by company

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Name	Country	Currency	Nominal Interest Rate	Balance as of December 31, 2017								
								Current			Non-current					
								Less than 90 days	More than 90 days	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
								ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
91.081.000-6	Enel Generación Chile S.A.	Chile	76.555.400-4	Transec S.A	Chile	US\$	6.50%	685,232	2,052,448	2,737,680	2,728,693	2,719,123	2,708,931	2,698,076	4,473,883	15,328,706
				<b>Total</b>				<b>685,232</b>	<b>2,052,448</b>	<b>2,737,680</b>	<b>2,728,693</b>	<b>2,719,123</b>	<b>2,708,931</b>	<b>2,698,076</b>	<b>4,473,883</b>	<b>15,328,706</b>

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Name	Country	Currency	Nominal Interest Rate	Balance as of December 31, 2016								
								Current			Non-current					
								Less than 90 days	More than 90 days	Total	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
								ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
91.081.000-6	Enel Generación Chile S.A.	Chile	76.555.400-4	Transec S.A	Chile	US\$	6.50%	734,006	2,200,827	2,934,833	2,931,533	2,928,019	2,924,276	2,920,289	7,777,314	19,481,431
				<b>Total</b>				<b>734,006</b>	<b>2,200,827</b>	<b>2,934,833</b>	<b>2,931,533</b>	<b>2,928,019</b>	<b>2,924,276</b>	<b>2,920,289</b>	<b>7,777,314</b>	<b>19,481,431</b>

## APPENDIX 5 DETAIL OF ASSETS AND LIABILITIES IN FOREIGN CURRENCY

This appendix forms an integral part of the Group's financial statements.

The detail of assets denominated in foreign currencies is the following:

ASSETS	Foreign Currency	Functional Currency	12-31-2017 ThCh\$	12-31-2016 ThCh\$
<b>CURRENT ASSETS</b>				
	<b>Foreign Currency</b>	<b>Functional Currency</b>	<b>12-31-2017 ThCh\$</b>	<b>12-31-2016 ThCh\$</b>
Cash and cash equivalents			20,048,279	9,448,384
	U.S. dollars	Chilean peso	13,784,935	4,640,978
	Argentine peso	Chilean peso	6,263,344	4,807,406
Other current financial assets			20,441,149	422,705
	U.S. dollars	Chilean peso	20,441,149	422,705
Other current non-financial assets			934,647	122,283
	U.S. dollars	Chilean peso	902,026	65,138
	Argentine peso	Chilean peso	32,621	57,145
Trade and other current receivables			6,346,175	931,882
	U.S. dollars	Chilean peso	5,273,103	-
	Argentine peso	Chilean peso	1,073,072	931,882
Current accounts receivable from related parties			65,225,546	16,780,275
	U.S. dollars	Chilean peso	22,833,551	16,780,275
	Euros	Chilean peso	42,391,995	-
Current tax assets			146,525	302,528
	Argentine peso	Chilean peso	146,525	302,528
<b>TOTAL CURRENT ASSETS</b>			<b>113,142,321</b>	<b>28,008,057</b>
<b>NON-CURRENT ASSETS</b>				
	<b>Foreign Currency</b>	<b>Functional Currency</b>	<b>12-31-2017 ThCh\$</b>	<b>12-31-2016 ThCh\$</b>
Other non-current financial assets			30,789,703	26,185,923
	U.S. dollars	Chilean peso	30,789,703	26,185,923
Other non-current non-financial assets			701,684	303,837
	U.S. dollars	Chilean peso	322,744	-
	Argentine peso	Chilean peso	378,940	303,837
Trade and other non-current receivables			62,563	27,567
	Argentine peso	Chilean peso	62,563	27,567
Current accounts payable to related parties			-	-
Investments accounted for using the equity method			3,888,467	4,074,269
	U.S. dollars	Chilean peso	3,783,316	3,982,932
	Argentine peso	Chilean peso	105,151	91,337
Intangible assets other than goodwill			253,849	194,529
	Argentine peso	Chilean peso	253,849	194,529
Property, plant and equipment			15,450,783	16,039,114

	Argentine peso	Chilean peso	15,450,783	16,039,114
<b>TOTAL NON-CURRENT ASSETS</b>			<b>51,147,049</b>	<b>46,825,239</b>
<b>TOTAL ASSETS</b>			<b>164,289,370</b>	<b>74,833,296</b>

