

EMPRESAS LIPIGAS S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2018

(in 000's of Chilean pesos – Th$)

Audited for the fiscal year ended December 31, 2017

**Consolidated   Financial Statements**

**Empresas Lipigas S.A.**

**as of September 30, 2018**

**Table of Contents**

|  |  |  |
| --- | --- | --- |
|  | **Classified Consolidated  Statement of Financial Position** |  |
|  | **Consolidated Income Statement by Function** |  |
|  | **Consolidated Comprehensive Income** |  |
|  | **Consolidated Statement of Changes in Equity** |  |
|  | **Consolidated Statement of Direct Cash Flows** |  |
| **1** | **General information on the Company** |  |
| **2** | **Summary of Main Accounting Policies** |  |
| **2.1** | **Bases for preparation of the consolidated   financial statements** |  |
| **2.2** | **Currency of presentation and functional currency** |  |
| **2.3** | **Periods covered by the financial statements** |  |
| **2.4** | **New rulings, amendments, improvements and accounting interpretations (IFRS and Interpretations of the IFRIC)** |  |
| **2.5** | **Bases for consolidation** |  |
| **2.6** | **Subsidiaries** |  |
| **2.7** | **Foreign Currency translation** |  |
| **2.8** | **Financial information by operating segment** |  |
| **2.9** | **Property, plant and equipment** |  |
| **2.10** | **Intangible assets other than goodwill** |  |
| **2.11** | **Goodwill** |  |
| **2.12** | **Impairment of non-current assets** |  |
| **2.13** | **Financial instruments** |  |
| **2.14** | **Non-current assets classified as held for sale** |  |
| **2.15** | **Inventories** |  |
| **2.16** | **Issued capital** |  |
| **2.17** | **Income tax and deferred taxes** |  |
| **2.18** | **Provisions** |  |
| **2.19** | **Employee benefit provisions, current** |  |
| **2.20** | **Employee benefit provisions, non-current** |  |
| **2.21** | **Provisions for cylinder and tank guarantees** |  |
| **2.22** | **Classification of balances as current and non-current** |  |
| **2.23** | **Recognition of income** |  |
| **2.24** | **Leases** |  |
| **2.25** | **Dividend distribution** |  |
| **2.26** | **Earnings per share** |  |
| **2.27** | **Current prepayments** |  |
| **2.28** | **Current tax receivables** |  |
| **2.29** | **Intercompany receivables and payables** |  |
| **2.30** | **Management estimates and judgments or critical standards** |  |
| **2.31** | **Statements of cash flows** |  |
| **2.32** | **Reclassifications** |  |
| **3** | **Cash and cash equivalent** |  |
| **4** | **Financial instruments** |  |
| **4.1** | **Financial assets** |  |
| **4.2** | **Financial liabilities** |  |
| **4.3** | **Derivatives** |  |
| **5** | **Risk Management** |  |
| **5.1** | **Credit risk** |  |
| **5.2** | **Liquidity risk** |  |
| **5.3** | **Market risk** |  |
| **6** | **Other non-financial assets** |  |
| **7** | **Trade receivables and other accounts receivables** |  |
| **7.1** | **Composition** |  |
| **8** | **Intercompany balances and transactions** |  |
| **8.1** | **Intercompany accounts payable, current** |  |
| **8.2** | **Intercompany transactions and their impact on income** |  |
| **8.3** | **Key employee compensation** |  |
| **9** | **Inventories** |  |
| **9.1** | **Materials obsolescence provision** |  |
| **10** | **Income tax and deferred taxes** |  |
| **10.1** | **Current income tax recoverable (payable)** |  |
| **10.2** | **Deferred taxes** |  |
| **10.3** | **Income tax recognized in income** |  |
| **10.4** | **Deferred tax recognized directly in other comprehensive income** |  |
| **10.5** | **Netting** |  |
| **11** | **Intangible assets other than goodwill** |  |
| **11.1** | **Composition** |  |
| **11.2** | **Useful life table** |  |
| **11.3** | **Movement of intangible assets table** |  |
| **12** | **Goodwill** |  |
| **12.1** | **Composition** |  |
| **12.2** | **Goodwill movement table** |  |
| **12.3** | **Goodwill acquired** |  |
| **12.4** | **Impairment tests** |  |
| **13** | **Property, plant and equipment** |  |
| **13.1** | **Composition** |  |
| **13.2** | **Property, plant and equipment movement table** |  |
| **13.3** | **Accumulated depreciation movement** |  |
| **13.4** | **Assets in financial lease** |  |
| **13.5** | **Impairment of property, plant and equipment** |  |
| **13.6** | **Additional information on property, plant and equipment** |  |
| **13.7** | **Other additional information on property, plant and equipment** |  |
| **14** | **Other financial liabilities** |  |
| **14.1** | **Bank loans and financial lease - breakdown of currencies and maturities** |  |
| **14.2** | **Bonds** |  |
| **15** | **Trade payables and other accounts payable** |  |
| **15.1** | **Trade payables and other accounts payable, current** |  |
| **15.2** | **Trade payables and other accounts payable, non-current** |  |
| **16** | **Other provisions, current** |  |
| **17** | **Provision for employee benefits** |  |
| **17.1** | **Current provisions** |  |
| **17.2** | **Non-current provisions** |  |
| **18** | **Other non-financial liabilities, non-current (cylinder and tank guaranties)** |  |
| **19** | **Other provisions, non-current** |  |
| **20** | **Equity** |  |
| **20.1** | **Subscribed and paid in capital** |  |
| **20.2** | **Number of subscribed and paid-in shares** |  |
| **20.3** | **Dividends** |  |
| **20.4** | **Non-controlling interests** |  |
| **20.5** | **Reconciliation of the movement in other comprehensive income reserves** |  |
| **20.6** | **Earnings per share** |  |
| **21** | **Revenue and other income by function** |  |
| **21.1** | **Revenue** |  |
| **21.2** | **Other income by function** |  |
| **22** | **Costs and expenses by function broken down by nature** |  |
| **23** | **Financial income and other gains and losses** |  |
| **23.1** | **Financial income** |  |
| **23.2** | **Other gains (losses)** |  |
| **24** | **Number of employees and payroll cost** |  |
| **25** | **Financial information by segment** |  |
| **25.1** | **Statement of financial position by segment** |  |
| **25.2** | **Statement of income by segment** |  |
| **25.3** | **Statement of direct cash flow by segment** |  |
| **26** | **Foreign currency balances** |  |
| **27** | **Contingencies, lawsuits and other similar events** |  |
| **28** | **Administrative penalties** |  |
| **29** | **Guarantees committed to third parties** |  |
| **30** | **Environment** |  |
| **31** | **Events occurring after the date of the consolidated financial statements** |  |
| **31.1** | **Agreement to acquire property ownership of new company** |  |
| **31.2** | **Acquisition of ownership of new company** |  |
|  |  |  |

**CLASSIFIED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As of September 30, 2018 and December 31, 2017**

**(in 000’s CLP)**

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSETS** | **Note** | **09.30.2018** | **12.31.2017** |
|  | **Th$** | **Th$** |
|  |  |  |  |
|  |  |  |  |
| Cash and cash equivalent | 3 | 14,035,630 | 6,929,613 |
| Trade receivables and other receivables, current | 7 | 45,467,832 | 34,909,135 |
| Inventories | 9 | 23,316,184 | 21,974,501 |
| Current tax assets | 10 | 5,180,759 | 3,624,644 |
| Other non-financial assets, current | 6 | 1,052,864 | 311,034 |
| **Total Current Assets** |  | **89,053,269** | **67,748,927** |
| Non-current assets or disposal groups held for sale |  | - | 56,068 |
| **Total Current Assets** |  | **89,053,269** | **67,804,995** |
|  |  |  |  |
| **NON-CURRENT ASSETS** |  |  |  |
| Other financial assets, non-current | 4 | 1,435,821 | 1,196,237 |
| Other accounts receivable, non-current | 7 | 1,223,914 | 745,438 |
| Investments accounted for using the equity method |  | 1,514 | 1,050 |
| Intangible assets other than goodwill | 11 | 11,408,973 | 9,413,714 |
| Property, plant and equipment | 13 | 303,653,224 | 295,593,165 |
| Goodwill | 12 | 14,109,988 | 13,832,769 |
| Deferred tax assets | 10 | 1,446,705 | 1,170,999 |
| Other non-financial assets, non-current | 6 | 14,097,976 | 910,864 |
| **Total Non-Current Assets** |  | **347,378,115** | **322,864,236** |
| **Total Assets** |  | **436,431,384** | **390,669,231** |

Notes 1 to 31 form an integral part of the consolidated financial statements of Empresas Lipigas S.A. and subsidiaries.

**CLASSIFIED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As of September 30, 2018 and December 31, 2017**

**(in 000’s CLP)**

|  |  |  |  |
| --- | --- | --- | --- |
| **EQUITY AND LIABILITIES** | **Note** | **09.30.2018** | **12.31.2017** |
| **Th$** | **Th$** |
|  |  |  |  |
| **CURRENT LIABILITIES** |  |  |  |
| Other financial liabilities, current | 14 | 38,537,846 | 9,950,749 |
| Trade accounts and other accounts payable, current | 15 | 44,485,456 | 39,553,611 |
| Other provisions, current | 16 | 1,129,934 | 1,072,108 |
| Tax liabilities, current | 10 | 1,840,847 | 1,832,145 |
| Other non-financial liabilities, current |  | 2,310,929 | 1,888,385 |
| Provisions for employee benefits, current | 17 | 1,472,344 | 2,105,527 |
| **Total Current Liabilities** |  | **89,777,356** | **56,402,525** |
|  |  |  |  |
| **NON-CURRENT LIABILITIES** |  |  |  |
| Other financial liabilities, non-current | 14 | 121,117,513 | 120,582,372 |
| Trade accounts and other accounts payable, non-current | 15 | 47,034 | 190,289 |
| Deferred tax liabilities | 10 | 35,016,808 | 31,988,783 |
| Other non-financial liabilities, non-current | 18 | 35,579,842 | 34,664,790 |
| Other provisions, non-current | 19 | 1,080,187 | 1,023,324 |
| Provisions for employee benefits, non-current | 17 | 2,589,651 | 2,439,890 |
| **Total Non-Current Liabilities** |  | **195,431,035** | **190,889,448** |
| **TOTAL LIABILITIES** |  | **285,208,391** | **247,291,973** |
|  |  |  |  |
| **EQUITY** |  |  |  |
| Issued capital | 20 | 129,242,454 | 129,242,454 |
| Other reserves | 20 | (4,676,377) | (8,404,483) |
| Accumulated earnings (losses) | 20 | 24,649,565 | 21,207,590 |
| **Equity attributable to the owners of the controller** |  | **149,215,642** | **142,045,561** |
| Non-controlling interests | 20 | 2,007,351 | 1,331,697 |
| **Total Equity** |  | **151,222,993** | **143,377,258** |
| **Total Equity and Liabilities** |  | **436,431,384** | **390,669,231** |

Notes 1 to 31 form an integral part of the consolidated financial statements of Empresas Lipigas S.A. and subsidiaries.

**INTERIM CONSOLIDATED INCOME STATEMENT BY FUNCTION**

**As of September 30, 2018 and September 30, 2017**

**(in 000’s CLP)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **STATEMENT OF INCOME BY FUNCTION** | **Note** | **09.30.2018** | **09.30.2017** | **07.01.2018 through 09.30.2018** | **07.01.2017 through 09.30.2017** |
| **Th$** | **Th$** | **Th$** | **Th$** |
| Revenue | 21 | 387,573,699 | 354,114,425 | 149,930,323 | 130,209,481 |
| Cost of sales | 22 | (270,219,662) | (234,321,762) | (104,997,269) | (84,683,691) |
| **Gross Earnings** |  | **117,354,037** | **119,792,663** | **44,933,054** | **45,525,790** |
| Other income by function | 21 | 204,671 | 173,709 | 79,915 | 69,182 |
| Other expenses by function | 22 | (18,569,935) | (17,959,118) | (6,838,255) | (6,646,945) |
| Distribution costs | 22 | (29,366,810) | (27,909,419) | (11,082,869) | (10,128,046) |
| Administrative expenses | 22 | (21,322,462) | (21,551,292) | (7,491,054) | (7,277,128) |
| Financial costs | 23 | (4,704,027) | (4,175,500) | (1,656,424) | (1,417,020) |
| Financial income | 23 | 1,204,189 | 772,935 | 276,862 | 222,395 |
| Exchange rate differential | 23 | 34,879 | 31,140 | (19,543) | 78,261 |
| Profit (loss) on indexation units | 23 | (2,384,474) | (1,352,455) | (822,526) | 42,081 |
| Other gains (losses) | 23 | 608,561 | 429,342 | (275,722) | 358,334 |
| **Earnings (loss) before taxes** |  | **43,058,629** | **48,252,005** | **17,103,438** | **20,826,904** |
| Income tax expense | 10 | (12,537,715) | (12,945,845) | (4,829,421) | (5,584,470) |
| **Profit (loss)** |  | **30,520,914** | **35,306,160** | **12,274,017** | **15,242,434** |
|  |  |  |  |  |  |
| **Earnings (loss) attributable to:** |  |  |  |  |  |
| Profit (loss) attributable to the owners of the controller |  | 30,445,099 | 35,232,805 | 12,251,270 | 15,216,519 |
| Profit (loss) attributable to non-controlling interests | 20 | 75,815 | 73,355 | 22,747 | 25,915 |
| **Profit (loss)** |  | **30,520,914** | **35,306,160** | **12,274,017** | **15,242,434** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Earnings per basic share** |  |  |  |  |  |
| Earnings (loss) per basic share in continued operations | 20 | 268.06 | 310.22 | 107.87 | 133.98 |
| Earnings (loss) per basic share in discontinued operations |  | - | - | - | - |
| **Earnings (loss) per basic share** |  | **268.06** | **310.22** | **107.87** | **133.98** |
|  |  |  |  |  |  |
| **Earnings per diluted share** |  |  |  |  |  |
| Earnings (loss) per diluted share in continued operations | 20 | 268.06 | 310.22 | 107.87 | 133.98 |
| Earnings (loss) per diluted share in discontinued operations |  | - | - | - | - |
| **Earnings (loss) per diluted share** |  | **268.06** | **310.22** | **107.87** | **133.98** |

Notes 1 to 31 form an integral part of the consolidated financial statements of Empresas Lipigas S.A. and subsidiaries.

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**As of September 30, 2018 and September 30, 2017**

**(in 000’s CLP)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **STATEMENT OF COMPREHENSIVE INCOME** | **Note** | **01.01.2018**  **through** | **01.01.2017**  **through** | **07.01.2018 through** | **07.01.2017 through** |
| **09.30.2018** | **09.30.2017** | **09.30.2018** | **09.30.2017** |
| **Th$** | **Th$** | **Th$** | **Th$** |
|  |  |  |  |  |  |
| **Profit (loss)** |  | **30,520,914** | **35,306,160** | **12,274,017** | **15,242,434** |
|  |  |  |  |  |  |
| **Components of Other Comprehensive Income, before taxes** |  |  |  |  |  |
| **Translation of exchange differentials, actuarial gain (loss) and cash flow hedges** |  |  |  |  |  |
| Profit (loss) from translation exchange differentials, before taxes |  | 3,716,541 | (135,756) | 324,696 | (774,595) |
| Other comprehensive income, actuarial profit (loss) from defined benefit plans |  | (60,311) | (290,253) | (23,511) | 44,568 |
| Profit (loss) from cash flow hedges, before taxes |  | 76,153 | 210,637 | (56,276) | (205,757) |
| **Other comprehensive income, before taxes** |  | **3,732,383** | **(215,372)** | **244,909** | **(935,784)** |
|  |  |  |  |  |  |
| **Income tax on components of other comprehensive income** | 10.4 | **(4,277)** | **30,975** | **21,543** | **34,262** |
| **Total comprehensive income** |  | **34,249,020** | **35,121,763** | **12,540,469** | **14,340,912** |
|  |  |  |  |  |  |
| Comprehensive income attributable to owners of the controller |  | 34,173,205 | 35,048,408 | 12,517,722 | 14,314,997 |
| Comprehensive income attributable to non-controlling interests |  | 75,815 | 73,355 | 22,747 | 25,915 |
| **Total comprehensive income** |  | **34,249,020** | **35,121,763** | **12,540,469** | **14,340,912** |

Notes 1 to 31 form an integral part of the consolidated financial statements of Empresas Lipigas S.A. and subsidiaries.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the periods ended September 30, 2018 and 2017**

**(in 000’s CLP)**

**Year 2018**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Statement of Changes in Equity** | | | **Issued Capital  Th$** | **Reserves for translation of exchange differentials Th$** | **Reserves for cash flow hedges Th$** | **Reserves for gains and losses on defined benefit plans Th$** | **Total Other reserves M$** | **Accumulated Gains (Losses)**  **Th$** | **Equity** | | |
| **Equity attributable to owners of the controllers**  **Th$** | **Non-controlling interests  Th$** | **Total equity   Th$** |
|
| **Equity at January 1, 2018** | | | **129,242,454** | **(8,077,826)** | **(148,240)** | **(178,417)** | **(8,404,483)** | **21,207,590** | **142,045,561** | **1,331,697** | **143,377,258** |
| **Increase (decrease) by adoption IFRS 9** | | | **-** | **-** | **-** | **-** | **-** | (97,515) | (97,515) | - | (97,515) |
| **Equity at January 1, 2018** | | | **129,242,454** | **(8,077,826)** | **(148,240)** | **(178,417)** | **(8,404,483)** | **21,110,075** | **141,948,046** | **1,331,697** | **143,279,743** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Changes in equity** | | |  |  |  |  |  |  |  |  |  |
| **Comprehensive income** | | |  |  |  |  |  |  |  |  |  |
|  | Gain (loss) | | **-** | **-** | **-** | **-** | **-** | 30,445,099 | 30,445,099 | 75,815 | 30,520,914 |
| Other comprehensive income | | **-** | 3,716,541 | 55,592 | (44,027) | 3,728,106 | **-** | 3,728,106 | - | 3,728,106 |
| **Total comprehensive income** | | **-** | **3,716,541** | **55,592** | **(44,027)** | **3,728,106** | **30,445,099** | **34,173,205** | **75,815** | **34,249,020** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Dividends | | | **-** | **-** | **-** | - | - | (26,905,815) | (26,905,815) | (173,183) | (27,078,998) |
| Increase (decrease) for ownership change in subsidiaries not implying loss of control | | | - | **-** | - | - | - | - | - | 773,022 | 773,022 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Total increase (decrease) in equity** | | | **-** | **3,716,541** | **55,592** | **(44,027)** | **3,728,106** | **3,539,284** | **7,267,390** | **675,654** | **7,943,044** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Equity at September 30, 2018** | | | **129,242,454** | **(4,361,285)** | **(92,648)** | **(222,444)** | **(4,676,377)** | **24,649,565** | **149,215,642** | **2,007,351** | **151,222,993** |

Notes 1 to 31 form an integral part of the consolidated financial statements of Empresas Lipigas S.A. and subsidiaries.

**CONSOLIDATED   STATEMENT OF CHANGES IN EQUITY**

**For the periods ended September 30, 2018 and 2017**

**(in 000’s CLP)**

**Year 2017**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Statement of changes in equity** | | | **Issued Capital Th$** | **Reserves for translation of exchange differentials Th$** | **Reserves for cash flow hedges Th$** | **Reserves for gains and losses on defined benefit plans Th$** | **Total Other Reserves Th$** | **Accumulated Gains (Losses)**  **Th$** | **Equity** | | |
| **Equity attributable to owners of the controllers Th$** | **Non-controlling interests Th$** | **Total equity  Th$** |
|
| **Equity at September 1, 2017** | | | **129,242,454** | **(3,544,232)** | **(654,062)** | **28,412** | **(4,169,882)** | **10,907,198** | **135,979,770** | **1,228,466** | **137,208,236** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Changes in Equity** | | |  |  |  |  |  |  |  |  |  |
| **Comprehensive income** | | |  |  |  |  |  |  |  |  |  |
|  | Gain (loss) | | **-** | **-** | **-** | **-** | - | 35,232,805 | 35,232,805 | 73,355 | 35.306.160 |
| Other comprehensive income | | **-** | (135,756) | 163,244 | (211,885) | (184,397) |  | (184,397) | - | (184.397) |
| **Total comprehensive income** | | **-** | **(135,756)** | **163,244** | **(211,885)** | **(184,397)** | **35,232,805** | **35,048,408** | **73,355** | **35.121.763** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Dividends | | | - | - | - | - | - | (25,213,543) | (25,213,543) | - | (25,213,543) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Total increase (decrease) in equity** | | | **-** | **(135,756)** | **163,244** | **(211,885)** | **(184,397)** | **10,019,262** | **9,834,865** | **73,355** | **9,908,220** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Equity at September 30, 2017** | | | **129,242,454** | **(3,679,988)** | **(490,818)** | **(183,473)** | **(4,354,279)** | **20,926,460** | **145,814,635** | **1,301,821** | **147,116,456** |

Notes 1 to 31 form an integral part of the consolidated financial statements of Empresas Lipigas S.A. and subsidiaries.