LIABILITIES	Foreign Currency	Functional Currency	12-31-2017 Up to 90 days ThCh\$	12-31-2017 91 days to 1 year ThCh\$	12-31-2016 Up to 90 days ThCh\$	12-31-2016 91 days to 1 year ThCh\$
	Other current financial liabilities	U.S. dollars	Chilean peso	7,999,743	13,681,329	15,017,154
Trade and other current payables	U.S. dollars	Chilean peso	20,092,325	-	10,919,134	-
	Euros	Chilean peso	16,184,962	-	8,563,997	-
	Euros	Chilean peso	3,174,586	-	1,384,882	-
	Argentine peso	Chilean peso	732,777	-	970,255	-
Current accounts payable to related parties			24,125,790	-	591,686	-
	U.S. dollars	Chilean peso	8,394,761	-	-	-
	Euros	Chilean peso	15,717,455	-	563,655	-
	Colombian peso	Chilean peso	-	-	14,457	-
	Argentine peso	Chilean peso	13,574	-	13,574	-
Other current provisions	Argentine peso	Chilean peso	45,419	-	20,860	-
	Argentine peso	Chilean peso	45,419	-	20,860	-
Current tax liabilities			146,769	-	-	-
	Argentine peso	Chilean peso	146,769	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>			<b>52,410,046</b>	<b>13,681,329</b>	<b>26,548,834</b>	<b>3,793,737</b>

NON-CURRENT LIABILITIES	Moneda extranjera	Moneda funcional	12-31-2017 One to five years M\$	12-31-2017 More than five years M\$	12-31-2016 One to five years M\$	12-31-2016 More than five years M\$
	Other non-current financial liabilities	U.S. dollars	Peso chileno	29,636,407	434,446,795	61,372,923
Trade and other non-current payables	U.S. dollars	Peso chileno	174,290	-	917,620	-
	U.S. dollars	Peso chileno	947	-	-	-
	Euros	Peso chileno	-	-	29,952	-
	Argentine peso	Peso chileno	173,343	-	887,668	-
Non-current accounts payable to related parties	Euros		-	318,518	-	-
	Euros		-	318,518	-	-
Deferred tax liabilities			4,459,081	-	3,751,112	-
	Argentine peso	Peso chileno	4,459,081	-	3,751,112	-
<b>TOTAL NON-CURRENT LIABILITIES</b>			<b>34,269,778</b>	<b>434,765,313</b>	<b>66,041,655</b>	<b>475,084,614</b>
<b>TOTAL LIABILITIES</b>			<b>86,679,824</b>	<b>448,446,642</b>	<b>92,590,489</b>	<b>478,878,351</b>

**APPENDIX 6 ADDITIONAL INFORMATION CIRCULAR No. 715 OF FEBRUARY 3, 2012**

This appendix forms an integral part of the Group's financial statements.

**a) Portfolio stratification**

- Trade and other receivables by aging (original maturity):

Trade and Other Receivables	Balance as of 12-31-2017											
	On demand	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-250 days	More than 251 days	Total Current	Total Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade receivables, gross	186,769,753	3,057,994	333,078	279,100	10,021	42,015	334,297	399,552	228,498	4,116,042	195,570,350	62,563
Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	(1,258,817)	(1,258,817)	-
Other receivables, gross	23,866,474	-	-	-	-	-	-	-	-	-	23,866,474	970,360
<b>Total</b>	<b>210,636,227</b>	<b>3,057,994</b>	<b>333,078</b>	<b>279,100</b>	<b>10,021</b>	<b>42,015</b>	<b>334,297</b>	<b>399,552</b>	<b>228,498</b>	<b>2,857,225</b>	<b>218,178,007</b>	<b>1,032,923</b>

Trade and Other Receivables	Balance as of 12-31-2016											
	On demand	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-250 days	More than 251 days	Total Current	Total Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade receivables, gross	179,498,352	2,770,582	1,165,177	773,502	900,093	5,101,117	13,609	553,986	3,593,733	20,108,963	214,479,114	5,751,510
Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	(1,314,311)	(1,314,311)	-
Other receivables, gross	47,275,283	-	-	-	-	-	-	-	-	-	47,275,283	1,036,927
<b>Total</b>	<b>226,773,635</b>	<b>2,770,582</b>	<b>1,165,177</b>	<b>773,502</b>	<b>900,093</b>	<b>5,101,117</b>	<b>13,609</b>	<b>553,986</b>	<b>3,593,733</b>	<b>18,794,652</b>	<b>260,440,086</b>	<b>6,788,437</b>

- By type of portfolio:

Aging (original maturity) of balances of trade receivables	Non-renegotiated portfolio as of 12-31-2017		Renegotiated portfolio as of 12-31-2017		Total portfolio as of 12-31-2017		Non-renegotiated portfolio as of 12-31-2016		Renegotiated portfolio as of 12-31-2016		Total portfolio as of 12-31-2016	
	Number of customers	Gross value ThCh\$	Number of customers	Gross value ThCh\$	Number of customers	Gross value ThCh\$	Number of customers	Gross value ThCh\$	Number of customers	Gross value ThCh\$	Number of customers	Gross value ThCh\$
On demand and non-current	502	186,724,468	2	107,848	504	186,832,316	402	195,758,558	-	-	402	195,758,558
1 to 30 days	85	3,057,994	-	-	85	3,057,994	91	2,770,582	-	-	91	2,770,582
31 to 60 days	68	333,078	-	-	68	333,078	62	1,165,177	-	-	62	1,165,177
61 to 90 days	28	279,100	-	-	28	279,100	55	773,502	-	-	55	773,502
91 to 120 days	71	10,021	-	-	71	10,021	41	900,093	-	-	41	900,093
121 to 150 days	99	42,015	-	-	99	42,015	85	5,101,117	-	-	85	5,101,117
151 to 180 days	45	334,297	-	-	45	334,297	87	13,609	-	-	87	13,609
181 to 210 days	48	399,552	-	-	48	399,552	29	553,986	-	-	29	553,986
211 to 250 days	33	228,498	-	-	33	228,498	26	3,593,733	-	-	26	3,593,733
More than 251 days	323	4,116,042	-	-	323	4,116,042	79	9,600,267	-	-	79	9,600,267
<b>Total</b>	<b>1,302</b>	<b>195,525,065</b>	<b>2</b>	<b>107,848</b>	<b>1,304</b>	<b>195,632,913</b>	<b>957</b>	<b>220,230,624</b>	<b>-</b>	<b>-</b>	<b>957</b>	<b>220,230,624</b>

As of December 31, 2017 and 2016 the Group did not have trade receivables with renegotiated terms.

**b) Provisions and write-offs**

Provisions and Write-offs	For the years ended		
	12-31-2017	12-31-2016	12-31-2015
	ThCh\$	ThCh\$	ThCh\$
Provision (recovery of provision) for non-renegotiated portfolio	(55,494)	-	371,558
Write-offs during the period	-	-	-
<b>Total</b>	<b>(55,494)</b>	<b>-</b>	<b>371,558</b>

**c) Number and value of operations**

Number and Value of Operations	For the years ended					
	12-31-2017		12-31-2016		12-31-2015	
	Last quarter	Year	Last quarter	Year	Last quarter	Year
<b>Impairment provision and recoveries</b>						
Number of operations	-	5	-	-	12	12
Value of operations, in ThCh\$	-	(55,494)	-	-	371,558	371,558



## APPENDIX 6.1 SUPPLEMENTARY INFORMATION ON TRADE RECEIVABLES

This appendix forms an integral part of the Group's financial statements.

### a) Portfolio stratification

- Trade receivables by aging (original maturity):

Trade Receivables	Balance as of 12-31-2017												Total Current	Total Non-current
	On demand	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-250 days	251-365 days	More than 365 days			
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
<b>Generation and transmission receivables</b>	<b>186,769,753</b>	<b>3,057,994</b>	<b>333,078</b>	<b>279,100</b>	<b>10,021</b>	<b>42,015</b>	<b>334,297</b>	<b>399,552</b>	<b>228,498</b>	<b>1,596,976</b>	<b>2,519,066</b>	<b>195,570,350</b>	<b>62,563</b>	
-Large customers	186,724,468	3,057,994	333,078	279,100	10,021	42,015	334,297	399,552	228,498	1,596,976	2,519,066	195,525,065	62,563	
-Others	45,285	—	—	—	—	—	—	—	—	—	—	45,285	-	
Allowance for doubtful Accounts	—	—	—	—	—	—	—	—	—	(1,103,086)	(155,731)	(1,258,817)	-	
Unbilled services	138,781,170	—	—	—	—	—	—	—	—	—	—	138,781,170	-	
Billed services	47,988,583	3,057,994	333,078	279,100	10,021	42,015	334,297	399,552	228,498	1,596,976	2,519,066	56,789,180	-	
<b>Total trade receivables, gross</b>	<b>186,769,753</b>	<b>3,057,994</b>	<b>333,078</b>	<b>279,100</b>	<b>10,021</b>	<b>42,015</b>	<b>334,297</b>	<b>399,552</b>	<b>228,498</b>	<b>1,596,976</b>	<b>2,519,066</b>	<b>195,570,350</b>	<b>62,563</b>	
<b>Total allowance for doubtful accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,103,086)</b>	<b>(155,731)</b>	<b>(1,258,817)</b>	<b>-</b>	
<b>Total trade receivables, net</b>	<b>186,769,753</b>	<b>3,057,994</b>	<b>333,078</b>	<b>279,100</b>	<b>10,021</b>	<b>42,015</b>	<b>334,297</b>	<b>399,552</b>	<b>228,498</b>	<b>493,890</b>	<b>2,363,335</b>	<b>194,311,533</b>	<b>62,563</b>	