**INTERIM CONSOLIDATED STATEMENT OF DIRECT CASH FLOWS**

**As of September 30, 2018 and September 30, 2017**

**(in 000’s CLP)**

|  |  |  |  |
| --- | --- | --- | --- |
| **STATEMENT OF DIRECT CASH FLOW** | **Note** | **01.01.2018**  **through** | **01.01.2017**  **through** |
| **09.30.2018** | **09.30.2017** |
| **Th$** | **Th$** |
|  |  |  |  |
| **Cash flow from (used in) operating activities** |  |  |  |
| **Type of collection by operating activity** |  |  |  |
| Collection from the sale of goods and services rendered |  | 370,648,824 | 344,255,059 |
| Other collections (payments) from operating activities |  | (50,525) | 737,789 |
| **Type of payment** |  |  |  |
| Payments to suppliers for goods and services |  | (220,105,778) | (193,592,919) |
| Payments to and on behalf of employees |  | (27,397,473) | (26,103,909) |
| Other payments for operating activities |  | (63,781,326) | (56,686,977) |
| Income taxes refunded (paid) |  | (12,124,562) | (10,742,916) |
| Other cash receipts (payments) |  | 848,101 | 504,807 |
| **Net cash flow from operating activities** |  | **48,037,261** | **58,370,934** |
|  |  |  |  |
| **Cash flow from (used in) investing activities** |  |  |  |
| Cash flows used in obtaining control of subsidiaries or other businesses |  | (650) | (1,405,853) |
| Revenue from sales of property, plant and equipment |  | 550,414 | 100,660 |
| Purchases of intangible assets |  | (3,262,021) | (1,063,402) |
| Purchases of property, plant and equipment |  | (34,124,393) | (30,420,918) |
| Proceeds (payments) from other long-term assets |  | (566,492) | 36,526 |
| **Net cash flow used in investing activities** |  | **(37,403,142)** | **(32,752,987)** |
|  |  |  |  |
| **Cash flows from (used in) financing activities** |  |  |  |
| Proceeds from issuance of shares |  | - | - |
| Proceeds from long-term loans |  | 172,471 | - |
| Proceeds from short-term loans |  | 42,479,747 | 4,446,488 |
| **Total loan proceeds** |  | **42,652,218** | **4,446,488** |
|  |  |  |  |
| Payment of loans |  | (13,050,462) | (4,718,639) |
| Payment of financial lease liabilities |  | (1,561,495) | (1,510,412) |
| Interest paid |  | (4,607,111) | (4,688,257) |
| Dividends paid |  | (26,905,815) | (25,213,543) |
| **Net cash flows from (used in) financing activities** |  | **(3,472,665)** | **(31,684,363)** |
|  |  |  |  |
| **Net increase (decrease) in cash and cash equivalent before the effect of changes in the exchange rate** |  | **7,161,454** | **(6,066,416)** |
|  |
| Effects of exchange rate variations on cash and cash equivalent |  | (55,437) | (29,707) |
| **Net increase (decrease) in cash and cash equivalent** |  | **7,106,017** | **(6,096,123)** |
|  |
| Cash and cash equivalent at the beginning of the period |  | 6,929,613 | 18,121,977 |
| **Cash and cash equivalent at the end of the period** |  | **14,035,630** | **12,025,854** |

Notes 1 to 31 form an integral part of the consolidated financial statements of Empresas Lipigas S.A. and subsidiaries.

**EMPRESAS LIPIGAS S.A.**

**Notes to the interim consolidated financial statements as of September 30, 2018**

# **General information on the Company**

Empresas Lipigas S.A. (hereinafter the "Company") and its subsidiaries comprise the Lipigas Group (hereinafter the "Group"). Empresas Lipigas S.A. is an open stock corporation, and its registered office is located at Apoquindo 5400, 15th floor, in the municipality of Las Condes, Santiago, Chile

Inversiones El Espino S.A., a privately held company, was incorporated by public deed dated August 9, 2000. Subsequently, it was agreed by public deed dated October 31, 2000, to amend the corporate name from Inversiones El Espino S.A. to Empresas Lipigas S.A.

The Company’s corporate purpose is, among others, the purchase, importation, storage, commercialization, distribution, sale, export and transport of liquefied petroleum gas (LPG) and all types of liquid or gaseous fuels and the provision of services to third parties related to such activities; acquire, sell and distribute all kinds of household appliances, facilities for industries and businesses and for automotive and their spare parts and provide technical services and execute works or installations to any user linked to the use of the energy and its complementary services and the generation or production of electric energy or other energy in any of its forms or nature and the commercialization, operation, sale, supply and distribution of such types of energy.

The Company was registered in Chile’s securities issuers’ registry of the Superintendence of Securities and Insurance (SVS), currently the Financial Market Commission (CMF - *Comisión para el Mercado Financiero*) on February 4, 2015.

The Company obtained from Chile’s Superintendence of Securities and Insurance (currently the Financial Market Commission), the registration of its shares in the securities issuers registry of said entity on October 21, 2015.

The Company’s shares began trading on the Santiago Stock Exchange (*Bolsa de Comercio de Santiago*) on November 24, 2017.

The Company’s Board of Directors authorized the issuance of these interim consolidated financial statements for the period ended September 30, 2018 on November 21, 2018.

# **Summary of Main Accounting Policies**

Described below are the main accounting policies used in preparing the consolidated financial statements. These policies have been designed based on the International Financial Reporting Standards prevailing as of September 30, 2018 and they have been applied uniformly to the periods presented in these interim consolidated financial statements.

## 2.1 Bases for preparation of the consolidated financial statements

These interim consolidated financial statements of the Company correspond to the period ended September 30, 2018 and have been prepared according to International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The previously mentioned standards have been applied uniformly to the periods presented. IFRS include International Accounting Standards (IAS) and interpretations by the respective Interpretations

Committees (SIC and IFRIC) issued by IASB.

The preparation of the financial statements as described above requires that certain estimations and accounting standards be used. It also requires Management to exercise judgment in the application of the Company's accounting policies. Note 2.31 discloses the areas that imply a greater degree of judgment or complexity or the areas where the assumptions and estimations are material.

There were no uncertainties as of the date of these interim consolidated financial statements regarding events or conditions that may contribute doubt about the possibility that the Company will continue to normally operate as an ongoing business.

The interim consolidated financial statements have been presented using the historic cost criteria, except for certain financial instruments, which are disclosed at their fair value.

**2.2 Changes in accounting policies**

The accounting policies described in these Interim Consolidated Financial Statements as of September 30, 2018, reflect the amendments performed pursuant to IFRS 9 and IFRS 15 effective January 1, 2018.

The Company has assessed the impacts of IFRS 9, including the determination of gaps between classification and measurement criteria of financial instruments regarding currently used criteria, and has determined the impact of going from an expected loss model in determining impairment of its financial liabilities. Based on the assessment, the Company has determined that there are no significant changes that impact the classification and measurement of its financial assets resulting from the application of IFRS 9.

Regarding the new impairment model, the standard requires to recognize impairment losses based on expected credit loss (ECL) instead of only credit losses incurred pursuant to IAS 39.

Mandatory adoption of this new standard is January 1, 2018. The Company applies this standard prospectively, using practical methods allowed by the standard and given that there are no significant effects, comparative balances for the 2017 fiscal year will not be restated.

Regarding IFRS 15, the basic principle is that an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To recognize revenue under IFRS 15, an entity applies the following five steps:

* Step 1 - Identify the contract(s) with a customer.
* Step 2 - Identify the performance obligations in the contract.
* Step 3 - Determine the transaction price.
* Step 4 - Allocate the transaction price to each performance obligation
* Step 5 - Recognize revenue when (or to the extent) a performance obligation is satisfied

The Company has performed an assessment of the 5 steps outlined above and no new performance obligations have been identified or are they different from those already presented in the interim consolidated financial statements and it has also determined that there are no changes in recognizing revenue, since revenue is recorded to the extent that the economic benefits are likely to flow to the Company and can be reliably measured at determined prices and at the fair value of economic benefits received or receivable, once the performance obligation has been satisfied. Said revenue is presented net of value added tax, specific taxes, returns and discounts.

The adoption date of this new standard is mandatory beginning January 1, 2018. The Company applies this standard prospectively, using allowed practical resources.

## 2.3 Currency of presentation and functional currency

These interim consolidated financial statements are presented in thousands of Chilean pesos (Th$) as it is the functional currency of the main economic environment in which the Company does business.

Each entity in the Group has determined its own functional currency according to the requirements of IAS 21 “*The Effects of Changes in Foreign Exchange Rates”*, and the items included in each entity's financial statements are measured using that functional currency.

## 2.4 Periods covered by the financial statements

The interim consolidated financial statements include the classified consolidated statement of financial position for the period ended September 30, 2018 and the fiscal year ended December 31, 2017; the consolidated statement of income by function, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of direct cash flows for the periods ended September 30, 2018 and 2017.

## 2.5 New rulings, amendments, improvements and accounting interpretations (IFRS and Interpretations of the IFRIC)

Improvements, amendments and interpretations to existing standards that have entered into force during the period September 30, 2018, have been published as of the date of issuance of these interim consolidated financial statements and have been adopted by the Company. These became mandatory as of the dates indicated below:

1. First-time mandatory application of standards, interpretations and amendments for the fiscal years beginning January 1, 2018.

| **Standards and Interpretations** | **Mandatory for fiscal years**  **beginning on:** |
| --- | --- |
| IFRS 9 “Financial Instruments.” Published in July 2014. The IASB has published the full version of IFRS 9, which supersedes IAS 39 implementation guidance. This final version includes requirements on the classification and measurement of financial assets and liabilities and an expected credit loss model that replaces the actual model on incurred loss impairment. The part on hedge accounting contained in this final version of IFRS 9 had already been published in November 2013. | January 1, 2018 |
| IFRS 15 “Revenue from Contracts with Customers.” Published in May 2014. It sets down the principles to be followed by an entity in presenting useful information to the users of financial statements on the nature, amount, timing and uncertainty of income and cash flows from contracts with customers. The basic principle is that an entity will recognize income from the transfer of goods or services promised to customers that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It supersedes 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. | January 1, 2018 |
| IFRIC 22 "Foreign Currency Transactions and Advance Consideration". Published in December 2016. This interpretation applies to a transaction in foreign currency (or part of it) when an entity recognizes a non-financial asset or a non-financial liability arising from the payment or collection of an advance consideration before the recognition of the related asset, expense or income (or the corresponding part). The interpretation provides guidance regarding the date of a transaction (payment/collection), and also for multiple transactions. The purpose of this interpretation is that of reducing diversity in practice. | January 1, 2018 |
| Amendment to IFRS 2 "Share-based payments". Published in June 2016. The amendment clarifies the measurement of cash-settled share-based payments and accounting for amendments that change such payments to equity-settled. In addition, it introduces an exception to the principles of IFRS 2 that will require treatment of premiums as if it were entirely equity-settled, when the employer is required to withhold the tax related to share-based payments. | January 1, 2018 |
| Amendment to IFRS 15 “Revenue from Contracts with Customers”. Published in April 2016. The amendment clarifies guidance on identifying performance obligations in contracts with customers, intellectual property licensing and assessing principal versus agent considerations (gross versus net presentation of income). It includes new and amended illustrative examples as guidance, as well as practical examples regarding the transition to the new standard on revenue. | January 1, 2018 |
| Amendment to IFRS 4 “Insurance Contracts”, when applying IFRS 9 “Financial Instruments”. Published in September 2016. The amendment provides two options for entities that issue insurance contracts within the scope of IFRS 4: (1) the overlay approach, giving all entities that issue insurance contracts the option to reclassify, from profit or loss to other comprehensive income, the volatility that could arise from applying IFRS 9 before the new insurance contract standard, and (2)  An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is insurance related, to optionally apply a temporary exemption to IFRS 9 until the year 2021, continuing until then with the application of IAS 39. | January 1, 2018 |
| Amendment to IAS 40 “Investment Property”, regarding the transfer of investment properties. Published in December 2016. The amendment clarifies that a change of use must exist for the transfer to or from investment properties. There must be an assessment (sustained on evidence) that the property complies with the definition, in order to conclude that a property has changed its use. | January 1, 2018 |
| Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards”, related to the deletion of short-term exemptions for first-time adopters in regard to IFRS 7, IAS 19 and IFRS 10. Published in December 2016. | January 1, 2018 |
| Amendment to IAS 28 “Investments in Associates and Joint Ventures”, regarding the measurement at fair value of the associate or joint venture. Published in December 2016. | January 1, 2018 |

Adoption of the above Standards, Amendments and Interpretations do not have a material impact on the Company’s interim consolidated financial statements.

1. Standards, interpretations and amendments issued but not in effect, for the fiscal year beginning January 1, 2018 that have not been adopted early.

| **Standards and Interpretations** | **Mandatory for fiscal years**  **beginning on or after:** |
| --- | --- |
| IFRS 16 “Leases” – Published in January 2016, establishes the principle for recognizing, measuring, presenting and disclosing leases. IFRS 16 replaces current IAS 17, and introduces a single accounting model for the lessee, requiring the lessee to record assets and liabilities of all lease agreements with a lease term of more than 12 months, unless the underlying asset has a low value. The purpose is to assure that lessees and lessors submit relevant information in a way that faithfully represents the transactions. This information sets the basis for users of the financial statements to evaluate the impact of the leases on the entity’s financial statements, financial performance and cash flows. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, early application is permitted for entities applying IFRS 15 on or before the initial application of IFRS 16. | January 1, 2019 |
| IFRS 17 “Insurance Contracts”. Published in May 2017, replaces current IFRS 4. IFRS 17 will mainly change accounting for all entities issuing insurance contracts and investment contracts with discretional participation. The standard applies to annual periods beginning on January 1, 2021, allowing early application provided IFRS 15 “Revenues from client contracts” and IFRS 9 “Financial Instruments” are applied. | January 1, 2021 |
| IFRIC 23 “Uncertain tax positions”. Published in June 2016. This interpretation clarifies how IAS 12 recognition and measurement requirements apply when there is uncertainty regarding tax treatments. | January 1, 2019 |
| Amendment to IFRS 9 “Financial Instruments”. Published in October 2017. The amendment allows more assets to be measured at amortized cost than the previous version of IFRS 9, particularly some prepaid financial assets with a negative compensation. Qualified assets included are some loans and debt securities, that otherwise would have been measured at fair value through profit or loss (FVTPL). In order to qualify at amortized cost, the negative compensation must be a “reasonable compensation for early termination of the contract.” | January 1, 2019 |
| Amendment to IAS 28 “Investments in associates and joint ventures”. Published in October 2017. This amendment clarifies that entities accounting long-term interests in an associate or joint venture-without applying the equity method-using IFRS 9. The Council has published an example illustrating how entities apply IFRS 9 and IAS 28 requirements to long term interests in an associate or joint venture. | January 1, 2019 |
| Amendment to IFRS 3 "Business Combinations" published in December 2017. The amendment clarifies that getting control of a company that is a joint operation, is a business combination that is achieved in stages. The acquirer must re-measure its previously held ownership in the joint operation at fair value on the date of acquisition. | January 1, 2019 |
| Amendment to IFRS 11 "Joint Agreements" published in December 2017. The amendment clarifies that the party obtaining joint control of a joint venture should not re-measure its previously held ownership in the joint operation. | January 1, 2019 |
| Amendment to IAS 12 "Income Taxes" published in December 2017. The amendment clarifies that the consequences of dividend income tax on financial instruments classified as equity must be recognized in accordance with the recognition of past transactions or events that generated distributable benefits. | January 1, 2019 |
| Amendment to IAS 23 "Loan Costs" published in December 2017. The amendment clarifies that if a specific loan remains pending after the qualified asset is ready for its intended use or sale, it becomes part of general loans. | January 1, 2019 |
| Amendment to IAS 19 "Employee Benefits" published in February 2018. The amendment requires that entities use up-to-date assumptions to determine the cost of the current service and the net interest for the remainder of the period after a change, reduction or liquidation of the plan; and recognize any reduction in a surplus under profits or losses as part of the cost of the past service, or a gain or loss in liquidation, even if that surplus was not previously recognized because it did not exceed the upper limit of the asset. | January 1, 2019 |
| Amendment to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Published in September 2014. This amendment addresses an inconsistency between the requirements of IFRS 10 and IAS 28 in the treatment of the sale or the contribution of goods between an investor and its associate or joint venture. The main consequence of the amendments is that a complete gain or loss is recognized when the transaction involves a business (in a subsidiary or not) and a partial a gain or loss when the transaction involves assets that do not constitute a business, even if these assets are in a subsidiary. | Undetermined |

The Company has not made early adoption of any of these standards. Company management is assessing the impacts of the adoption of the above Standards, Amendments and Interpretations will have on the Company's interim consolidated financial statements at the time of its first application, particularly IFRS 16.

The Company has analyzed the impact of the application of the standards that are mandatory for fiscal years beginning after January 1, 2018 as follows:

**IFRS 9 – Financial Instruments**

IFRS 9 deals with the classification, measurement and derecognition of financial assets and liabilities. The standard introduces new rules for hedge accounting, as well as establishing the application of an expected credit-loss model that replaces the current model of impairment of incurred losses.

The Company did not identify a significant impact on classification, measurement and disposal of financial assets and liabilities or a change in its hedge accounting strategies.

Regarding impairment of accounts receivable, the Company worked on a statistical model based on historical data, applying specific calculations for the different customer segments of each country where it has operations. The foregoing implies that this standard, in force since January 1, 2018, has the following impacts: an increase in the provision for impairment of current trade account debtors and other receivables in the amount of Th$ 134,199 as detailed in the note 7.1.2 and a decrease of the deferred tax liability in the amount of M$ 36,684 included in the movement chart of note 10.2. These adjustments implied a negative adjustment of accumulated results in the amount of M$ 97,515 which are reflected in the changes in equity statement.

**IFRS 15 – Revenue from Customer Contracts**

IFRS 15 provides guidance for the recognition of revenue from ordinary activities from customer contracts. The Company worked on the analysis of contracts with its clients in the different countries where it has operations, establishing that for Chile, Colombia and Peru .The impact of the adoption of this standard was not significant for the financial statements because the policy of recognizing revenue pursuant to the previous accounting principle does not substantially differ from the guidance of IFRS 15, regarding its business, except for the reclassification of certain costs incurred in contract compliance, that resulted eligible for capitalization pursuant to the new revenue standard.

The reclassification of costs that were eligible for capitalization correspond to costs required for the fulfillment of the contract for the installation of pipelines in customer facilities which, while still susceptible of being capitalized, prior to the implementation of this standard, they were categorized under IAS 16 as items of Property, plant and equipment, and they must now be reclassified to Other non-financial assets, non-current.

2.6 Basis for consolidation

### 2.6.1 Subsidiaries

Subsidiaries are all entities in which the Company has the power to direct the financial and operating policies, which is generally accompanied by an interest representing more than one-half of the voting rights. The evaluation of whether the Company controls another entity considers the existence and effect of potential voting rights that are currently possible to be exercised or converted. Subsidiaries are consolidated as of the date when control is obtained, and they are excluded from the consolidation on the date when control ceases.

The acquisition method is used to account for the acquisition of subsidiaries. The acquisition cost is the fair value of the assets delivered, of the equity instruments issued and of the liabilities incurred or assumed on the date of transfer. Identifiable assets acquired, and identifiable liabilities and contingencies assumed in a business combination are initially valued at the fair value on the date of acquisition, regardless of the scope of minority interests. Excess cost of the fair value of the Company’s interest in identifiable net assets acquired is recognized as goodwill. If the acquisition cost if less than the fair value of net assets in the subsidiary acquired, the differential is recognized directly in the consolidated statement of income by function.

The transactions, balances and unrealized gains in transactions between entities in the Group are eliminated in the consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment loss in the transferred asset. Accounting policies of subsidiaries are amended, whenever necessary, to ensure uniformity in the policies adopted by the Company.

### 2.6.2 Non-controlling transactions and interests

The Group’s policy is to consider transactions with non-controlling interests as if they were transactions with Company shareholders, disclosing such transactions as equity transactions with no impact on income, provided they do not correspond to a loss of control.

**2.7 Subsidiaries**

### 2.7.1 Directly consolidated entities

Subsidiaries included in the consolidation are itemized below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Company** | **Ownership Interest (%)** | |
| **09.30.2018** | **12.31.2017** |
| Chile | Norgas S.A. | 58.00 | 58.00 |
| Chile | Inversiones Lipigas Uno Ltda. | 100.00 | 100.00 |
| Chile | Inversiones Lipigas Dos Ltda. | 100.00 | 100.00 |
| Chile | Trading de Gas SpA. | 100.00 | 100.00 |
| Chile | Marquesa GLP SpA | 65.00 | - |

Assets, liabilities and equity of the subsidiary Norgas S.A. are itemized below:

|  |  |  |
| --- | --- | --- |
| **Summary Statement of Financial Position Norgas S.A** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| Current Assets | 801,098 | 928,262 |
| Non-current Assets | 2,613,891 | 2,721,708 |
| **Total Assets** | **3,414,989** | **3,649,970** |
| Current Liabilities | 80,184 | 117,778 |
| Non-current Liabilities | 360,410 | 361,486 |
| Equity | 2,974,395 | 3,170,706 |
| **Total Liabilities and Equity** | **3,414,989** | **3,649,970** |

Income and expenses of the subsidiary Norgas S.A. are itemized below:

|  |  |  |
| --- | --- | --- |
| **Summary Statement of Income  Norgas S.A** | **09.30.2018 Th$** | **09.30.2017**  **Th$** |
| Revenue | 633,385 | 669,422 |
| Cost of sales and expenses | (372,826) | (455,896) |
| Other income (expenses) | (44,529) | (38,869) |
| **Profit (loss)** | **216,030** | **174,657** |

Assets, liabilities and equity of the subsidiary Trading de Gas SpA are itemized below:

|  |  |  |
| --- | --- | --- |
| **Summary Statement of Financial Position Trading de Gas SpA** | **09.30.2018 Th$** | **12.31.2017**  **Th$** |
| Current Assets | 29,308,770 | 22,901,565 |
| Non-current Assets | 35,616,289 | 36,510,945 |
| **Total Assets** | **64,925,059** | **59,412,510** |
| Current Liabilities | 13,106,927 | 10,410,958 |
| Non-current Liabilities | 35,815,956 | 35,647,912 |
| Equity | 16,002,176 | 13,353,640 |
| **Total Liabilities and Equity** | **64,925,059** | **59,412,510** |

Income and expenses of the subsidiary Trading Gas SpA are itemized below:

| **Summary Statement of Income Trading de Gas SpA** | **09.30.2018 Th$** | **09.30.2017**  **Th$** |
| --- | --- | --- |
| Revenue | 112,787,464 | 103,198,910 |
| Cost of sales and expenses | (104,896,496) | (95,333,123) |
| Other income (expenses) | (3,244,811) | (2,894,557) |
| **Profit (loss)** | **4,646,157** | **4,971,230** |

Assets, liabilities and equity of the subsidiary Marquesa GLP SpA are itemized below:

|  |  |  |
| --- | --- | --- |
| **Summary Statement of Financial Position Marquesa GLP SpA** | **09.30.2018 Th$** | **12.31.2017**  **Th$** |
| Current Assets | 824,903 | - |
| Non-current Assets | 1,376,835 | - |
| **Total Assets** | **2,201,738** | **-** |
| Current Liabilities | 35,739 | - |
| Non-current Liabilities | - | - |
| Equity | 2,165,999 | - |
| **Total Liabilities and Equity** | **2,201,738** | **-** |

Income and expenses of the subsidiary Marquesa GLP SpA are itemized below:

| **Summary Statement of Income Marquesa GLP SpA** | **09.30.2018 Th$** | **09.30.2017**  **Th$** |
| --- | --- | --- |
| Revenue | - | - |
| Cost of sales and expenses | (47,331) | - |
| Other income (expenses) | 4,696 | - |
| **Profit (loss)** | **(42,635)** | **-** |

The subsidiaries Inversiones Lipigas Uno Limitada and Inversiones Lipigas Dos Limitada, present under assets and liabilities, mainly investments in Peru and Colombia, itemized in Note 2.7.2 below.

### 2.7.2 Indirectly consolidated entities

Indirect subsidiaries included in the consolidation are itemized below:

| **Country** | **Company** | **Ownership Interest (%)** | |
| --- | --- | --- | --- |
| **09.30.2018** | **12.31.2017** |
| Colombia | Chilco Distribuidora de Gas y Energía S.A.S. E.S.P. | 100.00 | 100.00 |
| Colombia | Chilco Metalmecánica S.A.S. | 100.00 | 100.00 |
| Colombia | Rednova S.A.S. E.S.P. | 100.00 | 100.00 |
| Peru | Lima Gas S.A. | 100.00 | 100.00 |
| Peru | Limagas Natural Perú S.A. | 100.00 | 100.00 |

Assets, liabilities and equity for the subsidiaries Chilco Distribuidora de Gas y Energía S.A.S. E.S.P., Chilco Metalmecánica S.A.S., and Rednova S.A.S. E.S.P. (total for Colombia) Lima Gas S.A. and Limagas Natural Perú S.A. (total for Peru) as of 09.30.2018 and 12.31.2017 are itemized below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Summary Consolidated Statements of Financial Position - Subsidiaries** | **09.30.2018 Th$ Colombia** | **12.31.2017 Th$ Colombia** | **09.30.2018 Th$ Peru** | **12.31.2017 Th$ Peru** |
| Current assets | 7,412,760 | 6,278,996 | 15,822,640 | 10,985,972 |
| Non-current assets | 42,023,347 | 38,084,663 | 61,840,434 | 56,152,709 |
| **Total assets** | **49,436,107** | **44,363,659** | **77,663,074** | **67,138,681** |
| Current liabilities | 6,715,337 | 5,011,262 | 19,008,418 | 14,765,350 |
| Non-current liabilities | 22,246,842 | 21,424,576 | 19,439,011 | 15,372,374 |
| Equity | 20,473,928 | 17,927,821 | 39,215,645 | 37,000,957 |
| **Total liabilities and equity** | **49,436,107** | **44,363,659** | **77,663,074** | **67,138,681** |

Income and expenses for the subsidiaries Chilco Distribuidora de Gas y Energía S.A.S. E.S.P., Chilco Metalmecánica S.A.S. and Rednova S.A.S. E.S.P (total for Colombia) Lima Gas S.A. and Limagas Natural Perú S.A. (total for Peru) as of 09.30.2018 and 09.30.2017 are itemized below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Summary Consolidated Statement**  **of Income - Subsidiaries** | **09.30.2018 Th$ Colombia** | **09.30.2017 Th$ Colombia** | **09.30.2018 Th$ Peru** | **09.30.2017 Th$ Peru** |
| Revenue | 35,366,938 | 32,066,049 | 62,629,128 | 67,446,187 |
| Cost of sales and expenses | (32,183,889) | (28,120,130) | (61,919,344) | (64,398,886) |
| Other income (expenses) | (1,495,829) | (1,795,856) | (557,816) | (1,720,405) |
| **Profit (loss)** | **1,687,220** | **2,150,063** | **151,968** | **1,326,896** |

### 

**2.7.3 Changes in the perimeter of consolidation**

During the period ended September 30, 2018 and the fiscal year ended December 31, 2017 the following variations occurred in the perimeter of consolidation of the Lipigas Group:

**Chile**

On January 26, 2018, Empresas Lipigas S.A. entered the ownership of the company Marquesa GLP SpA through the acquisition of 65% of the shares from its sole shareholder IMELSA S.A., which retains the remaining 35% of the shares.

**Colombia**

On January 6, 2017, the company Rednova S.A.S. E.S.P. is established for developing the distribution of network gas in Colombia.

## 2.8 Foreign Currency Translation

### 2.8.1 Functional and presentation currency

The items included in the interim consolidated financial statements of the Company and its subsidiaries are valued using the currency of the main economic environment in which the Company operates ("functional currency"). The functional and presentation currency of Empresas Lipigas S.A. and its subsidiaries Norgas S.A., Trading de Gas SpA, Inversiones Lipigas Uno Limitada and Inversiones Lipigas Dos Limitada is the Chilean peso; for its subsidiary Marquesa GLP SpA is the U.S. dollar, for its subsidiaries Chilco Distribuidora de Gas y Energía S.A.S. E.S.P., Chilco Metalmecánica S.A.S. and Rednova S.A.S. E.S.P., it is the Colombian peso; for Lima Gas S.A. and Limagas Natural Perú S.A. it is the Peruvian sol. For consolidation effects, the Company’s subsidiaries translated their financial statements to Chilean pesos, which is their presentation currency.

The income and financial position of all of the Company's subsidiaries (none of which uses a currency in a hyperinflationary economy) whose functional currency is different from the presentation currency are translated to the presentation currency in the following way:

* Assets and liabilities in each statement of financial position are translated using the closing exchange rate of each fiscal year or period.
* Income and expenses of each income account are translated using the accumulated average monthly exchange rates for the fiscal year or period (unless this average is not a fair approximation of the exchange rates on the transaction dates, in which case income and expenses are translated at the exchange rate prevailing on the transaction date).
* All translation differentials are recognized as a separate component of equity through Other Comprehensive Income.

**2.8.2 Transactions and balances**

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing on the dates of the respective transactions. Foreign currency losses and gains resulting from the settlement of these transactions and from the translation of foreign currency-denominated monetary assets and liabilities at the closing exchange rates are recognized as exchange differentials in the consolidated statement of income by function, unless they originate in cash and cash equivalent balances designated as foreign currency cash flow hedges, which are allocated to Other Comprehensive Income.

Foreign currency balances as of September 30, 2018 and December 31, 2017, respectively, are itemized in Note 26.

### 2.8.3 Exchange rates and indexation units

Assets and liabilities in foreign currency and those set in Unidades de Fomento are presented at the following exchange rates and closing values, respectively:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **CLP / USD** | **CLP / UF** | **CLP / COP** | **CLP / PEN** |
| **09.30.2018** | 660.42 | 27,357.45 | 0.22 | 200.22 |
| **12.31.2017** | 614.75 | 26,798.14 | 0.21 | 189.68 |

CLP : Chilean peso

UF : Unidad de Fomento

USD : U.S. dollar

COP : Colombian peso

PEN : New Peruvian sol

### 2.9 Financial information by operating segment

Information by segment is presented according to IFRS 8 *Operating Segments*, consistent with internal reports regularly reviewed by Company management used in the decision making process on allocating resources and performance evaluation of each of the operating segments.

According to IFRS 8, an operating segment is defined as a component of an entity that meets the following three requirements:

* It conducts an activity that generates income and incurs costs.
* There is separate financial information on said segment.
* The chief operating decision-maker regularly evaluates the segment’s performance.

The Company’s reporting segments correspond to the geographic scope of the countries where activities are developed: Chile, Colombia and Peru.

Note 25 of the interim consolidated financial statements provides detailed information.

## 2.10 Property, plant and equipment

### 2.10.1 Appraisal

Property, plant and equipment components held for use in operations or for administrative means are presented at cost, net of the corresponding accumulated depreciation and impairment losses, when relevant, including expenses directly attributable to the acquisition of the good.

Items of property, plant and equipment, are initially recognized at acquisition cost. The price of acquisition of goods and services, including the non-recoverable tax and customs charges are considered when determining the purchase price. Similarly, emplacement and start-up costs are included, until fit for operation.

On the date of transition to IFRS, the Company chose to present certain items in property, plant and equipment at fair value, using said value as the cost on the transition date pursuant to IFRS 1.

Work in progress is transferred to operating assets at the end of the test period once they are available for use. Depreciation begins as of that moment. Subsequent costs (replacement of components, improvements, extensions, growth, etc.) are included as an increase in the value of the initial asset or recognized as a separate asset only if it is likely that future economic benefits associated with the fixed asset will flow to the Company and the cost of the element can be reliably determined. The value of the substituted component is retired in the accounting. Remaining repairs and maintenance are debited to income in the fiscal year or period when they are performed.

### 2.10.2 Depreciation method

Asset depreciation is calculated using the straight-line method based on the estimated useful life of the goods, taking into account the residual value, whose average per item is:

| **Type of Property, Plant and Equipment** | **Useful Life** |
| --- | --- |
| **(Years)** |
| Buildings | 25/45 |
| - Constructions and buildings |
| Natural gas |  |
| * Networks | 60 |
| * Equipment | 10 |
| Storage tanks | 30/50 |
| Property, plant and equipment in third-party facilities | 16/50 |
| - Piping systems |
| - Meters |
| - Household tanks |
| Plant and equipment | 10/30 |
| - Machinery and equipment |
| - Cylinders |
| - Pallets  - Financial leases |
| Information Technology Equipment | 4/5 |
| Small motor vehicles | 5/10 |
| Other property, plant and equipment | 10/20 |
| - Transportation fleet |
| - Furniture and office equipment |
|  |

The residual value and useful life of assets are reviewed and adjusted, if necessary, at each financial statement closing, so that the remaining useful life is consistent with the economic use of the assets.

When the value of an asset exceeds its estimated recoverable amount, its value is immediately reduced to the recoverable amount by establishing impairment provisions.

Losses and gains on the sale or retirement of items of property, plant and equipment are calculated by comparing the income earned to the carrying value and the result (gain or loss) is included in the consolidated statement of income by function.

Interest expense incurred in building any asset that necessarily requires a substantial period before it is ready for its intended use, is capitalized during the period required to complete and prepare the asset for its intended use. Other interest expense is recorded in income (as financial costs).

Land is not depreciated because its useful life is indefinite.

**2.11 Intangible assets other than goodwill**

### 2.11.1 Computer software

Computer software licenses acquired are capitalized on the bases of the cost incurred in acquiring and preparing them to the specific program. These costs are amortized during their estimated useful life.

Expenses related to developing or maintaining computer software are recognized as an expense once they are incurred. The costs directly related to producing unique and identifiable computer software controlled by the Company, likely to generate economic benefits in excess of costs in more than one year are recognized as intangible assets. Direct costs include the expenses of personnel developing the computer software and an appropriate percentage of general expenses.

### 2.11.2 Customer-related intangible assets

Pursuant to IFRS 3, a company that acquires another company must recognize the identifiable assets acquired in a business combination separate from goodwill. An intangible asset will be distinguishable from goodwill if it meets either the separability criterion or the contractual-legal criterion.

The Company has recognized customer-related intangible assets as those assets acquired in business combinations. The value of the contracts with customers included in the combination has been calculated at the time of the combination and their fair value has been estimated based on forecasted sales and margins on those sales, to which a finite useful life has been assigned based on the duration of the business relationship with those customers. Amortization is calculated according to the useful life defined.

### 2.11.3 Trademarks

Trademarks acquired in a business combination are appraised at the fair value determined on the acquisition date.

The royalty savings method was used in order to calculate the value of the trademarks acquired in business combinations. The underlying premise of that method is that the intangible asset has a fair value equal to the actual savings on royalties attributable to that trademark (generated by savings earned by possessing the asset because no royalties have to be paid to a third party for use of a similar asset).

The useful life of the trademarks is set based on the Company’s intention to use it, if an indefinite use of them is foreseen, they will not be amortized.

### 2.11.4 Other intangible assets identified in business combinations

The Company has recognized as other intangible assets those that have been able to be identified in business combinations and which comply with the criterion of separability or contractual legality.

## 2.12 Goodwill

Goodwill represents the excess acquisition cost on the date of acquisition above the fair value of the interest held by the Company in the identifiable net assets of the subsidiary acquired. Goodwill in relation to subsidiary acquisitions is an intangible asset and it is accounted for in intangible assets.

Goodwill relating to the acquisition of associates is included in investments in associates accounted for by the equity method and it is tested for impairment together with the total balance for the associate. Separately recognized goodwill is tested for impairment annually and valued at its cost, less accumulated impairment losses.

The transaction cost includes the carrying value of the goodwill of an entity sold, recorded in the gains and losses on the sale of that entity.

Goodwill purchased is allocated to cash-generating units to conduct impairment testing. The distribution is made among the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that included goodwill.

Negative goodwill in the acquisition of an investment or business combination is credited directly to the consolidated statement of income by function.

## 2.13 Impairment of non-current assets

Assets that have an indefinite useful life and that are not subject to depreciation or amortization are tested annually for impairment losses. Depreciable or amortizable assets are tested for impairment provided an event or change in circumstances indicates that the carrying value might not be recoverable or annually in the case of goodwill. The impairment loss is recognized to be the excess carrying value of the asset as compared to its recoverable amount. The recoverable amount is the fair value of an asset less costs of sale or value in use, whichever is higher. Assets are grouped at the lowest level at which there is identifiable separate cash flows (cash-generating units) in order to evaluate impairment losses.

Impairment tests are performed based on the estimates of the evolution of the market in which the generating unit operates and on forecasts of revenues, costs, expenses, investments in property, plant and equipment and working capital needs based on the business plans of each unit. In order to find the recovery value of non-current assets subject to impairment tests, the resulting flows are discounted at a weighted rate of capital cost appropriate to the characteristics of the assessed business.

Goodwill recorded in the acquisition of the investments in Colombia and Peru is evaluated annually to determine whether there is any loss in value of this asset. An impairment provision is made, if there is evidence of a loss in value, which is recognized in income for the corresponding quarter or fiscal year.

## 

## 2.14 Financial instruments

A financial instrument is any contract that simultaneously creates both a financial asset in one entity and a financial liability or equity instrument in another entity.

The Company recognizes financial assets and financial liabilities at the time that it assumes the obligations or when it acquires the contractual rights of those financial assets and financial liabilities.

**2.14.1 Financial assets**

1. **Cash and cash equivalent**

Cash and cash equivalent include cash on hand and other short-term highly liquid investments originally expiring in three months or less.

1. **Trade and other accounts receivable**

Trade receivables are recognized at their nominal value since their average period for collection is short (generally no longer than 90 days) and there is no material differential in their fair value less the impairment loss provision. An impairment loss provision is established for trade receivables when there is impartial evidence that the Company will be unable to collect all sums owed it according to the original terms of accounts receivable.

When a receivable is considered uncollectible and collection efforts have been exhausted, the respective uncollectible account provision is written off. The subsequent recovery of previously written off amounts is recognized as a credit in the consolidated statement of income by function.

There is no implicit interest attributable to trade receivables and other accounts receivables when accounts expire in less than 90 days.

Loans and accounts receivable that include balances owed by distributors and other business customers are non-derivative financial assets for which there are fixed or determinable payments that are not traded on an active market. They are included in current assets unless the expiration date is longer than 12 months from the closing date of the consolidated financial statements, in which case they are classified as non-current assets.

1. **Other non-current financial assets**

The Company recognizes restricted availability funds under this item

**d) Other current financial assets**

This item includes derivative financial instruments that are appraised at their fair value, both at the beginning and subsequently. Accounting changes depend on the following classifications:

(i) Derivatives not qualifying for hedge accounting: When derivatives do not qualify for hedge accounting, they are recognized at their fair value with changes in profit or loss.

(ii) Derivatives qualifying for hedge accounting: Certain derivatives do qualify for hedge accounting and they are recognized at fair value in the consolidated statement of financial situation. Changes in fair value are recognized in other comprehensive income in the consolidated statement of comprehensive income and are accumulated in the cash flow hedge reserve account in equity until the hedge risk materializes. At that time, they are reclassified to income or to the cost of the asset whose acquisition has been hedged, as the case may be. Financial derivatives are contracted to hedge exchange rate risk and price variations under a cash flow hedging strategy according to IFRS 9.

The profit or loss realized in hedge accounting is reclassified, as other comprehensive income, to the hedged items that underlie the hedge (inventories, property, plant and equipment and other non-current non-financial assets). Unrealized profits or losses are kept in the cash flow hedge reserve account.

In this case “realize” means that the risk of the hedged item has occurred, i.e., the hedged asset is received, the advance and/or account payable in the hedged foreign currency is paid or there is a variation in the realizable value of the inventory.

The Company records the relationship between the hedging instruments and hedged items at the start of the transaction, together with the risk management objectives and the strategy to manage several hedge transactions. The Company also records, from the start and continuously, its evaluation of whether the derivatives used in the hedged transactions are highly effective in offsetting changes in the fair value or in the cash flows of the hedged items.

**e) Fair value hierarchies**

As of September 30, 2018 and December 31, 2017, the Company maintains liabilities related to derivative contracts, which were classified under other current financial liabilities and are recorded at fair value in the statement of financial position. The Company uses the following hierarchy to determine and disclose the fair value of financial instruments:

Level 1: the quoted prices in a market for identical assets and liabilities.

Level 2: assumptions other than quoted prices included in level 1 and that are observable for assets or liabilities, either directly or indirectly.

Level 3: assumptions for assets or liabilities that are not based on observable information directly in the market.

During the period ended September 30, 2018 derivative instruments were measured using hierarchy level 2 and short-term investments included under Cash and cash equivalent were measured using level 1.

**f) Impairment of financial assets**

The Company evaluates whether there is objective evidence on the closing date of the consolidated financial statements that a financial asset or group of financial assets may have suffered impairment losses.

### 2.14.2 Financial liabilities

1. **Other current and non-current financial liabilities**

Loans and similar financial liabilities are initially recognized at fair value, net of any costs incurred in the transaction. They are thereafter appraised at the amortized cost while any differential between the funds obtained (net of the cost required to obtain them) and the reimbursement amount is recognized in the consolidated statement of income by function during the life of the debt, using the effective interest rate method.

1. **Trade and other accounts payable**

Trade and other accounts payable are shown at their nominal value since the average term for payment is short and there is no significant differential compared to their fair value.

## 

## 2.15 Non-current assets classified as held for sale

The Company appraises non-current assets classified as held for sale at the lower of the carrying value and fair value less costs of sale, as indicated in IFRS 5.

## 2.16 Inventories

Inventories are appraised at their cost or net realizable value, whichever is lower. The cost is calculated using the average weighted price (AWP).

The cost of products includes costs that are necessary to give them their current status and location, in order for goods to be in a condition to be commercialized; not including interest costs.

## 2.17 Issued capital

Capital is represented by common shares in one single class and it is recorded at the value of the contributions made by the Company’s owners.

## 2.18 Income tax and deferred taxes

Income tax expense in the fiscal year or period includes the current income tax and deferred tax. Tax is shown in the consolidated statement of income by function unless the items are recognized directly in equity in the consolidated statement of comprehensive income or result from a business combination.

Current income tax debit is calculated based on tax laws governing on the date of the consolidated financial statements.

Deferred taxes are calculated, according to the balance sheet method, based on the differentials between the tax bases of assets and liabilities and their carrying value in the consolidated financial statements. However, no record is made if deferred taxes arise from the initial recognition of a liability or asset in a transaction other than a business combination but there is no impact, at the time of the transaction, on either the carrying profit or loss or the financial profit or loss. A deferred tax is calculated according to regulations and the tax rates approved or about to be approved on the closing date of the consolidated financial statements that are expected to apply when the corresponding deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are shown when it is likely that there will be future tax benefits available that can be used to offset those differentials.

## 2.19 Provisions

Liabilities existing at the date of the consolidated financial statements, arising as a result of past events which may derive in a probable materialization of equity decreases for the Company, whose payment amount and timing are uncertain, are recorded as provisions in the consolidated statement of financial position for the current value of the most probable amount estimated that the Company will have to pay to settle the liability.

## 2.20 Employee benefit provisions, current

The Company recognizes expenses by provisioning for bonuses and profit-share. These amounts are recorded at their nominal value.

## 2.21 Employee benefit provisions, non-current

The Company has liabilities for severance indemnities under collective bargaining agreements and individual employment contracts.

Defined benefit plans stipulate the payment to be received by an employee at the estimated time of enjoyment of the benefit, which usually depends on one or more factors such as the employee’s age, turnover, years of employment and compensation.

The liability recognized in the consolidated statement of financial position is the present value of the defined benefit liability, calculated based on actuarial variables. The present value of the defined benefit liability is calculated by discounting the estimated outgoing cash flows using a market interest rate denominated in the same currency as the currency in which the benefits will be paid. The term approximates the term of the severance indemnity obligation until maturity.

The costs of past services are recognized immediately in income. Actuarial gains and losses are recognized immediately in the statement of financial position as a debit or credit to other comprehensive income in the fiscal year or period in which they occur.

The present value of severance indemnity obligations is calculated by discounting estimated future flows using adjustable interest rates in UF on premium corporate bonds (or government bonds) denominated in the currency in which the benefits were paid, a rate differential based on top line companies’ risk rating, rated AA+ or more and considering the maturity terms of the obligations.

The rates applied in the valuation of those obligations for the period ended September 30, 2018 and the fiscal year ended December 31, 2017 are rates established above the variation of the UF (Unidad de Fomento) for the term of the obligation, resulting in annual rates of 2.14% and 2.47% for the mentioned closing dates, respectively.

## 2.22 Cylinder and tank guarantees

As part of the distribution and sale of LPG system, the Company and two of its subsidiaries receive cash deposits, in exchange for the delivery to clients of cylinders and tanks for storage of liquefied gas, as guaranty for the return of those containers and tanks. Customers have the right to request that this money be reimbursed provided they return the cylinder or tank in good condition, together with supporting documents.

The Company follows IAS 37 - Provisions, Contingent Liabilities and Contingent Assets in appraising this liability, provided the conditions in that standard are met (please also see Note 2.30.4):

1. the Company has a present obligation (legal or implicit) resulting from a past event;
2. it is probable (that is, it is more likely than not) that the Company will have to dispose of revenue-generating resources in order to pay the obligation; and
3. also, the amount of the corresponding debt can be reliably estimated. The standard emphasizes that a debt will not be reliably estimable in extremely rare cases only.

This obligation is shown under non-current liabilities at the present value of the disbursements that are expected to have to be made to pay that liability, discounted at the market interest rate and denominated in the same currency in which the obligation will be paid over a term that approximates the term of the obligations, estimating a maximum period of reimbursement of the guarantee of 40 years.

In the case of Colombia, due to the recent enactment of the brand cylinder regulations, Management believes that there is insufficient information to use the IAS 37 discounting model, which is why the obligation is recorded at its nominal value within non-current liabilities.

Government bonds from each country with maturities equivalent to those of the obligations to be discounted are used to calculate the discount rate.

Discount rates for the period ended September 30, 2018 and the fiscal year ended December 31, 2017, respectively are: 5.15% and 5.20% annual for Chile; and 6.85% and 6.83% annual for Peru.

## 2.23 Classification of balances as current and non-current

Balances are classified in the consolidated statement of financial position by maturity. Balances expiring in 12 months or less from the closing date of the consolidated financial statements are classified as current and those exceeding that expiration are classified as non-current.