Trade Receivables	Balance as of 12-31-2016												Total Current	Total Non-current
	On demand	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-250 days	251-365 days	More than 365 days			
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
<b>Generation and transmission receivables</b>	<b>179,498,352</b>	<b>2,770,582</b>	<b>1,165,177</b>	<b>773,502</b>	<b>900,093</b>	<b>5,101,117</b>	<b>13,609</b>	<b>553,986</b>	<b>3,593,733</b>	<b>9,600,267</b>	<b>10,508,696</b>	<b>214,479,114</b>	<b>5,751,510</b>	
-Large customers	179,482,500	2,770,582	1,165,177	773,502	900,093	5,101,117	13,609	553,986	3,593,733	9,600,267	10,508,696	214,463,262	5,723,943	
-Others	15,852	-	-	-	-	-	-	-	-	-	-	15,852	27,567	
Allowance for doubtful Accounts	-	-	-	-	-	-	-	-	-	(1,314,311)	-	(1,314,311)	-	
Unbilled services	125,367,509	-	-	-	-	-	-	-	-	-	-	125,367,509	3,308,454	
Billed services	54,130,843	2,770,582	1,165,177	773,502	900,093	5,101,117	13,609	553,986	3,593,733	9,600,267	10,508,696	89,111,605	2,443,056	
<b>Total trade receivables, gross</b>	<b>179,498,352</b>	<b>2,770,582</b>	<b>1,165,177</b>	<b>773,502</b>	<b>900,093</b>	<b>5,101,117</b>	<b>13,609</b>	<b>553,986</b>	<b>3,593,733</b>	<b>9,600,267</b>	<b>10,508,696</b>	<b>214,479,114</b>	<b>5,751,510</b>	
<b>Total allowance for doubtful accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,314,311)</b>	<b>-</b>	<b>(1,314,311)</b>	<b>-</b>	
<b>Total trade receivables, net</b>	<b>179,498,352</b>	<b>2,770,582</b>	<b>1,165,177</b>	<b>773,502</b>	<b>900,093</b>	<b>5,101,117</b>	<b>13,609</b>	<b>553,986</b>	<b>3,593,733</b>	<b>8,285,956</b>	<b>10,508,696</b>	<b>213,164,803</b>	<b>5,751,510</b>	

- By type of portfolio:

Portfolio type	Balance as of 12-31-2017												Total Current	Total Non-current
	On demand	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-250 days	251-365 days	More than 365 days			
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$			
<b>Generation and transmission</b>	<b>186,769,753</b>	<b>3,057,994</b>	<b>333,078</b>	<b>279,100</b>	<b>10,021</b>	<b>42,015</b>	<b>334,297</b>	<b>399,552</b>	<b>228,498</b>	<b>1,596,976</b>	<b>2,519,066</b>	<b>195,570,350</b>	<b>62,563</b>	
-Large customers	186,724,468	3,057,994	333,078	279,100	10,021	42,015	334,297	399,552	228,498	1,596,976	2,519,066	195,525,065	—	
-Others	45,285	—	—	—	—	—	—	—	—	—	—	45,285	970,360	
<b>Total gross portfolio</b>	<b>186,769,753</b>	<b>3,057,994</b>	<b>333,078</b>	<b>279,100</b>	<b>10,021</b>	<b>42,015</b>	<b>334,297</b>	<b>399,552</b>	<b>228,498</b>	<b>1,596,976</b>	<b>2,519,066</b>	<b>195,570,350</b>	<b>1,032,923</b>	