Any obligations expiring in less than 12 months but whose long-term refinancing is assured are reclassified as non-current at the Company’s discretion.

## 2.24 Recognition of income

Revenue includes the fair value of the payments received or receivable for the sale of goods and services in the ordinary course of the Company’s business, operating mainly in the commercialization of LPG and NG and a smaller percentage comes from other income related to the principal activity. Revenue is shown net of sales tax, reimbursements, refunds and discounts.

The Company recognizes income when it can be valued reliably, it is likely that the future economic benefits will flow to the entity, control is transferred, and the specific conditions are met for each of the Company’s activities as described below.

**Sales of gas**

Sales of gas are recorded based on the effective billing of the consumer period, in addition to including an estimate of gas to be invoiced that has been supplied until the closing date of the period in the case of customers who are billed monthly based on the consumption recorded on a meter.

**Sales of other goods and services**

Sales of other goods and services are recognized when the Company has delivered the products or customer service and there is no obligation pending fulfillment that may affect the acceptance by the customer of such goods or services. Delivery does not occur until the products have been sent to the actual location, the services have been executed, the risks of obsolescence and loss have been transferred to the customer, the customer has accepted the products or services under the sales agreement, and the acceptance period has ended, or when the Company has objective evidence that the criteria necessary for acceptance have been fulfilled, evidencing that control has been transferred to the customer.

Sales are recognized according to the price fixed in the sales agreement, net of volume discounts and returns estimated as of the date of the sale. It is assumed that there is no implicit financial component, since sales are carried out with a reduced average collection time.

**Interest income**

Interest income is recognized according to the effective interest rate method.

## 2.25 Leases

**Financial leases**

The Company leases certain property, plant and equipment. Leases are classified as financial leases when the Company assumes substantially all the risks and benefits inherent to the property. Financial leases are capitalized at the start of the lease at the fair value of the property or asset leased or at the present value of the minimum payments under the lease, whichever is lower.

Each lease payment is distributed among liabilities and finance charges to obtain a constant interest rate on the outstanding balance of the debt. Lease debt net of finance charges is included in Other financial liabilities. The interest element in the financial cost is charged to the consolidated statement of income by function during the lease period so that there is a constant periodic interest rate on the remaining balance of the liability for each fiscal year or period. The asset acquired under a financial lease is depreciated during its useful life or the duration of the lease, if it is estimated that the Company will not acquire the good.

**Operating leases**

The Company recognizes an operating lease when substantially no risks and advantages inherent to the ownership of the leased property have been transferred.

## 2.26 Dividend distribution

Dividends payable to the Company’s shareholders are recorded at the liability in the consolidated financial statements in the fiscal year or period when they are declared and approved by the Board or by the Company’s shareholders.

Pursuant to its bylaws, the Company shall distribute at least 50% of net profits from each fiscal year. In the event that a lower percentage is to be distributed, an agreement by the respective Shareholders’ Meeting is required, passed unanimously by voting shares.

Interim, final and eventual dividends are recorded as a reduction in “Total Equity” at the time of approval by the competent body, which is usually the Board of Directors, in the first case, while the Shareholders’ Meeting, is responsible for approving final and eventual dividends.

## 2.27 Earnings per share

Basic earnings (loss) per share are calculated as the quotient between net earnings (loss) attributable to the shareholders of the Company in the fiscal year or period and the weighted average number of common shares in the Company in circulation in that period, excluding the mean number of shares in the Company held by an associate, if any. The Company and its associates have not performed any type of potentially diluting transaction that supposes a gain per diluted share other than the basic per-share profit.

## 2.28 Current prepayments

The Company records operating insurance payments and other expenses accruable in future periods within Other non-financial assets.

## 2.29 Current tax receivables

The Company records net income tax balances in its favor as current tax receivables.

## 2.30 Intercompany receivables and payables

The Company records trade accounts as intercompany receivables or payables and the sale of goods or services provided or received by the Company and dividends payable to its shareholders are accounted for as intercompany transactions.

## 2.31 Management estimates and judgments or critical standards

The Company makes estimations and judgments that have a direct impact on the figures in these financial statements, therefore, changes in assumptions and estimations may cause significant changes in such financial statements.

Estimations and judgments are continuously evaluated and are based on historic experience and other factors, including the expectation of future events believed to be reasonable under the circumstances and the information available at the time the consolidated financial statements are prepared. The most relevant are described below:

### 2.31.1 Uncollectible provision

A provision is made for impairment losses of trade accounts receivable based on the experience regarding the sales segment behavior and when it is estimated that there is evidence that the Company will not be able to collect all amounts owed to it pursuant to the original terms of the receivables. Some indicators of possible impairment of accounts receivable are financial difficulties of the debtor, the probability of the debtor initiating a bankruptcy process or financial reorganization and default or non-payment.

### 2.31.2 Calculation of depreciation, amortization and estimation of associated useful lives

The Company determines on technical grounds the estimated useful lives and the corresponding charges for depreciation and amortization of the items in property, plant and equipment and intangible assets. This estimation is based on the forecasted life cycles of the assets allocated to the operation and income-generation associated with the Company’s business. Management reviews the estimated useful lives of property, plant, equipment and intangibles at the close of each reported fiscal year.

### 2.31.3 Non-current employee benefit provisions

The Company has agreed with certain employees, indemnities at the end of the employee's employment relationship with the Company, as discussed in note 2.21. The amount of remuneration that an employee will receive at the estimated time of benefit is established based on defined benefit plans, which usually depends on one or more factors, such as the age of the employee, rotation, years of service, discount rate and compensation.

### 2.31.4 Provision for cylinder and tank guarantees

In May 2008, the IFRIC (International Financial Reporting Standards Interpretations Committee) issued a notice on its deliberations regarding the accounting of containers and bottles. The discussions sustained by IFRIC to answer questions contain concept guidance to analyze the accounting of deposits in guaranty for containers.

Those discussions resulted in two theoretical frameworks:

a) Deposits in guarantee are an obligation falling within the purview of IAS 37. Under this approach, there is an obligation to refund the guarantee to customers, but that obligation is subject to a degree of uncertainty as to the time and period of payment because it depends on the customer seeking a refund. Therefore, a record is made of the best estimation of the disbursement that would be required to settle the actual obligation.

b) Deposits in guarantee are a financial liability pursuant to IAS 32 - Financial Instruments: Presentation; and IAS 39 - Financial Instruments: Classification and Measurement. Under this approach, the obligation is considered a financial instrument and is therefore recorded at its fair value, which is, for demand deposits, the same as the amount that would be paid at the time it comes due.

For analysis purposes, guarantee refunds requested by customers totaled the following percentages, measured against the value at the start of the fiscal year or adjusted period, according to the regulations governing in each country:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Chile** | **Colombia** | **Peru** | **Total** |
| **2015** | 0.4% | 0.0% | 0.4% | **0.4%** |
| **2017** | 0.2% | 0.0% | 0.6% | **0.2%** |
| **2018 (as of 09.30.2018)** | 0.0% | 0.0% | 0.3% | **0.1%** |

The low percentage of refunds is due to many reasons, such as: the low individual amount of cylinder guarantees, the exchangeability of cylinders among companies in the industry (in the case of Chile and Peru), the continuity of the relationship with customers, etc.

Pursuant to IAS 8, absent any rule applying to a specific transaction, Management must exercise its best judgment in designing and applying an accounting policy that will produce information that is:

a) relevant to the economic decision-making needs of users; and

b) reliable, in terms that the financial statements:

1. accurately present the entity’s financial position, financial performance and cash flows;
2. reflect the economic essence of transactions, other events and conditions, and not merely their legal form;
3. be neutral, i.e. free from prejudice or bias;
4. be prudent; and
5. be complete in all its significant ends.

Based on the above information, the Company considers that for Chile and Peru, following IAS 37 in recording the liability for customer guarantees for cylinders and tanks is what best reflects the value of that liability for the users of the information contained in its financial statements, i.e., at the discounted value in non-current liabilities. In the case of Colombia, due to the recent enactment of the brand cylinder regulations in Colombia, Management believes that there is insufficient information to use the IAS 37 discounting model, which is why the obligation is recorded at its undiscounted value within non-current liabilities.

### 2.31.5 Estimation of the impairment in goodwill purchased

The Company evaluates each year or at any certain time, if there are signs, whether goodwill has experienced impairment, in accordance with the accounting policy described in Note 2.13. The recoverable amounts of cash-generating units have been determined based on their values in use based on the forecasts of generation of future flows.

### 2.31.6 Estimation of intangible assets identified in a business combination

The Company has made an evaluation to determine the value of intangible assets identified in a business combination according to the requirements in IFRS 3, as discussed in Notes 2.11.2, 2.11.3 and 2.11.4.

**2.32 Other non-financial liabilities, current**

The Company makes advanced sales of gas to customers. The gas pending delivery to customers at the end of the fiscal year or period is recorded in the statement of financial position under "Other non-financial liabilities, current". Income recognition of these values is realized at the time that the gas sold in advance is supplied to customers and is classified under "Revenue" in the income statement by function.

## 2.33 Statement of cash flows

The statement of cash flows shows the cash movements during the fiscal year or period, calculated by the direct method.

The following expressions are used in these statements of cash flows as defined below:

* **Cash flows:** receipts and disbursements of cash or cash equivalent, meaning highly liquid term investments out to less than three months with a low risk of any change in value.
* **Operating activities:** are activities constituting the main source of revenue for the Company and other activities that cannot be qualified as an investment or financing.
* **Investing activities:** the acquisition, sale or disposal by other means of non-current assets and other assets not included in cash and cash equivalent.
* **Financing activities:** are activities that cause changes in the size and composition of total equity and of financial liabilities.

**2.34 Contract costs**

Pursuant to IFRS 15, an entity may recognize a contract cost as an asset, when incurred to obtain or fulfill de contract

The Company has recognized as contract costs, those related to "the expenses necessary to comply with certain contracts with customers that are not items of the “property, plant and equipment” account, as they are necessary for the fulfillment of the contract with regard to the supply of gas. These costs are capitalizable and are depreciated according to the expected duration of the relationship with the customer.

## 2.35 Reclassifications

For the fiscal year ended December 31, 2017 certain reclassifications between items were performed in the consolidated statement of income by function in order to standardize classification criteria used for the period ended September 30, 2018. The following is a breakdown of the reclassifications performed:

|  |  |  |  |
| --- | --- | --- | --- |
| **Account** | **12.31.2017** | **Reclassification** | **12.31.2017** |
| **Th$** | **Th$** |
| **Before reclassifications** | **After reclassifications** |
| Trade and other accounts payable, current | 40,499,302 | (945,691) | 39,553,611 |
| Tax liabilities, current | 886,454 | 945,691 | 1,832,145 |
| Other financial liabilities, current | 7,401,061 | 2,549,688 | 9,950,749 |
| Other non-financial liabilities, non-current | 123,132,060 | (2,549,688) | 120,582,372 |

# **Cash and cash equivalent**

Composition of cash and cash equivalent as of September 30, 2018 and December 31, 2017 is the following:

|  |  |  |
| --- | --- | --- |
| **Types of Cash and Cash Equivalent** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** |
| Cash on hand | 88,264 | 220,309 |
| Bank balances | 6,968,556 | 5,441,585 |
| Short-term investments (mutual funds and trusts) | 6,848,083 | 1,181,724 |
| Other cash and cash equivalent | 130,727 | 85,995 |
| **Cash and cash equivalent** | **14,035,630** | **6,929,613** |

The composition of the item by type of currency as of September 30, 2018 and December 31, 2017 is the following:

| **Currency** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** |
| --- | --- | --- |
|
| **CLP** | 7,947,977 | 4,442,249 |
| **USD** | 1,279,679 | 549,220 |
| **COP** | 1,353,091 | 1,162,641 |
| **PEN** | 3,454,883 | 775,503 |
| **Cash and Cash Equivalent** | **14,035,630** | **6,929,613** |

# 

# **4. Financial instruments**

## 4.1 Financial assets

The current value and fair value of the financial assets are itemized below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Financial Assets** | **Note** | **09.30.2018** | | **12.31.2017** | |
| **Fair Value**  **Th$** | **Book Value**  **Th$** | **Fair Value**  **Th$** | **Book Value**  **Th$** |
| Cash and cash equivalent | 3 | 14,035,630 | 14,035,630 | 6,929,613 | 6.929.613 |
| Trade and other accounts receivable , current and non-current | 7 | 46,691,746 | 46,691,746 | 35,654,573 | 35.654.573 |
| Other financial assets, non-current | 4 | 1,435,821 | 1,435,821 | 1,196,237 | 1.196.237 |
| **Total Financial Assets** | | **62.163.197** | **62,163,197** | **43,780,423** | **43,780,423** |

The book value of current receivables, cash and cash equivalent and other financial assets is the same as the fair value, given the nature of the classification of these instruments in current assets (short-term horizon). It is also the fair value for other non-current financial assets since losses due to any uncollectible receivable is already accounted for in the impairment loss provisions discussed in Note 7.

Loans, receivables and trading are included in financial assets according to IFRS 9, except for those designated as cash flow hedges.

The short-term deposit balances within cash and cash equivalent are valued at the fair value and are rated level 1 or lower, according to IFRS 7.

The Company signed a lease and a service contract for the unloading, storage and dispatching of liquefied gas for a period of 25 years at the receiving, storage and dispatching facilities to be built by Oxiquim S.A. for the exclusive use by the Company. The services under that contract began in March 2015.

As of September 30, 2018, and December 31, 2017 the Company had receivables for Th$ 18,846,988, and Th$ 18,934,054, respectively, under agreements with Oxiquim S.A. for the construction of facilities. The account is presented discounting the financial lease liability with Oxiquim S.A. because they correspond to values that will be discounted from future payments of that financial lease.

Prepayments to Oxiquim S.A. as of September 30, 2018 for Th$ 18,209,837, offset in Other non-current financial liabilities, and for Th$ 637,151, in Other current financial liabilities, accrue an interest rate based on the restatement of the Unidad de Fomento and will be reimbursed by Oxiquim S.A. simultaneous to payment by the Company of the monthly installments under the lease and service contract for the unloading, storage and dispatching of LPG over a period of 25 years beginning March 2015.

Other non-current financial assets correspond to restricted availability funds related to guaranty deposits in Colombia and the purchase of Limagas Natural Perú S.A.

## 4.2 Financial liabilities

The Company’s financial liabilities currently correspond to instruments with contractual payment flows, adjustable or, in certain cases, subject to a fixed or variable interest rate.

The book values and fair values of the financial liabilities are shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Other financial liabilities** | **Note** | **09.30.2018** | | **12.31.2017** | |
| **Fair Value**  **Th$** | **Book Value**  **Th$** | **Fair Value**  **Th$** | **Book Value**  **Th$** |
| Trade and other accounts payable, current | 15 | 44,532,490 | 44,532,490 | 39,743,900 | 39.743.900 |
| Other financial liabilities | 14 | 161,393,933 | 159,655,359 | 132,274,632 | 130.533.121 |
| **Total Other Financial Liabilities** | | **205,926,423** | **204,187,849** | **172,018,532** | **170,277,021** |

The Company classifies all of its financial liabilities according to IFRS 9, except for those designated as hedge instruments, as loans and accounts payable.

## 4.3 Derivatives

### 4.3.1 Description of other current financial assets and liabilities

Following its risk management policy, the Company has signed derivative contracts (currency forwards and product price swaps) to hedge against the U.S. dollar exchange rate variations of expected cash flows and the changes in the inventory realization value. Some of those derivatives have been designated as hedges.

The Company’s strategy for designated hedge transactions is the following:

1. Hedge the exchange rate risk in the acquisition of items in Property, plant and equipment (cylinders, etc.) from the moment that the purchase order is placed until the asset is received by the Company.

In this case, fluctuations in the fair value of the hedge instrument are recorded in other comprehensive income and accumulated in equity until the asset is received or ownership is acquired, at which time the corresponding amount accumulated in equity is reclassified as the cost of the good, as provided in IFRS 9.

1. Hedge the exchange rate risk in foreign currency account payable flows (accounts payable for the purchase of items in Property, plant and equipment and accounts payable for the purchase of LPG) from receipt of the asset until payment of the debt.

Fluctuations in the fair value of the hedge instrument are recorded in other comprehensive income and accumulated in an Equity reserve. The portion of the fluctuation corresponding to the risk hedged that has materialized or accrued is reclassified from the equity reserve to income.

1. Hedge the risk of a variation in the sale price of product inventory stored at the Quintero maritime terminal facilities.

In this case, changes of fair value of the hedge instrument are recorded in other comprehensive income and accumulated in Equity until the ownership and risks of the product are transferred to customers, at which point the amount allocated to equity reserves is recorded in the cost of sales.

The effects of changes in the fair value of derivatives not yet allocated to hedged items are shown in Equity.

Allocations of the gain or loss in the valuation of financial hedges were as follows for the period ended September 30, 2018 and 2017:

|  |  |  |
| --- | --- | --- |
| **Cash Flow and inventory price variation hedges** | **(Profit) Loss at 09.30.2018** | **(Profit) Loss at 09.30.2017** |
| Other reserves | (55,592) | (163,244) |
| **Total** | **(55,592)** | **(163,244)** |

The hedge effects are the only ones recycled to income in the short term, of the total of other comprehensive income.

### 4.3.2 Effectiveness of the hedge

The Company has signed several contracts to hedge against exchange rate variations in the price of inventory realization. The gains or losses realized during 2018 and 2017 have been allocated during the period or fiscal year to hedge the items that made those hedges necessary, as described in the preceding paragraph.

The Company estimates that hedges for cash flow and exchange rate variation in the price of inventory realization have been 100% effective.

# **5. Risk management**

The risk factors inherent to the Company’s business are inherent to the markets in which it does business and the activity conducted by the Company. The main risk factors affecting business can be described as follows:

## 5.1 Credit risk

Credit risk originates in losses that might occur because of a default by counterparties on their contractual obligations regarding the Company’s different financial assets.

The Company has credit policies in place to mitigate the risk of uncollectible trade receivables. Those policies establish limits on each customer’s credit, based on his financial history and behavior, which are monitored constantly.

The Company’s financial assets are comprised of cash and cash equivalent, trade and other accounts receivable and other non-current financial assets.

Credit risk is associated mainly with trade and other accounts receivable. Cash and cash equivalent balances are also exposed, but to a lesser extent. The exposure of cash and cash equivalent to credit risk is limited because the money is deposited in banks with a high credit rating. Deposits of cash surpluses by the Company are diversified among different financial entities that have high credit ratings.

As described in Note 4.1 above, the Company signed an agreement under which it committed to making prepayments to Oxiquim S.A. with which it has signed contracts for the provision of receiving, storage and dispatching of liquefied gas in facilities built at its maritime terminal. The Company has performed a solvency analysis of Oxiquim S.A. and concluded that there is no material risk of uncollectability. Those prepayments are offset against the debt under the financial lease with Oxiquim S.A. given the maritime terminal began operation in March 2015.

The maximum exposure to credit risk is:

|  |  |  |  |
| --- | --- | --- | --- |
| **Financial Assets** | **Note** | **09.30.2018 Th$** | **12.31.2017 Th$** |
|
| Cash and cash equivalent | 3 | 14,035,630 | 6.929.613 |
| Trade and other accounts receivable, current and non-current | 7 | 46,691,746 | 35.654.573 |
| Other financial assets, non-current | 4 | 1,435,821 | 1.196.237 |
| **Total** | | **62,163,197** | **43,780,423** |

### 5.1.1 Policy on uncollectible debt

Uncollectible provisions are determined according to the Company's policy on uncollectible debt.

This policy is in accordance with IFRS 9, where the recognition of uncollectible client accounts is based on the expected losses of these, establishing the following criteria to make the provisions:

* Segmentation: clients are grouped by business lines according to the Company’s sales channels.
* Risk Variables: the business line and arrearage are considered.
  + The business line because it groups different segments of clients which are possible to identify and group for risk analysis purposes.
  + Arrearage because it is directly associated with the levels of recovery and maturity of the debt. The longer the payment term, it is considered more difficult to recover.
* Simplified statistical model: the payment period of accounts receivable for this type of business is not more than 12 months, for the same reason we opted for a simplified model, which is one of the alternatives recommended by IFRS 9, when it is regarding under than one-year debts.
* Significant increase of payment risk:

1. A provision is made, considering partial or total debt, should the Company detect clients are presenting payment inability due to a significant risk increase, even when it has not been classified within the above criteria.
2. A provision is made, considering partial or total debt, should a client refinance a relevant amount of its debt.

## 5.2 Liquidity risk

Liquidity risk refers to the possibility that an entity cannot cope with their short-term payment commitments.

Liquidity risk is handled through the proper management of assets and liabilities, optimizing daily cash surplus, investing in top quality financial instruments, thus, ensuring compliance with debt commitments upon maturity.

The Company maintains relationships with major financial institutions in the markets in which it operates, allowing credit lines to deal with particular illiquidity situations.

Periodically, cash flow projections and analysis of the financial situation are performed, to acquire, if necessary new financing or restructuring of existing debts on terms that are consistent with the Company's business cash flow generation.

Note 14 to the interim consolidated financial statements presents an analysis of the Company’s financial liabilities classified according to their expiration.

## 5.3 Market risk

It relates to the risk of fluctuation of fair values of financial assets and liabilities due to changes in market prices, and the risks associated with the demand and supply of marketed products. The Company's exposure to market risks regarding financial assets and liabilities are the exchange rate risk and interest rate risk. In addition, the Company is exposed to risks related to commercialized products.

### 

### 5.3.1 Exchange rate and adjustment unit risk

This risk arises from the probability of loss due to the exchange rate fluctuations of the currencies in which financial assets and liabilities are denominated with respect to currencies other than the Company's functional currency:

* Purchases of goods and future payment commitments expressed in foreign currency: The Company's fund flows are constituted mainly by transactions in the functional currency of the Company and of its subsidiaries. The Company and its subsidiaries cover the risk of purchase operations of liquefied gas and imports of goods or commitments of future payments in foreign currency through forwards.

As of September 30, 2018, and December 31, 2017, the balances of accounts in currencies other than the functional currency of the Company and its subsidiaries were as follows:

Originating transaction currency: US dollar

|  |  |  |
| --- | --- | --- |
| **Current and non-current assets** | **Assets at**  **09.30.2018  Th$** | **Assets at**  **12.31.2017 Th$** |
|
|
| Cash and cash equivalent | 1,279,679 | 549,220 |
| Trade and other accounts receivable, current and non-current | 363,596 | 698,267 |
| Other financial assets, non-current | 613,290 | 594,348 |

|  |  |  |
| --- | --- | --- |
| **Current and non-current liabilities** | **Liabilities at 09.30.2018  Th$** | **Liabilities at**  **12.31.2017**  **Th$** |
|
|
| Other financial liabilities, current | 82,132 | 196,802 |
| Trade and other accounts payable, current | 15,565,649 | 12,889,601 |
| Other financial liabilities, non-current | - | 42,043 |

* Foreign investments: as of September 30, 2018, the Company holds net foreign investments in Colombian pesos for an amount equivalent to Th$ 36,974,333 (Th$29,724,262 as of December 31, 2017) and in Peruvian soles for an amount equivalent to Th$ 48,477,109 (Th$40,185,959 as of December 31, 2017).

Fluctuations of the Colombian peso and the Peruvian sol to the Chilean peso would affect the value of these investments.

In the past, the evolutions of the Colombian peso and the Peruvian sol have been correlated with the Chilean peso. Company management has decided not to cover this risk, continuously monitoring the forecasted evolution for the different currencies.

* Debt securities: The Company’s indebtedness for this concept corresponds to the placement of Series E bonds in the Chilean market carried out in April 2015 (mnemonic code BLIPI-E), charged to the 30-year bond line registered in the Securities Register of the Financial Market Commission (CMF) under number 801, for the amount of UF 3,500,000, proceeding to cancel most of the Company’s bank liabilities in Chile. The placement rate was 3.44% for a face rate of 3.55%. Interest is payable semi-annually and the principal will be amortized in one single installment on February 4, 2040. This liability is denominated in Unidades de Fomento (UF), which is indexed to inflation in Chile and differs from the Company’s functional currency (CLP). However, this risk is mitigated since most of the Company’s profit margins in Chile are correlated to the variation in the UF.
* Financial lease liabilities: The Company signed a lease agreement with Oxiquim S.A. for a period of 25 years for the use of reception, storage and office facilities to be built by Oxiquim S.A., in the amount of UF 1,572,536. The annual interest rate is 3.0%. The nomination currency of this liability is the Unidad de Fomento (UF), which is indexed to inflation in Chile, and differs from the Company’s functional currency (CLP). However, this risk is mitigated since most of the Company’s profit margins in Chile are correlated to the variation in the UF.
* Sensitivity analysis regarding exchange rate variations and adjustment units

The Company estimates that a variation in the exchange rates and indexation units would generate the following effects:

|  |  |  |  |
| --- | --- | --- | --- |
| **Exchange rate** | **Increase** | **Decrease** | **Allocation** |
| **Variation (\*)** | **Loss (Gain)** | **Loss (Gain)** |
|  | **Th$** | **Th$** |
| CLP/UF +/- 3% | 3,469,734 | (3,469,734) | Results: Results for Indexation units |
| CLP/USD +/-1% | 78,239 | (78,239) | Results: Exchange rate differences |
| CLP/USD +/- 1% | 225,657 | 225,657 | Equity: Reserves for cash flow hedging |
| CLP/COP +/- 2% | 739,487 | (739,487) | Equity: Reserves for exchange rate translation differences |
| CLP/PEN +/- 1% | 484,771 | (484,771) | Equity: Reserves for exchange rate translation differences |

\*percentages are equivalent to the evolution annual average of the last two years.

### 5.3.2 Interest rate risk

It refers to the sensitivity to interest rate fluctuations of the value of financial assets and liabilities.

The purpose of interest rate risk management is to achieve a balance in the financing structure, minimizing the cost of the debt with reduced volatility in the income statement.

As of September 30, 2018, 99% of the Group's financial debt is at fixed rates. As a result, the risk of fluctuations in market interest rates regarding cash flows is low. Regarding the portion in variable rates, Management permanently monitors the outlook in terms of the expected evolution of interest rates.

The breakdown of financial liabilities separated between fixed and variable interest rates is presented below as of September 30, 2018, and December 31, 2017:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Account** | **Note** | **Maturity in less than one year** | | **Maturity in more than one year** | | **Total** | |
| **Fixed interest**  **Th$** | **Variable interest**  **Th$** | **Fixed interest**  **Th$** | **Variable interest**  **Th$** | **Fixed interest**  **Th$** | **Variable interest**  **Th$** |
| Other financial liabilities | 14 | 38,514,689 | 23,157 | 121,115,036 | 2,477 | 159,629,725 | 25.634 |
| **Total as of 09.30.2018** | | **38.514.689** | **23,157** | **121,115,036** | **2,477** | **159,629,725** | **25,634** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Account** | **Note** | **Maturity in less than one year** | | **Maturity in more than one year** | | **Total** | |
| **Fixed interest**  **Th$** | **Variable interest**  **Th$** | **Fixed interest**  **Th$** | **Variable interest**  **Th$** | **Fixed interest**  **Th$** | **Variable interest**  **Th$** |
| Other financial liabilities | 14 | 6,754,342 | 3,196,407 | 120,562,767 | 19,605 | 127,317,109 | 3,216,012 |
| **Total as of 12.31.2017** | | **6,754,342** | **3,196,407** | **120,562,767** | **19,605** | **127,317,109** | **3,216,012** |

### 5.3.3 Risks relating to commercialized products

1. **LPG**

The Company participates in the distribution of liquefied gas business in Chile, with coverage that extends between the Region of Arica and Parinacota and the Region of Aysén, reaching an annual average moving market share of 36.9% as of December 2017 according to information of Chile’s Superintendence of Electricity and Fuel (*Superintendencia de Electricidad y Combustible*)

At the end of 2010, the Company entered the Colombian market through the purchase of assets from Grupo Gas País, currently achieving a presence in 24 of the 32 Colombian departments and reaching an annual average moving market share of 13.8% as of December 2017 according to information of the Superintendence of Public Services (*Sistema Único de Información de la Superintendencia de Servicios Públicos*.)

Continuing with its internalization process in the LPG industry, in July 2013, the Company acquired 100% of Lima Gas S.A., a Peruvian LPG distributing company, which as of December 2017, reached an annual average moving market share of 8.4% according to information of by Peru's State Energy and Mines Investment Regulator. (*Organismo Supervisor de la Inversión en Energía y Minería del Perú.)*

**a.1) Demand**

The demand for residential LPG is not significantly affected by economic cycles since it is a basic consumption good in all countries where the Company operates. However, factors such as temperature, precipitation levels and the price of LPG compared with other substitute energies (natural gas, firewood, diesel, paraffin, electricity, etc.), could affect it. In some regions, demand has a high seasonality resulting from temperature variations.

Given that it participates in a highly competitive market, the sales volume of the Company may be impacted by the business strategy of its competitors.

**a.2) Supply**

One of the risk factors in the business of commercializing LPG is the supply of LPG.

In the case of Chile, the Company has the ability to minimize this risk through a network of multiple suppliers such as Enap Refinerías S.A., Gasmar S.A., and the management performed when importing this fuel from Argentina and Peru, and by sea.

In order to strengthen its strategic position in terms of LPG supply, in 2012, the Company entered into a series of agreements with Oxiquim S.A. to develop the construction of facilities for the reception, storage and dispatch of LPG at the terminal owned by that company located in the Quintero Bay, allowing the Company to have different seaborne supply sources beginning March 2015. To this end, the Company signed a lease agreement and an agreement for the provision of unloading, storage and dispatch services of LPG for a period of 25 years for the use of the facilities built by Oxiquim S.A. and which are available since March 2015.

For the Colombian market, the risk factor of commercializing LPG in terms of supply is minimized through the establishment of purchase quotas that are agreed upon with Ecopetrol S.A., which ensures the demand of distribution companies through public offerings. In addition to the agreements with Ecopetrol S.A., the Company also has purchase agreements with other local market actors and imports product by sea through facilities located in Cartagena.

For the Peruvian market, LPG supply presents a high concentration in Lima where half of this capacity is located. Since the nation's capital is the area of highest consumption, important supply facilities have been built to provide it with a greater level of reliability. In this sense, agreements have been entered into with PetroPerú (which has two supply plants: Callao and Piura) and Pluspetrol. In addition to these agreements, the Company also has purchase agreements with other local market actors and imports product from Bolivia to supply the south of the country.

**a.3) Prices**

LPG purchase prices are affected by the variations of international value of fuel prices and exchange rate variation of each local currency with respect to the U.S. dollar. The Company does not foresee significant risks of not being able to transfer the variations of LPG costs to the sales price.

The Company maintains LPG inventories. The realization value of these inventories is affected by the variation of international prices of fuels that are the basis for establishing selling prices to customers. Variation in LPG international prices would produce a variation in the same direction and of similar magnitude in the realization price of inventories. Generally, the Company does not cover this risk, since it considers that the variations of international prices are offsetting over time. The Company permanently monitors the evolution and forecasts of international commodity prices. Since the maritime terminal located at the Quintero Bay began operating, the Company has decided to cover the risk of variation of the price of inventory realization of stored product at the maritime terminal through swaps related to LPG prices and currency forwards to hedge the effect of exchange rate variations of the U.S. dollar (currency used to express the reference price of inventories).

1. **Natural gas**

The demand for residential natural gas is not significantly affected by economic cycles since it is a basic consumption good. Regarding the risk of product supply for the operations that the Company owns in the north and south of Chile, both are covered with long-term agreements entered into with several suppliers.

In Peru, the subsidiary Limagas Natural Perú S.A. has entered into supply agreements to cover the demands of natural gas distributors in the several regions.

1. **Liquefied natural gas**

The Company has agreements for the supply of liquefied natural gas (LNG) to industrial clients, including a "take or pay" clause. Such agreements contain formulas to establish the selling price that, in turn, transfer the agreed variation to the price of the agreements with the supplier of the product. To respond to commitments with customers, the Company entered into LNG supply agreements with several suppliers, which include the "take or pay" clause (with similar characteristics as of those signed with customers, mitigating the risk).

# **Other non-financial assets**

The composition of this item as of September 30, 2018 and December 31, 2017 is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Current** | | **Non-Current** | |
| **Item** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** |
|
| Prepaid expenses | 1,052,864 | 311,034 | - | - |
| Contract costs (see Note 6.1) | - | - | 13,176,138 | - |
| Employee accounts receivable | - | - | 69,417 | 67,998 |
| Guaranties delivered | - | - | 130,727 | 85,995 |
| Other assets | - | - | 721,694 | 756,871 |
| **Total** | **1,052,864** | **311,034** | **14,097,976** | **910,864** |

# **Contract costs movement**

|  |  |
| --- | --- |
| **Movement Year 2018** | **Th$** |
| **Beginning balance January 1, 2018** | **12,493,302** |
| Additions | 566,492 |
| Transfers | 1,266,589 |
| Disposals | (5,717) |
| Translation difference | 27,313 |
| Depreciation (\*) | (1,171,841) |
| **Total Changes** | **682,836** |
| **Ending balance as of September 30, 2018** | **13,176,138** |

In accordance with the analysis carried out under IFRS 15, there are expenses that are necessary for contract compliance and are capitalized by: (a) relating directly to the contract; (b) relating to future performance; and (c) obtaining the corresponding recovery of the costs.

The Company reviewed the depreciation period of these costs, which are based on the expected duration of the relationship with the customer, which term did not change, , which implied that there are no impacts on results, only a reclassification of these costs that continue to be items of Property, plant and equipment in third-party facilities.

The following table presents the accumulated depreciation movement of contract costs (classified within the statement of financial position, under other non-financial assets, non-current):

|  |  |
| --- | --- |
|  |  |
| **Accumulated depreciation movement** | **Th$** |
| **Accumulated depreciation at January 1, 2018** | **10,581,557** |
| Depreciation (\*) | (1,171,841) |
| Withdrawals, disposals and transfers | (61) |
| Translation difference | 78,535 |
| **Ending balance at September 30, 2018** | **11,831,872** |

(\*) During the period, the subsidiary Lima Gas S.A. recorded an impact for the adoption of IFRS 15, due to the change in the useful life of contract costs (third-party facilities), increasing it from 5 to 11 years. As of September 30, 2018, this change had an effect of lower depreciation of those components in the amount of Th$46,450.

# **Trade receivables and other accounts receivables**

## 7.1 Composition

### 7.1.1 Types of trade and other accounts receivable

The composition of this item as of September 30, 2018 and December 31, 2017 is as follows:

|  |  |  |
| --- | --- | --- |
| **Trade and other accounts receivable, net** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** |
| Trade receivables | 43,023,457 | 33,330,324 |
| Accounts receivable, non-current | 1,223,914 | 745,438 |
| Other accounts receivable, current | 2,444,375 | 1,578,811 |
| **Total** | **46,691,746** | **35,654,573** |

| **Trade receivables and other accounts receivable, gross** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** |
| --- | --- | --- |
| Trade receivables | 45,687,099 | 35,252,676 |
| Accounts receivable, non-current | 1,223,914 | 745,438 |
| Other accounts receivable | 2,444,375 | 1,578,811 |
| **Total** | **49,355,388** | **37,576,925** |

### 7.1.2 Impairment of trade receivables and other accounts receivables

The following table presents the impairment of trade receivables as of September 30, 2018 and December 31, 2017:

|  |  |  |
| --- | --- | --- |
| **Book value of impaired trade receivables and other accounts receivable** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** |
|
| Provisioned trade receivables | 2,663,642 | 1,922,352 |
| **Total** | **2,663,642** | **1,922,352** |

The details on the movement in the provision because of the impairment in trade receivables and other receivables were:

|  |  |  |
| --- | --- | --- |
| **Provision for trade receivables and other accounts receivable** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** |
| Opening balance | 1,922,352 | 1,806,336 |
| Effect of IFRS 9 adoption – 01.01.2018 | 134,199 | - |
| Collection fees and write-off of uncollectible accounts | - | (515,600) |
| Provision for the fiscal year or period | 618,847 | 613,094 |
| Translation difference | (11,756) | 18,522 |
| **Total** | **2,663,642** | **1,922,352** |

**7.1.3 Portfolio stratification**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **As of 09.30.2018** | **Current   Th$** | **Between 1 and 30 days  Th$** | **Between 31 and 60 days  Th$** | **Between 61 and 90 days  Th$** | **Between 91 and 120 days  Th$** | **Between 121 and 150 days  Th$** | **Between 151 and 180 days  Th$** | **Between 181 and 210 days  Th$** | **Between 211 and 250 days  Th$** | **More than 250 days  Th$** | **Total, Debtors Th$** |  | **Total  current Th$** |  | **Total  non- current Th$** |
|  |  |
| Trade debtors | 29,665,343 | 8,711,365 | 1,284,908 | 1,240,103 | 485,939 | 439,020 | 196,151 | 213,978 | 244,836 | 3,205,456 | 45,687,099 |  | 45,687,099 |  | - |
| Accounts receivable, non-current | 1,223,914 | - | - | - | - | - | - | - | - | - | 1,223,914 |  | - |  | 1,223,914 |
| Other accounts receivable | 2,421,834 | 11,735 | 990 | 2,422 | 604 | 581 | 727 | 455 | 542 | 4,485 | 2,444,375 |  | 2,444,375 |  | - |
| Impairment provision | (142,517) | (65,809) | (81,976) | (149,853) | (102,479) | (115,832) | (69,218) | (105,954) | (159,416) | (1,670,588) | (2,663,642) |  | (2,663,642) |  | - |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** | **33,168,574** | **8,657,291** | **1,203,922** | **1,092,672** | **384,064** | **323,769** | **127,660** | **108,479** | **85,962** | **1,539,353** | **46,691,746** |  | **45,467,832** |  | **1,223,914** |

### 

### 7.1.3 Portfolio that has been protested and is in judicial collection

The portfolio that has been protested and is in judicial collection as of September 30, 2018 and December 31, 2017 is as follows:

|  |  |  |
| --- | --- | --- |
|  | **09.30.2018** | |
| **Portfolio in Judicial Collection** | **Receivables in Protested Portfolio Th$** | **Receivables in Judicial Collection  Th$** |
| Portfolio either protested or in judicial collection | 34,545 | 291,153 |
| **Total** | **34,545** | **291,153** |

|  |  |  |
| --- | --- | --- |
|  | **12.31.2017** | |
| **Portfolio in Judicial Collection** | **Receivables in Protested Portfolio Th$** | **Receivables in Judicial Collection  Th$** |
| Portfolio either protested or in judicial collection | 26,605 | 173,422 |
| **Total** | **26,605** | **173,422** |

# 

# **Intercompany balances and transactions**

Intercompany transactions are paid or collected at different terms, and are not subject to special conditions, except in the case of dividend payments that are subject to the terms stipulated by the approving body.

**8.1 Intercompany current accounts payable and receivable**

There are no intercompany accounts payable and receivable as of September 30, 2018 and December 31, 2017.

## 8.2 Intercompany transactions and their effects on results.

Intercompany transactions (except dividends distributions) and their effects on results for the period ended September 30, 2018 and 2017 are presented as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Company** | **Type of relationship** | **Description of the transaction** | **01.01.2018 through 09.30.2018 Th$** | **Effect on results (Debit)/Credit**  **Th$** | **01.01.2017 through 09.30.2017 Th$** | **Effect on results (Debit)/Credit**  **Th$** |
| Larraín Vial S.A. Corredora de Bolsa | Indirect (Director in common) | Financial investments | 43,109 | 43,109 | 9,402 | 9,402 |
| Larraín Vial S.A. Corredora de Bolsa | Indirect (Director in common) | Financial services | 12,182 | (12,182) | 17,949 | (17,949) |
| Acetogen Gas Chile S.A. | Indirect (Director in common) | Sales of gas | 13,541 | 13,541 | 15,057 | 15,057 |

Intercompany transactions are recognized at market value.

## 8.3 Key employee compensation

Key employee compensation, which includes directors and managers, is comprised of a fixed monthly sum and a variable sum (in the case of managers).

Compensation to the Board of Directors and Directors’ Committee for the 2018 and 2017 period was:

|  |  |  |
| --- | --- | --- |
| **Concept** | **09.30.2018 Th$** | **09.30.2017 Th$** |
| Board Compensation | 225,900 | 213,500 |
| Directors’ Committee Compensation | 30,350 | 28,500 |
| **Total Income** | **256,250** | **242,000** |

Compensation paid to managers for the 2018 and 2017 period was:

|  |  |  |
| --- | --- | --- |
| **Type of income** | **09.30.2018 Th$** | **09.30.2017 Th$** |
| Fixed | 1,576,830 | 1,443,800 |
| Variable | 587,212 | 446,788 |
| **Total Income** | **2,164,042** | **1,890,588** |

# **Inventories**

The composition of the item as of September 30, 2018 and December 31, 2017 is as follows:

|  |  |  |
| --- | --- | --- |
| **Type of Inventory** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| LPG/NG | 20,392,383 | 19,975,377 |
| Materials | 2,923,801 | 1,999,124 |
| **Total** | **23,316,184** | **21,974,501** |

## 9.1 Materials obsolescence provision

The materials obsolescence provision as of September 30, 2018 and December 31, 2017 was comprised as follows:

|  |  |  |
| --- | --- | --- |
| **Book Value of Obsolescence Provision** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| Materials obsolescence provision | 136,221 | 134,949 |
| **Total** | **136,221** | **134,949** |

The details of the movement in the materials obsolescence provision are:

|  |  |  |
| --- | --- | --- |
| **Movements in Obsolescence Provision** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| Opening Balance | 134,949 | 137,815 |
| Increases in the provision | 1,272 | - |
| Decreases in the provision | - | (2,866) |
| **Total** | **136,221** | **134,949** |

The reduction in the provision value resulted from the consumption of materials.

There were no inventories delivered in guarantee on the date of these consolidated financial statements.

The cost of inventories recognized as a cost of sale for the period ended September 30, 2018 and 2017 is as follows:

|  |  |  |
| --- | --- | --- |
| **Inventory Cost** | **01.01.2018 through 09.30.2018 Th$** | **01.01.2017 through 09.30.2017 Th$** |
| Inventory cost recognized as a cost of sales | 270.219.662 | 234.321.762 |

# **Income tax and deferred taxes**

## 10.1 Current tax recoverable (payable)

|  |  |  |
| --- | --- | --- |
| **Itemization** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| Provisional monthly payments | 2,408,915 | 973,381 |
| Recoverable taxes | 2,771,844 | 2,651,263 |
| **Total current tax assets** | **5,180,759** | **3,624,644** |

|  |  |  |
| --- | --- | --- |
| **Itemization** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| Provisional monthly payments | (1,322,382) | (945,691) |
| Income tax | (117,218) | (492,157) |
| Other taxes | (401,247) | (394,297) |
| **Total current tax liabilities payable** | **(1,840,847)** | **(1,832,145)** |

## 10.2 Deferred taxes

**Chile**

The Tax Reform Law 20,780 published in the *Official Gazette* of the Republic of Chile on September 29, 2014 progressively increased the corporate income tax rate and established two taxation systems:

* An attributed income system in which the income generated by a company is immediately attributed to the company’s owners, reaching a 25% tax rate starting in the year 2017.
* A partially integrated income system (which is the one applied by the Company and its subsidiaries in Chile for being publicly held companies and stock corporations, conformed by legal persons, in accordance with the Chile’s Law No. 20,899 dated February 8, 2016), in which the income generated by a company is attributed to its owners provided the company distributes its profits, reaching a 27% tax rate starting in the year 2018.

**Peru**

The affiliated company Lima Gas S.A. and its subsidiary Limagas Natural Perú S.A. are subject to Peruvian tax regime. As of December 31, 2017, the income tax rate on taxable profits was 29.5%.

Dividend distribution to a person domiciled abroad is subject to a tax withholding on dividends remitted. Up to the year 2014, withholding amounted to 4.1%. Due to the previously mentioned approved amendments, dividends to be distributed and generated in the years 2015 and 2016, will suffer an increased withholding rate from 4.1% to 6.8%. For the years 2017 onward, the rate will be 5%.

Under certain considerations, income tax and withholdings of dividends paid in Peru, are computable in the income tax liquidation in Chile.

**Colombia**

The subsidiaries Chilco Distribuidora de Gas y Energía S.A.S. E.S.P., Chilco Metalmecánica S.A.S. and Rednova S.A.S. E.S.P. are subject to the Colombian taxation regime.

Income tax regulations and income tax for equality (CREE) that regulated companies in Colombia until December 31st, 2016, was repealed by the new tax reform implemented by Law 1819 of 2016, whereas beginning January 1st, 2017:

* Tax unification: beginning 2019 there will be a single income tax. CREE and CREE surcharge was eliminated.
* During 2017, income tax rate is 34% plus a 6% surcharge, and for 2018, the rate will be 33% plus a 4% surcharge. The surcharge only applies to companies that have net income payable in excess of 800 million COPs (equivalent to Th$ 176,000).
* Beginning 2019, companies will have a single rate of 33%.

The distribution of dividends to people domiciled abroad is subject to a 5% withholding of the dividends remitted.