Portfolio type	Balance as of 12-31-2016												Total Current	Total Non-current
	On demand	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-250 days	251-365 days	More than 365 days			
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$			
<b>Generation and transmission</b>	<b>179,498,352</b>	<b>2,770,582</b>	<b>1,165,177</b>	<b>773,502</b>	<b>900,093</b>	<b>5,101,117</b>	<b>13,609</b>	<b>553,986</b>	<b>3,593,733</b>	<b>9,600,267</b>	<b>10,508,696</b>	<b>214,479,114</b>	<b>5,751,510</b>	
-Large customers	179,482,500	2,770,582	1,165,177	773,502	900,093	5,101,117	13,609	553,986	3,593,733	9,600,267	10,508,696	214,463,262	572,394	
-Others	15,852	-	-	-	-	-	-	-	-	-	-	15,852	27,567	
<b>Total gross portfolio</b>	<b>179,498,352</b>	<b>2,770,582</b>	<b>1,165,177</b>	<b>773,502</b>	<b>900,093</b>	<b>5,101,117</b>	<b>13,609</b>	<b>553,986</b>	<b>3,593,733</b>	<b>9,600,267</b>	<b>10,508,696</b>	<b>214,479,114</b>	<b>5,751,510</b>	

## APPENDIX 6.2 ESTIMATED SALES AND PURCHASES OF ENERGY AND CAPACITY

This appendix forms an integral part of the Group's financial statements.

Balance as of 31, December	2017		2016	
	Energy and Capacity	Tolls	Energy and Capacity	Tolls
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>STATEMENT OF FINANCIAL POSITION</b>				
Current accounts receivable from related parties	40,584,214	6,235,517	29,836,181	5,522,921
Trade and other current receivables	105,768,269	43,356,142	111,304,041	19,109,490
<b>Total Estimated Assets</b>	<b>146,352,483</b>	<b>49,591,659</b>	<b>141,140,222</b>	<b>24,632,411</b>
Trade and other current payables to related parties	20,942,895	5,818,224	17,499,611	191,657
Trade and other current payables	39,101,357	41,338,368	20,844,033	37,425,664
<b>Total Estimated Liabilities</b>	<b>60,044,252</b>	<b>47,156,592</b>	<b>38,343,644</b>	<b>37,617,321</b>

Chile	For the year ended 12-31-2017		For the year ended 12-31-2016		For the year ended 12-31-2015	
	Energy and Capacity	Tolls	Energy and Capacity	Tolls	Energy and Capacity	Tolls
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>STATEMENT OF INCOME</b>						
Energy Sales	146,352,483	49,591,659	141,140,222	24,632,411	131,440,713	23,919,361
Energy Purchases	60,035,699	47,156,593	38,343,644	37,687,588	28,630,375	43,204,333

**APPENDIX 7 DETAILS OF DUE DATES OF PAYMENTS TO SUPPLIERS**

This appendix forms an integral part of the Group’s financial statements.

Suppliers	Balance as of							
	12-31-2017				12-31-2016			
	Goods ThCh\$	Services ThCh\$	Other ThCh\$	Total ThCh\$	Goods ThCh\$	Services ThCh\$	Other ThCh\$	Total ThCh\$
<b>Suppliers with Current Payment Amounts</b>								
Up to 30 days	-	94,132,901	-	94,132,901	-	90,386,018	-	90,386,018
<b>Total</b>	-	<b>94,132,901</b>	-	<b>94,132,901</b>	-	<b>90,386,018</b>	-	<b>90,386,018</b>

**302 CERTIFICATION**

I, Valter Moro, certify that:

1. I have reviewed this annual report on Form 20-F/A of Enel Generación Chile S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 25, 2018

/s/ Valter Moro  
Valter Moro  
Chief Executive Officer

**302 CERTIFICATION**

I, Raúl Arteaga E. certify that:

1. I have reviewed this annual report on Form 20-F/A of Enel Generación Chile S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 25, 2018

/s/ Raúl Arteaga E.  
Raúl Arteaga E.  
Chief Financial Officer

**906 CERTIFICATION**

The certification set forth below is being submitted in connection with the amended Annual Report on Form 20-F/A for the year ended December 31, 2017 for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Valter Moro, the Chief Executive Officer and Raúl Arteaga E., the Chief Financial Officer of Enel Generación Chile S.A. ("Enel Generación Chile"), each certifies that, to the best of his knowledge:

1. the report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Enel Generación Chile.

Date: May 25, 2018

/s/ Valter Moro

Name: Valter Moro  
Chief Executive Officer

/s/ Raúl Arteaga E.

Name: Raúl Arteaga E.  
Chief Financial Officer