Under certain considerations, income tax and withholdings of dividends paid in Colombia, are computable in the income tax liquidation in Chile.

Accumulated balances and movements in deferred tax assets and liabilities as of September 30, 2018 is the following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Deferred tax asset** | **Balance** | **(Debit) credit to income** | **Others** | **Balance** |
| **01.01.2018** |  | **30.09.2018** |
| **Th$** |  | **Th$** |
| Taxable goodwill | 6.823.039 | (518.805) | - | 6.304.234 |
| Tax losses | 1.834.213 | 27.964 | 87.654 | 1.949.831 |
| Current provisions | 1.067.979 | 256.144 | 51.555 | 1.375.678 |
| Other assets | 1.225.269 | 447.001 | 9.253 | 1.681.523 |
| Assets under financial leasing | 651.815 | 276.771 | - | 928.586 |
| **Total** | **11.602.315** | **489.075** | **148.462** | **12.239.852** |
|  |  |  |  |  |
| **Deferred tax liability** | **Balance** | **(Debit) credit to income** | **Others** | **Balance** |
| **01.01.2018** |  | **30.09.2018** |
| **Th$** |  | **Th$** |
| Property, plant and equipment | (33.905.623) | (1.943.673) | (404.046) | (36.253.342) |
| Trade receivables and other accounts receivables | (467.276) | 48.905 | 1.744 | (416.627) |
| Employee benefit provisions | (252.565) | (4.269) | 16.157 | (240.677) |
| Other non-financial liabilities | (6.654.973) | (751.286) | (55.412) | (7.461.671) |
| Intangible assets, other than goodwill | (203.949) | - | - | (203.949) |
| Other liabilities | (935.713) | (308.955) | 10.979 | (1.233.690) |
| **Total** | **(42.420.099)** | **(2.959.278)** | **(430.578)** | **(45.809.955)** |
|  |  |  |  |  |
| **Net deferred tax** | **(30.817.784)** | **(2.470.203)** | **(282.116)** | **(33.570.103)** |

Accumulated balances and movements in deferred tax assets and liabilities as of December 31, 2017 is the following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Deferred tax asset** | **Balance  01.01.2017**  **Th$** | **(Debit) credit to income** | **Others** | **Balance 12.31.2017**  **Th$** |
| Taxable goodwill | 7,709,455 | (886,416) | - | 6,823,039 |
| Tax losses | 2,313,671 | (392,301) | (87,157) | 1,834,213 |
| Current provisions | 900,601 | 174,290 | (6,912) | 1,067,979 |
| Other assets | 1,236,769 | (24,196) | 12,696 | 1,225,269 |
| Assets under financial leasing | 388,941 | 262,874 | - | 651,815 |
| **Total** | **12,549,437** | **(865,749)** | **(81,373)** | **11,602,315** |
|  |  |  |  |  |
| **Deferred tax liability** | **Balance  01.01.2017**  **Th$** | **(Debit) credit to income** | **Others** | **Balance 12.31.2017**  **Th$** |
| Property, plant and equipment | (32,851,894) | (1,280,807) | 227,078 | (33,905,623) |
| Trade receivables and other accounts receivables | (519,226) | 53,677 | (1,727) | (467,276) |
| Employee benefit provisions | (332,826) | 6,478 | 73,783 | (252,565) |
| Other non-financial liabilities | (6,433,218) | (261,739) | 39,984 | (6,654,973) |
| Intangible assets, other than goodwill | (203,949) | - | - | (203,949) |
| Other liabilities | (712,127) | (208,211) | (15,375) | (935,713) |
| **Total** | **(41,053,240)** | **(1,690,602)** | **323,743** | **(42,420,099)** |
|  |  |  |  |  |
| **Net deferred tax** | **(28,503,803)** | **(2,556,351)** | **242,370** | **(30,817,784)** |

## 10.3 Income tax recognized in income

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item** | **09.30.2018**  **Th$** | **09.30.2017**  **Th$** | **07.01.2018 through 09.30.2018**  **Th$** | **07.01.2017 through 09.30.2017**  **Th$** |
| Current tax expense | 10,081,638 | 11,153,921 | 4,021,498 | 5,064,541 |
| Current tax adjustment previous fiscal year | (14,126) | 117,308 | - | (816) |
| Impact of temporary differentials in deferred taxes and other items | 2,470,203 | 1,674,616 | 807,923 | 520,745 |
| **Total debit to income** | **12,537,715** | **12,945,845** | **4,829,421** | **5,584,470** |

The reconciliation of the tax rate is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Itemization** | **09.30.2018**  **Th$** | **09.30.2017**  **Th$** | **07.01.2018 through 09.30.2018**  **Th$** | **07.01.2017 through 09.30.2017**  **Th$** |
| **Before-tax profit of continued operations** | **43,058,629** | **48,252,005** | **17,103,438** | **20,826,904** |
| Income tax (Current rate of 27%/24%) | 11,625,830 | 12,304,261 | 4,617,928 | 5,310,860 |
| Tax impact of other jurisdictions' rates | 164,034 | 359,959 | 35,576 | 122,980 |
| Tax adjustment previous fiscal year | (14,126) | 117,308 | - | (816) |
| Other effects from permanent differentials | 761,977 | 164,317 | 175,917 | 151,446 |
| **Income tax recognized in income** | **12,537,715** | **12,945,845** | **4,829,421** | **5,584,470** |

## 10.4 Deferred tax recognized directly in other comprehensive income

The composition of taxes recognized in other comprehensive income is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Debit (credit)**  **to equity**  **09.30.2018**  **Th$** | **Debit (credit)**  **to equity 09.30.2017**  **Th$** | **Debit (credit)**  **to equity**  **04.01.207 through 09.30.2018**  **Th$** | **Debit (credit)**  **to equity 07.01.2017 through 09.30.2017**  **Th$** |
| Actuarial movements on employee benefits | (16,284) | (78,368) | (6,348) | 12,034 |
| Movements on cash flow hedges | 20,561 | 47,393 | (15,195) | (46,296) |
| **Deferred taxes recognized in equity** | **4,277** | **(30,975)** | **(21,543)** | **(34,262)** |

## 

## 10.5 Netting

Deferred tax assets and liabilities are netted when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income tax assets and liabilities are related to the income tax imposed by the tax authority on the same entity or different entities that intend to settle the balances on a net basis.

The deferred tax set-off is:

**Consolidated**

| **Concept** | **Gross Assets/Liabilities Th$** | **Netted amounts**  **Th$** | **Net closing balances**  **Th$** |
| --- | --- | --- | --- |
|
| Assets from deferred taxes | 12,239,852 | (10,793,147) | 1,446,705 |
| Liabilities from deferred taxes | (45,809,955) | 10,793,147 | (35,016,808) |
| **Balance as of 09.30.2018** | **(33,570,103)** | **-** | **(33,570,103)** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Concept** | **Gross Assets/Liabilities Th$** | **Netted amounts**  **Th$** | **Net closing balances**  **Th$** |
|
| Assets from deferred taxes | 11,602,315 | (10,431,316) | 1,170,999 |
| Liabilities from deferred taxes | (42,420,099) | 10,431,316 | (31,988,783) |
| **Balance as of 12.31.2017** | **(30,817,784)** | **-** | **(30,817,784)** |

**Parent Company and subsidiaries - Chile**

| **Concept** | **Gross Assets/Liabilities Th$** | **Netted amounts**  **Th$** | **Net closing balances**  **Th$** |
| --- | --- | --- | --- |
|
| Assets from deferred taxes | 9,689,259 | (8,242,554) | 1,446,705 |
| Liabilities from deferred taxes | (37,379,999) | 8,242,554 | (29,137,445) |
| **Balance as of 09.30.2018** | **(27,690,740)** | **-** | **(27,690,740)** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Concept** | **Gross Assets/Liabilities Th$** | **Netted amounts**  **Th$** | **Net closing balances**  **Th$** |
|
| Assets from deferred taxes | 9,208,962 | (8,037,963) | 1,170,999 |
| Liabilities from deferred taxes | (34,836,497) | 8,037,963 | (26,798,534) |
| **Balance as of 12.31.2017** | **(25,627,535)** | **-** | **(25,627,535)** |

**Subsidiaries - Colombia**

|  |  |  |  |
| --- | --- | --- | --- |
| **Concept** | **Gross Assets/Liabilities Th$** | **Netted amounts**  **Th$** | **Net closing balances**  **Th$** |
|
| Assets from deferred taxes | 1,949,831 | (1,949,831) | - |
| Liabilities from deferred taxes | (5,003,195) | 1,949,831 | (3,053,364) |
| **Balance as of 09.30.2018** | **(3,053,364)** | **-** | **(3,053,364)** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Concept** | **Gross Assets/Liabilities Th$** | **Netted amounts**  **Th$** | **Net closing balances**  **Th$** |
|
| Assets from deferred taxes | 1,834,214 | (1,834,214) | - |
| Liabilities from deferred taxes | (4,316,204) | 1,834,214 | (2,481,990) |
| **Balance as of 12.31.2017** | **(2,481,990)** | **-** | **(2,481,990)** |

**Subsidiaries – Peru**

| **Concept** | **Gross Assets/Liabilities Th$** | **Netted amounts**  **Th$** | **Net closing balances**  **Th$** |
| --- | --- | --- | --- |
|
| Assets from deferred taxes | 600,762 | (600,762) | - |
| Liabilities from deferred taxes | (3,426,761) | 600,762 | (2,825,999) |
| **Balance as of 09.30.2018** | **(2,825,999)** | **-** | **(2,825,999)** |
|  |  |  |  |
| **Concept** | **Gross Assets/Liabilities Th$** | **Netted amounts**  **Th$** | **Net closing balances**  **Th$** |
|
| Assets from deferred taxes | 559,139 | (559,139) | - |
| Liabilities from deferred taxes | (3,267,398) | 559,139 | (2,708,259) |
| **Balance as of 12.31.2017** | **(2,708,259)** | **-** | **(2,708,259)** |

# 

# **11. Intangible assets other than goodwill**

**11.1 Account composition**

The composition of this account as of September 30, 2018 and December 31, 2017 is as follows:

|  |  |  |
| --- | --- | --- |
| **Type of Intangible Assets, net** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| Software | 2,695,780 | 2,165,986 |
| Connection and exclusivity rights (Limagas Natural Perú S.A.) | 2,334,174 | 683,668 |
| Commercial assets | 1,112,836 | 1,056,346 |
| Customers (acquisition of Lima Gas S.A) | 1,034,609 | 1,205,432 |
| Customers (acquisition of Progas) | 745,213 | 735,964 |
| Customers (acquisition of Lidergas) | 1,560,433 | 1,560,810 |
| Trademark (acquisition of Lidergas) | 82,437 | 78,690 |
| Trademark (acquisition of Lima Gas) | 1,277,954 | 1,277,954 |
| Customers (acquisition of Gases del Cauca) | 85,792 | 87,983 |
| Other contracts (Limagas Natural Perú S.A.) | 280,918 | 345,374 |
| Easement rights | 198,827 | 215,507 |
| **Total intangibles, net** | **11,408,973** | **9,413,714** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of Intangible Assets, gross** | **09.30.2018 Th$** | **12.31.2017 Th$** | |
| Software | 6,424,584 | 5,360,667 | |
| Connection and license rights (Limagas Natural Perú S.A.) | 2,334,174 | 818,895 | |
| Commercial assets | 2,530,764 | 2,303,028 | |
| Customers (acquisition of Lima Gas S.A) | 2,797,266 | 2,797,266 | |
| Customers (acquisition of Progas) | 1,031,549 | 979,740 | |
| Customers (acquisition of Lidergas) | 1,992,042 | 1,901,494 | |
| Trademark (acquisition of Lidergas) | 164,216 | 156,752 | |
| Trademark (acquisition of Lima Gas) | 1,277,954 | 1,277,954 | |
| Customers (acquisition of Gases del Cauca) | 127,624 | 121,823 | |
| Trademark (acquisition of Gases del Cauca) | 40,042 | 38,222 | |
| Other contracts (Limagas Natural Perú S.A.) | 588,880 | 557,881 | |
| Easement rights | 230,335 | 230,335 | |
| **Total intangibles, gross** | **19,539,430** | **16,544,057** | |
| **Accumulated amortization of intangible assets** | **09.30.2018 Th$** | | **12.31.2017 Th$** | |
| Software | 3,728,804 | | 3,194,681 | |
| Commercial assets | 1,417,928 | | 1,246,682 | |
| Customers (acquisition of Lima Gas S.A) | 1,762,657 | | 1,591,834 | |
| Customers (acquisition of Progas) | 286,336 | | 243,776 | |
| Customers (acquisition of Lidergas) | 431,609 | | 340,684 | |
| Trademark (acquisition of Lidergas) | 81,779 | | 78,062 | |
| Customers (acquisition of Gases del Cauca) | 41,832 | | 33,840 | |
| Trademark (acquisition of Gases del Cauca) | 40,042 | | 38,222 | |
| Other contracts (Limagas Natural Perú S.A.) | 307,962 | | 212,507 | |
| Easement rights | 31,508 | | 14,828 | |
| **Total accumulated amortization, intangible assets** | **8,130,457** | | **6,995,116** | |

|  |  |  |
| --- | --- | --- |
| **Impairment of intangible assets** | **09.30..2018 Th$** | **12.31.2017 Th$** |
| Connection rights (Limagas Natural Perú S.A.) | - | 135,227 |

**11.2 Useful lives**

The following table shows the estimated useful lives by type of intangibles:

|  |  |
| --- | --- |
| **Estimated Useful Lives** | **Estimated Useful Life in years** |
|
| Software | 4 |
| Connection rights | Indefinite |
| Other contracts | 7 |
| Commercial assets | 4 to 6 |
| Customers | 10 to 20 |
| Trademarks | 5/Indefinite |
| Network rights | 5-20 |

The Company amortizes its intangible assets with finite useful lives by the straight-line method.

**11.3 Movement in intangible assets**

The movement in intangible assets for the period ended September 30, 2018 and the fiscal year ending December 31, 2017, respectively is as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Movement in Intangible Assets** | **Net Software** | **Net Commercial Assets** | **Customers, net** | **Trademarks, net** | **License and connection rights** | **Other agreements** | **Total intangible assets, net** |
| **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** |
| **Opening balance at 01.01.2018** | **2,165,986** | **1,056,346** | **3,590,189** | **1,356,644** | **899,175** | **345,374** | **9,413,714** |
| Additions | 1,115,398 | 305,930 | - | - | 1,840,693 | - | 3,262,021 |
| Disposals | - | - | - | - | (214,686) | - | (214,686) |
| Translation adjustment movement | (7,041) | - | 113,587 | 3,747 | 69,732 | 16,058 | 196,083 |
| Amortization | (578,563) | (249,440) | (277,729) | - | (61,913) | (80,514) | (1,248,159) |
| **Total changes** | **529,794** | **56,490** | **(164,142)** | **3,747** | **1,633,826** | **(64,456)** | **1,995,259** |
| **Ending balance at 09.30.2018** | **2,695,780** | **1,112,836** | **3,426,047** | **1,360,391** | **2,533,001** | **280,918** | **11,408,973** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Movement in Intangible Assets** | **Net Software** | **Net Commercial Assets** | **Customers, net** | **Trademarks, net** | **License and connection rights** | **Other agreements** | **Total intangible assets, net** |
| **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** |
| **Opening balance at 01.01.2017** | **1,312,655** | **807,848** | **3,844,030** | **1,365,495** | **710,492** | **504,074** | **8,544,594** |
| Additions | 1,431,644 | 580,344 | 235,632 | - | 269,598 | - | 2,517,218 |
| Translation adjustment movement | (2,606) | - | (102,965) | (8,787) | (34,079) | (88,386) | (236,823) |
| Amortization | (575,707) | (331,846) | (386,508) | (64) | (46,836) | (70,314) | (1,411,275) |
| **Total changes** | **853,331** | **248,498** | **(253,841)** | **(8,851)** | **188,683** | **(158,700)** | **869,120** |
| **Ending balance at 12.31.2017** | **2,165,986** | **1,056,346** | **3,590,189** | **1,356,644** | **899,175** | **345,374** | **9,413,714** |

# **12. Goodwill**

1. **Account composition**

As of September 30, 2018 and December 31, 2017, this account is composed as follows:

|  |  |  |
| --- | --- | --- |
| **Goodwill** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** |
| Lima Gas S.A | 2,767,469 | 2,767,469 |
| Limagas Natural Peru S.A. | 10,134,198 | 9,600,713 |
| Progas Operation | 366,008 | 349,371 |
| Lidergas Operation | 814,138 | 777,132 |
| Ingasoil Operation | 27,804 | 338,084 |
| Marquesa SpA | 371 | - |
| **Total goodwill** | **14,109,988** | **13,832,769** |

The following table reflects estimated useful lives:

|  |  |
| --- | --- |
| **Estimated useful lives** | **Estimated useful life** |
| Goodwill | Indefinite |

1. **Goodwill movement table**

The movement in goodwill for the period ended September 30, 2018 and the fiscal year ended December 31, 2017, respectively is as follows:

|  |  |  |
| --- | --- | --- |
| **Goodwill movements** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** |
| Opening balance | 13,832,769 | 14,054,987 |
| Reclassification to identified assets (Ingasoil) (note 12.3) | (354,183) | - |
| Ingasoil additions (Note 12.3) | - | 338,084 |
| Marquesa SpA additions | 371 | - |
| Movement for translation differences and other adjustments | 631,031 | (560,302) |
| **Ending goodwill balance** | **14,109,988** | **13,832,769** |

The movement in goodwill recorded during the period ended December 31, 2017 corresponds to the acquisition of network gas distribution assets by the subsidiary Rednova S.A.S. E.S.P.

**12.3 Breakdown of acquired goodwill**

Breakdown of goodwill acquired January 31, 2017 resulting from the acquisition of Ingasoil by the Colombian subsidiary Rednova S.A.S.E.S.P. is the following:

|  |  |
| --- | --- |
| **Goodwill Ingasoil** | |
|  |  |
| **Value paid at acquisition at 01.31.2017     (a)** | **1,373,217** |
|  |  |
| Balances of acquired assets and recognized identifiable liabilities assumed: |  |
| Current assets | **43,722** |
| Non-current assets | **991,411** |
|  |  |
| **Total Assets (b)** | **1,035,133** |
|  |  |
| Current assets | **-** |
| Non-current assets | **-** |
|  |  |
| **Total Liabilities  (c)** | **-** |
|  |  |
| Equity at fair value (d= b-c) | 1,035,133 |
| 100% ownership interest (e) |  |
| Equity value  (f=d x e) | 1,035,133 |
|  |  |
| **Acquired goodwill  (g= a-f)** | **338,084** |
| **Reclassification of assets identified pursuant to IFRS 3** |  |
|  |  |
| **Amounts assignable to Property, plant & equipment** | **711,655** |
| **Total reclassification 2017 fiscal year (=h)** | **711,655** |
|  |  |
| **Amounts assignable to Trademarks** | **2,575** |
| **Total reclassification 2017 fiscal year (=i)** | **2,575** |
|  |  |
| **Amounts assignable to Customers** | **277,181** |
| **Total reclassification 2017 fiscal year (=k)** | **277,181** |
|  |  |
| **Amounts assignable to Inventories** | **43,722** |
| **Total reclassification 2017 fiscal year (=l)** | **43,722** |
|  |  |
| **Final goodwill at 12.31.2017 (m=a-h-i-j-k-l)** | **338,084** |
|  |  |
| **Reclassifications PP&E and Trademarks** | **(354,183)** |
|  |  |
| **Goodwill translation differential as of 09.30.2018** | **43,903** |
|  |  |
| **Final goodwill at 09.30.2018** | **27,804** |

**12.4 Impairment tests**

Goodwill balances undergo impairment tests on a yearly basis.

Impairment tests are made based on estimates of the evolution of the market in which each generating unit operates and goodwill has been determined. Projections are performed on revenues, costs, expenses, investments in property, plant and equipment and working capital needs based on market growth projections and plans of each business unit. 5-year plans are considered in each case, including consideration of a perpetual flow, if applicable. The resulting flows are discounted at a nominal weighted rate of capital cost suitable to the characteristics of the business under evaluation based on the valuation model of financial assets (Capital Asset Pricing Model) to find the value of recovery of non-current assets subject to impairment test. As of December 31, 2017, the discount rates used were 10.98% for the Colombian operations and 10.29% for the operations in Peru, respectively.

As of September 30, 2018, there is no evidence indicating the need to recognize the impairment of accounted goodwill.

# **13. Property, plant and equipment**

**13.1 Account composition**

The composition of this account as of September 30, 2018 and December 31, 2017 is the following:

|  |  |  |
| --- | --- | --- |
| **Type of Property, plant & equipment, net** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| Constructions in progress | 18,910,307 | 20,265,648 |
| Land | 24,886,800 | 24,155,695 |
| Buildings | 19,524,626 | 17,606,898 |
| Storage tanks | 4,621,566 | 4,617,170 |
| PP&E at third-party facilities (\*) | 77,839,804 | 87,146,568 |
| Plant and equipment | 88,948,471 | 80,949,115 |
| IT equipment | 795,280 | 711,158 |
| PP&E under financial lease | 38,384,429 | 39,600,822 |
| Motor vehicles | 13,174,845 | 12,464,988 |
| Other property, plant & equipment | 2,636,553 | 2,746,925 |
| NG network and equipment | 13,930,543 | 5,328,178 |
| **Total Property, plant & equipment, net** | **303,653,224** | **295,593,165** |
|  |  |  |
| **Type of Property, plant & equipment, gross** | **09.30.2018** | **12.31.2017** |
| **Th$** | **Th$** |
| Constructions in progress | 18,910,307 | 20,265,648 |
| Land | 24,886,800 | 24,155,695 |
| Buildings | 26,037,837 | 23,259,349 |
| Storage tanks | 7,689,448 | 7,469,214 |
| PP&E at third-party facilities (\*) | 119,041,584 | 134,464,613 |
| Plant and equipment | 144,332,477 | 129,951,721 |
| IT equipment | 4,383,745 | 4,012,840 |
| PP&E under financial lease | 45,087,086 | 44,900,846 |
| Motor vehicles | 20,858,148 | 19,124,789 |
| Other property, plant & equipment | 8,013,316 | 7,665,987 |
| NG network and equipment | 14,800,713 | 6,061,255 |
| **Total Property, plant & equipment, gross** | **434,041,461** | **421,331,957** |
|  |  |  |
| **Accumulated Depreciation and Impairment of Property, plant & equipment** | **09.30.2018** | **12.31.2017** |
| **Th$** | **Th$** |
| Constructions in progress | - | - |
| Land | - | - |
| Buildings | 6,513,211 | 5,652,451 |
| Storage tanks | 3,067,882 | 2,852,044 |
| PP&E at third-party facilities (\*) | 41,201,780 | 47,318,045 |
| Plant and equipment | 55,384,006 | 49,002,606 |
| IT equipment | 3,588,465 | 3,301,681 |
| PP&E under financial lease | 6,702,657 | 5,300,024 |
| Motor vehicles | 7,683,303 | 6,659,801 |
| Other property, plant & equipment | 5,376,763 | 4,919,063 |
| NG network and equipment | 870,170 | 733,077 |
| **Total Property, plant & equipment and accumulated depreciation** | **130,388,237** | **125,738,792** |

The land for the bottling plant located in Yumbo (Valle) of the subsidiary Chilco Distribuidora de Gas y Energía S.A.S. E.S.P. is mortgaged in favor of Seguros Colpatria S.A. This mortgage was constituted as collateral for issuing the compliance policy with Seguros Colpatria in favor of Ecopetrol, as a condition of the latter for the regular LPG dispatch and supply to the subsidiary and is currently under assessment since no insurance policies exist with Seguros Colpatria as of this date.

The subsidiary Limagas Natural Perú S.A. maintains contracts signed to provide certain assets in trust, whose purpose is to serve as a means of payment and as collateral of full and timely payment of financial leasing contracts and of certain obligations with Banco Santander and Banco Financiero.

(\*) As a result of the analysis pursuant to IFRS 15, expenses which could be capitalized in that item have been reclassified, which were treated under IAS 16 before this standard came into effect. The amounts reclassified to the item Other non-financial assets have been disclosed in note 6.1.

**13.2 Movement in property, plant and equipment**

The following table provides a reconciliation of changes in property, plant and equipment by type as of September 30, 2018 and December 31, 2017:

**2018**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Movements in 2018** | **Construction in progress  Th$** | **Land Th$** | **Buildings**  **Th$** | **Storage tanks Th$** | **PP&E in third-party facilities Th$** | **Plant and equipment  Th$** | **IT equipment Th$** | **PP&E in financial lease Th$** | **Motor vehicles**  **Th$** | **Other property, plant and equipment Th$** | **NG Network and equipment**  **Th$** | **Total Property, plant and equipment  Th$** |
| **Opening balance on January 1, 2018** | **20,265,648** | **24,155,695** | **17,606,898** | **4,617,170** | **87,146,568** | **80,949,115** | **711,158** | **39,600,822** | **12,464,988** | **2,746,925** | **5,328,178** | **295,593,165** |
| Contract costs reclassification | - | - | - | - | (12,493,302) | - | - | - | - | - | - | **(12,493,302)** |
| Additions | 12,934,700 | 309,085 | 428,059 | 67,173 | 3,475,341 | 11,312,950 | 339,995 | - | 641,671 | 163,588 | 4,451,831 | **34,124,393** |
| Business combination additions | - | - | - | - | - | 323,593 | - | - | - | - | - | **323,593** |
| Transfers | (12,674,919) | - | 1,715,628 | - | 3,848,568 | 1,190,338 | - | (238,606) | 517,343 | 87,432 | 4,287,627 | **(1,266,589)** |
| Expropriation | (1,552,550) | - | - | - | (208,802) | (551,275) | (1,485) | - | (128,848) | (4,343) | - | **(2,447,303)** |
| Translation differential | (62,572) | 422,020 | 495,355 | 135,056 | 311,267 | 1,503,519 | 5,485 | 271,141 | 619,245 | 57,154 | - | **3,757,670** |
| Depreciation(\*) | - | - | (721,314) | (197,833) | (4,239,836) | (5,779,769) | (259,873) | (1,349,643) | (939,554) | (414,203) | (137,093) | **(14,039,118)** |
| Other increases (decreases) | - | - | - | - | - | - | - | 100,715 | - | - | - | **100,715** |
| Total Changes | **(1,355,341)** | **731,105** | **1,917,728** | **4,396** | **(9,306,764)** | **7,999,356** | **84,122** | **(1,216,393)** | **709,857** | **(110,372)** | **8,602,365** | **8,060,059** |
| **Ending balance as of September 30, 2018** | **18,910,307** | **24,886,800** | **19,524,626** | **4,621,566** | **77,839,804** | **88,948,471** | **795,280** | **38,384,429** | **13,174,845** | **2,636,553** | **13,930,543** | **303,653,224** |

(\*) During the period, the subsidiary in Peru recorded an impact for the adoption of IFRS 15 in the useful life of PP&E at third-party facilities, increasing it from to 11 years. This change resulted in lower depreciation effect of said components, which meant a one-time credit in the period’s depreciation in the amount of Th$ 83,304.

**2017**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Movements in 2017** | **Constructions in progress  Th$** | **Land Th$** | **Buildings**  **Th$** | **Storage tanks Th$** | **PP&E in third-party facilities Th$** | **Plant and equipment  Th$** | **IT equipment Th$** | **PP&E in financial lease Th$** | **Motor vehicles**  **Th$** | **Other property, plant and equipment Th$** | **NG networks and equipment**  **Th$** | **Total Property, plant and equipment  Th$** |
| **Opening balance on January 1, 2017** | **16,010,562** | **23,797,370** | **15,453,088** | **4,305,159** | **84,964,488** | **75,842,936** | **819,482** | **37,850,700** | **15,144,000** | **2,694,204** | **1,412,099** | **278,294,088** |
| Additions | 14,641,928 | 706,186 | 1,883,743 | 5,901 | 5,207,816 | 13,851,099 | 282,739 | 1,384,306 | 915,238 | 347,910 | 3,503,196 | 42,730,062 |
| Business combination additions | - | 20,456 | - | 43,671 | - | 659,303 | - | - | - | - | - | 723,430 |
| Transfers | (8,677,196) | 1,081 | 1,469,054 | 610,218 | 4,860,519 | 217,916 | 83,592 | 2,043,050 | (1,386,627) | 278,272 | 500,121 | - |
| Expropriation | (1,614,123) | (2,368) | (33,573) | - | (491,528) | (174,952) | (69,652) | (692,184) | 606,088 | 45,729 | - | (2,426,563) |
| Translation differential | (95,523) | (367,030) | (219,379) | (104,445) | (312,513) | (1,527,179) | (1,733) | (185,555) | (636,665) | (63,775) | - | (3,513,797) |
| Depreciation(\*\*) | - | - | (946,035) | (243,334) | (7,082,214) | (7,920,008) | (403,270) | (799,495) | (2,177,046) | (555,415) | (87,238) | (20,214,055) |
| **Total Changes** | **4,255,086** | **358,325** | **2,153,810** | **312,011** | **2,182,080** | **5,106,179** | **(108,324)** | **1,750,122** | **(2,679,012)** | **52,721** | **3,916,079** | **17,299,077** |
| **Ending balance as of December 31, 2017** | **20,265,648** | **24,155,695** | **17,606,898** | **4,617,170** | **87,146,568** | **80,949,115** | **711,158** | **39,600,822** | **12,464,988** | **2,746,925** | **5,328,178** | **295,593,165** |

(\*\*) During the fiscal year, the Company changed the estimation of the useful life of the valves of liquefied gas cylinders, reducing it to 10 years. This change in the lifespan of these elements produced an acceleration effect on the depreciation of those components with more than 10 years of useful life, recording a one-time charge in the depreciation of the fiscal year in the amount of Th$ 1,434,000.

**13.3 Accumulated depreciation movement**

The following table provides accumulated depreciation movement as of September 30, 2018 and December 31, 2017:

**2018**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Accumulated Depreciation Movement** | **Buildings**  **Th$** | **Storage tanks Th$** | **PP&E in third-party facilities Th$** | **Plant and equipment  Th$** | **IT equipment Th$** | **PP&E in financial lease Th$** | **Motor vehicles Th$** | **Other property, plant and equipment Th$** | **NG network and equipment**  **Th$** | **Total**  **Property, plant and equipment  Th$** |
|  |  |  |  |  |  |  |  |  |  |
| **Accumulated depreciation as of January 1, 2018** | **5,652,451** | **2,852,044** | **47,318,045** | **49,002,606** | **3,301,681** | **5,300,024** | **6,659,801** | **4,919,063** | **733,077** | **125,738,792** |
| Contract costs reclassifications | - | - | (10,581,557) | - | - | - | - | - | - | **(10,581,557)** |
| Depreciation in the fiscal year | 721,314 | 197,833 | 4,239,836 | 5,779,769 | 259,873 | 1,349,643 | 939,554 | 414,203 | 137,093 | **14,039,118** |
| Retirement, expropriations and transfers | 33,925 | - | (44,492) | (146,148) | (7,125) | (19,162) | (265,321) | 2,348 | - | **(445,975)** |
| Translation differentials | 105,521 | 18,005 | 269,947 | 747,779 | 34,036 | 72,152 | 349,269 | 41,150 | - | **1,637,859** |
| **Ending balance as of September 30, 2018** | **6,513,211** | **3,067,882** | **41,201,779** | **55,384,006** | **3,588,465** | **6,702,657** | **7,683,303** | **5,376,764** | **870,170** | **130,388,237** |

**2017**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Accumulated Depreciation Movement** | **Buildings**  **Th$** | **Storage tanks Th$** | **PP&E in third-party facilities Th$** | **Plant and equipment  Th$** | **IT equipment Th$** | **PP&E in financial lease Th$** | **Motor vehicles Th$** | **Other property, plant and equipment Th$** | **NG network and equipment**  **Th$** | **Total**  **Property, plant and equipment  Th$** |
| **Accumulated depreciation as of January 1, 2017** | **4,812,667** | **2,763,061** | **40,915,284** | **41,938,464** | **2,935,482** | **3,894,211** | **5,810,171** | **4,364,149** | **645,838** | **108,079,327** |
| Depreciation in the fiscal year | 946,033 | 242,023 | 7,082,588 | 7,924,404 | 354,357 | 1,943,287 | 1,079,972 | 554,152 | 87,239 | 20,214,055 |
| Depreciation acquired in business combinations | (14,749) | (130,025) | (363,682) | (164,754) | 41,914 | (390,846) | 84,961 | 15,753 | - | (921,428) |
| Retirement, expropriations and transfers | (91,500) | (23,015) | (316,145) | (695,508) | (30,072) | (146,628) | (315,303) | (14,991) |  | (1,633,162) |
| Translation differentials | **5,652,451** | **2,852,044** | **47,318,045** | **49,002,606** | **3,301,681** | **5,300,024** | **6,659,801** | **4,919,063** | **733,077** | **125,738,792** |
| **Ending balance as of December 31, 2017** | **4,812,667** | **2,763,061** | **40,915,284** | **41,938,464** | **2,935,482** | **3,894,211** | **5,810,171** | **4,364,149** | **645,838** | **108,079,327** |

**13.4 Assets under financial leases**

Itemization of these accounts as of September 30, 2018 and December 31, 2017 is the following:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **09.30.2018 Th$** | | | **12.31.2017 Th$** | | |
| **Property, plant and equipment under financial lease, net** | **Gross**  **Value** | **Accumulated depreciation, amortization and impairment** | **Net Value** | **Gross Value** | **Accumulated depreciation, amortization and impairment** | **Net Value** |
| **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** |
| Plant and equipment under financial lease | 39,912,190 | 5,452,486 | 34,459,704 | 39,698,321 | 4,235,422 | 35,462,899 |
| Motor vehicles under financial lease | 5,115,232 | 1,239,735 | 3,875,497 | 5,145,573 | 1,058,911 | 4,086,662 |
| Other property, plant and equipment under financial lease | 59,664 | 10,436 | 49,228 | 56,952 | 5,691 | 51,261 |
| **Total** | **45,087,086** | **6,702,657** | **38,384,429** | **44,900,846** | **5,300,024** | **39,600,822** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **09.30.2018 Th$** | | | **12.31.2017 Th$** | | |
| **Minimum lease payments, financial lease liability** | **Gross** | **Interest** | **Present Value** | **Gross** | **Interest** | **Present Value** |
| **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** |
| Within one year | 2,517,319 | 852,696 | 1,664,623 | 2,683,571 | 694,023 | 1,989,548 |
| More than one year and less than 5 years | 6,010,173 | 2,675,554 | 3,334,619 | 6,787,230 | 2,778,274 | 4,008,956 |
| More than 5 years | 28,478,162 | 11,718,245 | 16,759,917 | 29,530,612 | 12,788,530 | 16,742,082 |
| **Total** | **37,005,654** | **15,246,495** | **21,759,159** | **39,001,413** | **16,260,827** | **22,740,586** |

**13.5 Impairment of property, plant and equipment**

The Company has not recognized any impairment losses in property, plant and equipment as of the date of these interim consolidated financial statements because there were no signs of impairment, as instructed in paragraph 78 of IAS 16.

**13.6 Additional information on property, plant and equipment**

|  |  |  |
| --- | --- | --- |
| **Additional information disclosable on property, plant and equipment** | **09.30.2018** | **12.31.2017** |
| **Th$** | **Th$** |
| Gross carrying value of fully depreciated property, plant and equipment still in use | 19,217,690 | 17,873,651 |
| Carrying value of property, plant and equipment temporarily out of service | 101,610 | 101,610 |
| Carrying value of property, plant and equipment retired and not held for sale | - | - |

**13.7 Other additional information on property, plant and equipment**

The property, plant and equipment at third-party facilities are piping systems, tanks and meters used for residential, industrial and commercial consumption.

# **Other financial liabilities**

This account is composed of financial lease liabilities and bank loans, bonds and balances payable resulting from derivative operations.

The closing balances as of September 30, 2018 and December 31, 2017 are the following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Other financial liabilities** | **09.30.2018** | | **12.31.2017** | |
| **Current** | **Non-Current** | **Current** | **Non-Current** |
| **Th$** | **Th$** | **Th$** | **Th$** |
| Bank loans | 36,170,505 | 3,867,209 | 6,403,414 | 4,648,070 |
| Bonds interests payable | 521,903 | - | 1,336,381 | - |
| Bond surcharge | 66,994 | 1,399,490 | 65,101 | 1,389,774 |
| Financial leases | 1,664,623 | 20,094,537 | 1,989,548 | 20,751,038 |
| Bonds payable | - | 95,751,075 | - | 93,793,490 |
| Derivative liability position | 119,024 | - | 156,305 | - |
| **Total Other Financial Liabilities** | **38,543,049** | **121,112,311** | **9,950,749** | **120,582,372** |

**14.1 Bank loans and financial leases – Breakdown of currencies and maturities.**

Bank loans and financial leases by currency and maturity as of September 30, 2018 and December 31, 2017 are itemized below:

**Bank loans as of September 30, 2018:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Lender** | **Debtor** | **Currency** | **Type of amortization** | **Annual effective rate** | **Annual nominal rate** | **Current** | | |  | **Non-Current** | | | | | |
| **Maturity** | | | **Total Current at 09.30.2018 Th$** | **Maturity** | | | | | **Total Non-Current at 09.30.2018  Th$** |
|
| **Up to 1 month** | **1 to 3 months** | **3 to 12 months** | **1 to 2 years** | **2 to 3 years** | **3 to 4 years** | **4 to 5 years** | **more than 5 years** |
| **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** |
| Chile | Santander | Empresas Lipigas S.A. | CLP | At maturity | 2.88% | 2.88% | - | - | 30,398,400 | 30,398,400 | - | - | - | - | - | - |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 7.10% | 7.10% | - | 22,837 | 71,094 | 93,931 | - | - | - | - | - | - |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 6.90% | 6.90% | - | 22,579 | - | 22,579 | - | - | - | - | - | - |
| Peru | Interbank | Lima Gas S.A. | PEN | Monthly | 6.85% | 6.85% | 7,001 | 14,119 | 65,502 | 86,622 | 68,839 | - | - | - | - | 68,839 |
| Peru | Banco Continental | Lima Gas S.A. | PEN | Quarterly | 7.50% | 7.50% | 9,409 | 18,818 | 84,681 | 112,908 | 112,907 | 65,863 | - | - | - | 178,770 |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 7.20% | 7.20% | 9,583 | 19,073 | 89,066 | 117,722 | 126,231 | 100,678 | - | - | - | 226,909 |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 4.70% | 4.70% | - | 289,978 | 861,950 | 1,151,928 | 3,255,539 | - | - | - | - | 3,255,539 |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 4.70% | 4.70% | 1,886 | 11,183 | 33,549 | 46,618 | 137,152 | - | - | - | - | 137,152 |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 3.87% | 3.87% | 201,427 | - | - | 201,427 | - | - | - | - | - | - |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 4.15% | 4.15% | 110,828 | - | - | 110,828 | - | - | - | - | - | - |
| Peru | Banco Continental | Lima Gas S.A. | PEN | Quarterly | 3.70% | 3.70% | 602,774 | - | - | 602,774 | - | - | - | - | - | - |
| Peru | Banco Continental | Lima Gas S.A. | PEN | Bi-Monthly | 3.70% | 3.70% | 301,387 | - | - | 301,387 | - | - | - | - | - | - |
| Peru | Scotiabank | Lima Gas S.A. | PEN | Quarterly | 3.37% | 3.37% | 402,112 | - | - | 402,112 | - | - | - | - | - | - |
| Peru | Scotiabank | Lima Gas S.A. | PEN | Quarterly | 3.37% | 3.37% | 502,719 | - | - | 502,719 | - | - | - | - | - | - |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 4.20% | 4.20% | 400,819 | - | - | 400,819 | - | - | - | - | - | - |
| Peru | Scotiabank | Limagas Natural Perú S.A. | PEN | Quarterly | 3.37% | 3.37% | 603,819 | - | - | 603,819 | - | - | - | - | - | - |
| Peru | Scotiabank | Limagas Natural Perú S.A. | PEN | Quarterly | 3.70% | 3.70% | 421,992 | - | - | 421,992 | - | - | - | - | - | - |
| Peru | Interbank | Limagas Natural Perú S.A. | PEN | Quarterly | 4.20% | 4.20% | 360,478 | - | - | 360,478 | - | - | - | - | - | - |
| Peru | BCP | Limagas Natural Perú S.A. | PEN | Monthly | 4.00% | 4.00% | 200,655 | - | - | 200,655 | - | - | - | - | - | - |
| Peru | Banco Santander | Limagas Natural Perú S.A. | PEN | Monthly | 9.25% | 9.25% | 15,337 | 15,450 | - | 30,787 | - | - | - | - | - | - |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Total** | **4,152,226** | **414,037** | **31,604,242** | **36,170,505** | **3,700,668** | **166,541** | **-** | **-** | **-** | **3,867,209** |

**Bank loans as of December 31, 2017:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Lender** | **Debtor** | **Currency** | **Type of amortization** | **Annual effective rate** | **Annual nominal rate** | **Current** | | |  | **Non-Current** | | | | | |
| **Maturity** | | | **Total Current at 09.30.2017 Th$** | **Maturity** | | | | | **Total Non-Current at 09.30.2017  Th$** |
|
| **Up to 1 month** | **1 to 3 months** | **3 to 12 months** | **1 to 2 years** | **2 to 3 years** | **3 to 4 years** | **4 to 5 years** | **more than 5 years** |
| **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** |
| Colombia | Itaú | Chilco Distribuidora de Gas y Energía S.A.S. E.S.P. | COP | Quarterly | 8.95% | 8.95% | - | 145,005 | 3,032,591 | 3,177,596 | - | - | - | - | - | - |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 7.10% | 7.10% | - | 20,492 | 63,748 | **84,240** | 63,832 | - | - | - | - | **63,832** |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 6.90% | 6.90% | - | 23,697 | 73,511 | **97,208** | - | - | - | - | - | **-** |
| Peru | Interbank | Lima Gas S.A. | PEN | Monthly | 6.85% | 6.85% | 6,311 | 12,728 | 59,046 | **78,085** | 83,433 | 43,836 | - | - | - | **127,269** |
| Peru | Banco Continental | Lima Gas S.A. | PEN | Quarterly | 7.50% | 7.50% | 8,914 | 17,827 | 80,223 | **106,964** | 106,964 | 106,964 | 35,655 | - | - | **249,583** |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 7.20% | 7.20% | 8,716 | 17,341 | 79,758 | **105,815** | 113,498 | 121,685 | 64,158 | - | - | **299,341** |
| Peru | BCP | Lima Gas S.A. | PEN | Quarterly | 4.70% | 4.70% | - | 273,928 | 821,785 | **1,095,713** | 3,908,045 | - | - | - | - | **3,908,045** |
| Peru | Santander | Limagas Natural Perú S.A. | PEN | Monthly | 9.25% | 9.25% | 13,597 | 27,496 | 114,130 | **155,223** | - | - | - | - | - | **-** |
| Peru | Bambif | Limagas Natural Perú S.A. | PEN | Quarterly | 4.25% | 4.25% | 323,454 | - | - | **323,454** | - | - | - | - | - | **-** |
| Peru | BCP | Limagas Natural Perú S.A. | PEN | Quarterly | 4.10% | 4.10% | 307,628 | - | - | **307,628** | - | - | - | - | - | **-** |
| Peru | BCP | Limagas Natural Perú S.A. | PEN | Quarterly | 3.85% | 3.85% | 379,194 | - | - | **379,194** | - | - | - | - | - | **-** |
| Peru | Banco Continental | Limagas Natural Perú S.A. | PEN | Monthly | 3.84% | 3.84% | 414,830 | - | - | **414,830** | - | - | - | - | - | **-** |
| Peru | Banco Continental | Limagas Natural Perú S.A. | USD | Monthly | 7.00% | 7.00% | 77,464 | - | - | **77,464** | - | - | - | - | - | **-** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Total** | **1,540,108** | **538,514** | **4,324,792** | **6,403,414** | **4,275,772** | **272,485** | **99,813** | **-** | **-** | **4,648,070** |

**Financial leases as of September 30, 2018:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Creditor** | **País** | **Debtor** | **Currency** | **Type of amortization** | **Annual effective rate** | **Annual nominal rate** | **Balance at 09.30.2018  Th$** | **Up to 1 month  Th$** | **1 to 3 months Th$** | **3 to 12 months Th$** | **Current at 09.30.2018 Th$** | **1 to 2 years Th$** | **2 to 3 years Th$** | **3 to 4 years Th$** | **4 to 5 years Th$** | **more than 5 years Th$** | **Non-current at 09.30.2018 Th$** |
| Oxiquim S.A. | Chile | Empresas Lipigas S.A | UF | Monthly in arrears | U.F + 3% | U.F + 3% | **38,753,710** | 109,178 | 218,356 | 982,597 | **1,310,131** | 1,255,609 | 1,255,609 | 1,255,609 | 1,255,609 | 32,421,143 | **37,443,579** |
| Prepayment compensation Oxiquim S.A. | Chile | Empresas Lipigas S.A | UF | 0.00% | 0.00% | 0.00% | **(18,846,988)** | (53,096) | (106,192) | (477,863) | **(637,151)** | (637,153) | (637,153) | (637,153) | (637,153) | (15,661,225) | **(18,209,837)** |
| Leasing De Occidente | Colombia | Chilco Distribuidora de Gas y Energía S.A.S. E.S.P. | COP | Monthly in arrears | 11.66% | 11.66% | **25,634** | 1,694 | 5,166 | 16,297 | **23,157** | 2,477 | - | - | - | - | **2,477** |
| BCP | Peru | Lima Gas S.A. | PEN | Monthly | 5.00% | 5.00% | **18,451** | 4,590 | 9,220 | 4,641 | **18,451** | - | - | - | - | - | **-** |
| Scotiabank | Peru | Lima Gas S.A. | PEN | Monthly | 5.70% | 5.70% | **10,705** | 3,552 | 7,153 | - | **10,705** | - | - | - | - | - | **-** |
| Interbank | Peru | Lima Gas S.A. | PEN | Monthly | 6.60% | 6.60% | **21,132** | 908 | 1,830 | 8,481 | **11,219** | 9,913 | - | - | - | - | **9,913** |
| Interbank | Peru | Lima Gas S.A. | PEN | Monthly | 7.50% | 7.50% | **791,068** | 18,048 | 36,423 | 169,450 | **223,921** | 240,712 | 258,766 | 67,669 | - | - | **567,147** |
| Interbank | Peru | Lima Gas S.A. | PEN | Monthly | 7.50% | 7.50% | **27,203** | 800 | 1,616 | 7,516 | **9,932** | 10,677 | 6,594 | - | - | - | **17,271** |
| Interbank | Peru | Lima Gas S.A. | PEN | Monthly | 7.50% | 7.50% | **368,213** | 8,400 | 16,954 | 78,872 | **104,226** | 112,043 | 120,446 | 31,498 | - | - | **263,987** |
| Banco Santander | Peru | Limagas Natural Perú S.A. | USD | Monthly | 8.70% | 8.70% | **78,214** | 10,942 | 22,113 | 45,159 | **78,214** | - | - | - | - | - | **-** |
| Banco Santander | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 9.25% | 9.25% | **11,898** | 1,283 | 2,595 | 8,020 | **11,898** | - | - | - | - | - | **-** |
| BANBIF | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.50% | 8.50% | **107,008** | 8,588 | 17,351 | 81,069 | **107,008** | - | - | - | - | - | **-** |
| BANBIF | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.50% | 8.50% | **69,297** | 5,561 | 11,237 | 52,499 | **69,297** | - | - | - | - | - | **-** |
| BANBIF | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.35% | 8.35% | **26,665** | 13,288 | 13,377 | - | **26,665** | - | - | - | - | - | **-** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.80% | 8.80% | **114,258** | 18,269 | 36,925 | 59,064 | **114,258** | - | - | - | - | - | **-** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.80% | 8.80% | **9,223** | 2,201 | 4,449 | 2,573 | **9,223** | - | - | - | - | - | **-** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.80% | 8.80% | **10,699** | 1,711 | 3,459 | 5,529 | **10,699** | - | - | - | - | - | **-** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.80% | 8.80% | **32,931** | 7,903 | 15,974 | 9,054 | **32,931** | - | - | - | - | - | **-** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.80% | 8.80% | **24,309** | 2,583 | 5,221 | 16,505 | **24,309** | - | - | - | - | - | **-** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.85% | 8.85% | **31,166** | 2,974 | 6,012 | 22,180 | **31,166** | - | - | - | - | - | **-** |
| Banco Santander | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 9.25% | 9.25% | **74,364** | 6,497 | 13,139 | 54,728 | **74,364** | - | - | - | - | - | **-** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Total** | **21,759,160** | **175,874** | **342,378** | **1,146,371** | **1,664,623** | **994,278** | **1,004,262** | **717,623** | **618,456** | **16,759,918** | **20,094,537** |

**Financial leases as of December 31, 2017:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Creditor** | **País** | **Debtor** | **Currency** | **Type of amortization** | **Annual effective rate** | **Annual nominal rate** | **Balance at 09.30.2017  Th$** | **Up to 1 month  Th$** | **1 to 3 months Th$** | **3 to 12 months Th$** | **Current at 09.30.2017 Th$** | **1 to 2 years Th$** | **2 to 3 years Th$** | **3 to 4 years Th$** | **4 to 5 years Th$** | **more than 5 years Th$** | **Non-current at 09.30.2017 Th$** |
| Oxiquim S.A. | Chile | Empresas Lipigas S.A | UF | Monthly in arrears | U.F + 3% | U.F + 3% | **38,898,998** | 104,569 | 313,707 | 836,553 | **1,254,829** | 1,254,829 | 1,254,829 | 1,254,829 | 1,254,829 | 32,624,852 | **37,644,169** |
| Prepayment compensation Oxiquim S.A. | Chile | Empresas Lipigas S.A | UF | - | - | - | **(18,934,054)** | **(50,855)** | **(152,564)** | **(406,837)** | **(610,257)** | **(610,257)** | **(610,257)** | **(610,257)** | **(610,257)** | **(15,882,770)** | **(18,323,797)** |
| Leasing De Occidente | Colombia | Chilco Distribuidora de Gas y Energía S.A.S. E.S.P. | COP | Monthly in arrears | 11.66% | 11.66% | **38,416** | 1,494 | 4,561 | 12,756 | **18,811** | 19,605 | - | - | - | - | **19,605** |
| Banco de Crédito del Peru | Peru | Lima Gas S.A. | PEN | Monthly | 5.00% | 5.00% | **55,758** | 4,172 | 8,439 | 38,750 | **51,361** | 4,397 | - | - | - | - | **4,397** |
| Scotiabank Peru SA | Peru | Lima Gas S.A. | PEN | Monthly | 5.70% | 5.70% | **39,738** | 3,228 | 6,501 | 30,009 | **39,738** | - | - | - | - | - | **-** |
| Interbank | Peru | Lima Gas S.A. | PEN | Monthly | 6.60% | 6.60% | **27,558** | 820 | 1,653 | 7,659 | **10,132** | 10,800 | 6,626 | - | - | - | **17,426** |
| Interbank | Peru | Lima Gas S.A. | PEN | Monthly | 7.50% | 7.50% | **898,749** | 16,195 | 32,684 | 152,052 | **200,931** | 216,001 | 232,201 | 249,616 | - | - | **697,818** |
| Interbank | Peru | Lima Gas S.A. | PEN | Monthly | 7.50% | 7.50% | **32,394** | 718 | 1,450 | 6,744 | **8,912** | 9,581 | 10,299 | 3,602 | - | - | **23,482** |
| Interbank | Peru | Lima Gas S.A. | PEN | Monthly | 7.50% | 7.50% | **418,337** | 7,538 | 15,213 | 70,775 | **93,526** | 100,541 | 108,082 | 116,188 | - | - | **324,811** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 7.95% | 7.95% | **872** | 289 | 583 | - | **872** | - | - | - | - | - | **-** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.00% | 8.00% | **1,094** | 216 | 436 | 442 | **1,094** | - | - | - | - | - | **-** |
| Banco Santander | Peru | Limagas Natural Perú S.A. | USD | Monthly | 8.70% | 8.70% | **161,381** | 9,569 | 19,339 | 90,430 | **119,338** | 42,043 | - | - | - | - | **42,043** |
| Banco Santander | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 9.25% | 9.25% | **21,822** | 1,138 | 2,301 | 10,785 | **14,224** | 7,598 | - | - | - | - | **7,598** |
| BANBIF | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.50% | 8.50% | **172,160** | 7,653 | 15,463 | 72,243 | **95,359** | 76,801 | - | - | - | - | **76,801** |
| BANBIF | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.50% | 8.50% | **111,489** | 4,956 | 10,013 | 46,784 | **61,753** | 49,736 | - | - | - | - | **49,736** |
| BANBIF | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.35% | 8.35% | **134,855** | 11,854 | 23,947 | 99,054 | **134,855** | - | - | - | - | - | **-** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.70% | 8.70% | **12,663** | 3,133 | 6,331 | 3,199 | **12,663** | - | - | - | - | - | **-** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.80% | 8.80% | **260,781** | 16,246 | 32,837 | 155,743 | **204,826** | 55,955 | - | - | - | - | **55,955** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.70% | 8.70% | **12,352** | 1,728 | 3,492 | 7,132 | **12,352** | - | - | - | - | - | **-** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.80% | 8.80% | **26,862** | 1,958 | 3,957 | 18,510 | **24,425** | 2,437 | - | - | - | - | **2,437** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.80% | 8.80% | **24,224** | 1,522 | 3,076 | 14,388 | **18,986** | 5,238 | - | - | - | - | **5,238** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.80% | 8.80% | **96,265** | 7,028 | 14,205 | 66,454 | **87,687** | 8,578 | - | - | - | - | **8,578** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.80% | 8.80% | **44,296** | 2,297 | 4,643 | 21,720 | **28,660** | 15,636 | - | - | - | - | **15,636** |
| Banco Financiero | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 8.85% | 8.85% | **54,006** | 2,644 | 5,344 | 25,006 | **32,994** | 21,012 | - | - | - | - | **21,012** |
| Banco Santander | Peru | Limagas Natural Perú S.A. | PEN | Monthly | 9.25% | 9.25% | **129,570** | 5,718 | 11,563 | 54,196 | **71,477** | 57,914 | 179 | - | - | - | **58,093** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Total** | **22,740,586** | **165,828** | **389,174** | **1,434,547** | **1,989,548** | **1,348,445** | **1,001,959** | **1,013,978** | **644,572** | **16,742,082** | **20,751,038** |

(\*) The Company signed a long-term lease with Oxiquim S.A. for the construction of storage and dispatching facilities at Quintero Bay so that it could receive LPG by sea. This lease is a financial lease according to the interpretation of IFRIC 4 and IAS 17 and has been recorded as a financial lease beginning March 2015 since the terminal began operating on that date.

(\*\*) Prepayments made by the Company to Oxiquim S.A. under the previously mentioned agreement are shown discounting the lease debt pursuant to paragraph 42 of IAS 32.

**Financial covenants - subsidiaries**

The only subsidiary subject to covenant compliance is Limagas Natural Perú S.A., that has contracted loans with the following banks: BANBIF and Financiero, whose clauses require compliance of certain covenants based on financial ratios. Said ratios are in compliance as of September 30, 2018.

**14.2 Bonds payable**

Bonds payable correspond to UF bonds issued by the Company on the Chilean market on April 23, 2015.

Closing balances for this instrument as of September 30, 2018, and December 31, 2017 are as follows:

**As of September 30, 2018**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Bond** | **Face Amount** | **Indexation Unit** | **Annual Effective Rate** | **Annual Face Rate** | **Current** | | |  | **Non-Current** | | |
| **Maturity** | | | **Total Current at 06,30,2018**  **Th$** | **Maturity** | | **Total Non-Current at 06,30,2018  Th$** |
| **Within 1 month** | **1 to 3 months** | **3 to 12 months** | **1 to 5 years** | **5 or more years** |
| **Th$** | **Th$** | **Th$** | **Th$** | **Th$** |
| BLIPI- E | 3,500,000 | UF | 3,44% | 3,55% | - | - | - | - | - | 95,751,075 | **95,751,075** |
| Bond surcharge |  |  |  |  | 5,583 | 11,166 | 50,245 | **66,994** | 386,066 | 1,013,424 | **1,399,490** |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **5,583** | **11,166** | **50,245** | **66,994** | **386,066** | **96,764,499** | **97,150,565** |

**As of December 31, 2017**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Bond** | **Face Amount** | **Indexation Unit** | **Annual Effective Rate** | **Annual Face Rate** | **Current** | | |  | **Non-Current** | | |
| **Maturity** | | | **Total Current at 12.31.2017**  **Th$** | **Maturity** | | **Total Non-Current at 12.31.2017  Th$** |
| **Within 1 month** | **1 to 3 months** | **3 to 12 months** | **1 to 5 years** | **5 or more years** |
| **Th$** | **Th$** | **Th$** | **Th$** | **Th$** |
| BLIPI- E | 3,500,000 | UF | 3.44% | 3.55% | - | - | - | **-** | - | 93,793,490 | **93,793,490** |
| Bond surcharge |  |  |  |  | 5,425 | 10,850 | 48,826 | **65,101** | 383,386 | 1,006,388 | **1,389,774** |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **5,425** | **10,850** | **48,826** | **65,101** | **383,386** | **94,799,878** | **95,183,264** |

**Risk Rating**

As of September 30, 2018, the bond issued on the Chilean market was rated as follows:

AA: by Compañía Clasificadora de Riesgo Humphreys Ltda.

AA-: by Feller Rate Clasificadora de Riesgo Limitada

**Covenants**

The covenants binding upon the Company related to the bond issued in 2015, are explained below:

- Minimum equity: Th$110,000,000

- Indebtedness <=1.5 x (net financial debt-to-equity ratio)

**Covenant Status**

The covenant status binding upon the Company as of September 30, 2018 is shown below:

|  |  |  |
| --- | --- | --- |
| **Covenants** | **Amount** | **Compliance** |
| Minimum equity (Th$) | 151,222,993 | Yes |
| Indebtedness | 0.96 | Yes |

- Minimum equity used: Total equity disclosed in the statement of financial position.

- Indebtedness used: ((Other current financial liabilities + other non-current financial liabilities) - cash and cash equivalent) / total equity.

**14.3 Reconciliation of financial liabilities with cash flow statement**

Reconciliation as of September 30, 2018 and 2017, respectively is as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Current** | **Balance**  **as of  01.01.2018** | **Cash Flows** | | | **Other Non-Cash Flow movements** | | | **Balance as of 09.30.2018** |
| **Capital**  **Obtained** | **Capital Paid** | **Paid interest** | **Accrued interest** | **Adjustment** | **Others** |
| **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** |
| Bank loans | 6,403,414 | 42,479,747 | (13,021,287) | (620,447) | 987,121 | - | (58,043) | 36,170,505 |
| Bonds | 1,401,482 | - | - | (3,335,734) | 2,430,772 | 526,605 | (434,228) | 588,897 |
| Financial leases | 1,989,548 | - | (1,561,495) | (601,165) | 611,336 | 13,599 | 1,212,800 | 1,664,623 |
| Forward liabilities | 156,305 | - | (29,175) | (49,765) | 51,672 | - | (10,013) | 119,024 |
| **Other financial liabilities, current** | **9,950,749** | **42,479,747** | **(14,611,957)** | **(4,607,111)** | **4,080,901** | **540,204** | **710,516** | **38,543,049** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Non-Current** | | **Balance**  **as of  01.01.2018** | | **Cash Flows** | | | | | **Other Non-Cash Flow movements** | | | | | | **Balance as of 09.30.2018** | |
| **Capital**  **Obtained** | | **Capital Paid** | | **Paid interest** | **Accrued interest** | | **Adjustment** | | **Others** | |
| **Th$** | | **Th$** | | **Th$** | | **Th$** | **Th$** | | **Th$** | | **Th$** | | **Th$** | |
| Bank loans | | 4,648,070 | | 172,471 | | - | | - | - | | - | | (953,332) | | 3,867,209 | |
| Bonds | | 95,183,264 | | - | | - | | - | - | | 1,525,074 | | 442,228 | | 97,150,565 | |
| Financial leases | | 20,751,038 | | - | | - | | - | - | | 398,638 | | (1,055,139) | | 20,094,537 | |
| **Other financial liabilities, non-current** | | **120,582,372** | | **172,471** | | **-** | | **-** | **-** | | **1,923,712** | | **(1,566,243)** | | **121,112,311** | |
|  | |  | |  | |  | |  |  | |  | |  | |  | |
| **Current** | **Balance**  **as of  01.01.2017** | | **Cash Flows** | | | | | | | **Other Non-Cash Flow movements** | | | | | | **Balance as of 09.30.2017** |
| **Capital**  **Obtained** | | **Capital Paid** | | **Paid interest** | | | **Accrued interest** | | **Adjustment** | | **Others** | |
| **Th$** | | **Th$** | | **Th$** | | **Th$** | | | **Th$** | | **Th$** | | **Th$** | | **Th$** |
| Bank loans | 6,951,807 | | 4,446,488 | | (4,718,639) | | (774,158) | | | 609,783 | | 27,177 | | 334,916 | | 6,877,374 |
| Bonds | 1,377,510 | | - | | - | | (3,327,734) | | | 2,382,365 | | 89,684 | | 76,939 | | 598,764 |
| Financial leases | 3,262,739 | | - | | (1,510,412) | | (586,365) | | | 663,213 | | 7,147 | | 437,931 | | 2,274,253 |
| Forward liabilities | 626,989 | | - | | - | | - | | | - | | - | | (282,159) | | 344,830 |
| **Other financial liabilities, current** | **12,219,045** | | **4,446,488** | | **(6,229,051)** | | **(4,688,257)** | | | **3,655,361** | | **124,008** | | **567,627** | | **10,095,221** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Non-Current** | **Balance**  **as of  01.01.2017** | **Cash Flows** | | | **Other Non-Cash Flow movements** | | | **Balance as of 09.30.2017** |
| **Capital**  **Obtained** | **Capital Paid** | **Paid interest** | **Accrued interest** | **Adjustment** | **Others** |
| **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** | **Th$** |
| Bank loans | 4,689,377 | - | - | - | - | - | (837,516) | 3,851,861 |
| Bonds | 93,607,847 | - | - | - | - | 1,055,216 | - | 94,663,063 |
| Financial leases | 20,101,870 | - | - | - | - | 186,864 | (709,796) | 19,578,938 |
| **Other financial liabilities, non-current** | **118,399,094** | **-** | **-** | **-** | **-** | **1,242,080** | **(1,547,312)** | **118,093,862** |

**14.4 Guarantees**

To date, the Company has not granted guarantees that are framed within the prohibitions provided in the ninth clause of the bond issuance contract that governs the outstanding E series.

**14.5 Bond lines not issued**

The Company has three bond lines without issuing, which are listed below:

**Bond line CMF Securities Registry No. 800**

On April 23, 2015 the Company proceeded to register in the securities registry of Chile’s Superintendence of Securities and Insurance (SVS – currently Financial Market Commission -CMF-) the following bond lines directed to the general market: (i) bond line registered in the CMF Securities Registry under No. 800, for a maximum amount of UF 3.5 million with a maturity period of 10 years from the date of registration in the aforementioned registry.

**Bond lines CMF Securities Registry N° 880 and No. 881**

Traducción al Inglés.

On December 29, 2017 the Company proceeded to register in the Securities Registry of Chile’s Superintendence of Securities and insurance (SVS – currently Financial Market Commission -CMF-) the following two bond lines directed to the general market: (i) bond line registered in the Securities Registry of the CMF under No 880, for a maximum amount of UF 4 million with a maturity period of 10 years from the date of its registration in the aforementioned Registry; and (ii) bond line registered in the Securities Registry of the CMF under No 881, for a maximum amount of UF 4 million and with a maturity period of 30 years from the date of registration in the aforementioned Registry.

# **Trade accounts and other accounts payable**

15.1 Trade accounts and other accounts payable, current

|  |  |  |
| --- | --- | --- |
| **Type of Supplier** | **09.30.2018** | **12.31.2017** |
| **Th$** | **Th$** |
| LPG | 14,993,887 | 15,032,063 |
| Other suppliers | 24,315,338 | 20,411,859 |
| Withholdings and other taxes | 5,176,231 | 4,109,689 |
| **Total trade payables and other accounts payable** | **44,485,456** | **39,553,611** |

Trade accounts and other accounts payable include commitments to third parties mainly for the purchase of gas, acquisition of property, plant and equipment, services and the purchase of materials and spare parts.

Average payment period of LPG supplier accounts payable as of September 30, 2018 and December 31, 2017, is 14 and 19 days, respectively.

Average payment period of other supplier accounts payable as of September 30, 2018 and December 31, 2017, is 38 and 32 days, respectively.

**15.2 Maturity and classification of Trade Accounts and Other Accounts Payable, Current:**

**As of 09.30.2018**

**Suppliers with up-to-date payments**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Type of supplier** | **Amounts per payment term** | | | | | | **Total Th$** | **Average payment period (days)** |
| **Up to 30 days** | **31 - 60** | **61 - 90** | **91 - 120** | **121 - 365** | **366 and more** |  |  |
| Goods | 14,927,614 | 4,779 | - | - | - | - | **14,932,393** | 14 |
| Services | 22,110,273 | 722,345 | 62,200 | - | - | - | **22,894,818** | 38 |
| Others | 5,176,231 | - | - | - | - | - | **5,176,231** | 30 |
| **Total Th$** | **42,214,118** | **727,124** | **62,200** | **-** | **-** | **-** | **43,003,442** | **27** |

**Suppliers with overdue payments**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Type of supplier(\*)** | **Amounts per payment term** | | | | | | **Total Th$** |
| **Up to 30 days** | **31 - 60** | **61 - 90** | **91 - 120** | **121 - 180** | **181 and more** |  |
| Goods | 34,519 | - | 1,825 | 8,428 | 6,018 | 10,704 | **61,494** |
| Services | 947,277 | 60,267 | 21,165 | 50,281 | 106,015 | 235,515 | **1,420,520** |
| Others | - | - | - | - | - | - | **-** |
| **Total Th$** | **981,796** | **60,267** | **22,990** | **58,709** | **112,033** | **246,219** | **1,482,014** |

**As of 12.31.2017**

**Suppliers with up-to-date payments**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Type of supplier** | **Amounts per payment term** | | | | | | **Total Th$** | **Average payment period (days)** |
| **Up to 30 days** | **31 - 60** | **61 - 90** | **91 - 120** | **121 - 365** | **366 and more** |  |  |
| Goods | 13,452,406 | 1,540,723 | - | - | 24,028 | - | **15,017,157** | 19 |
| Services | 15,395,620 | 3,277,571 | 660,504 | - | - | - | **19,333,695** | 32 |
| Others | 4,109,689 | - | - | - | - | - | **4,109,689** | 30 |
| **Total Th$** | **32,957,715** | **4,818,294** | **660,504** | **-** | **24,028** | **-** | **38,460,541** | **27** |

**Suppliers with overdue payments**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Type of supplier(\*)** | **Amounts per payment term** | | | | | | **Total Th$** |
| **Up to 30 days** | **31 - 60** | **61 - 90** | **91 - 120** | **121 - 180** | **181 and more** |  |
| Goods | 1,294 | 2,268 | - | 441 | 833 | 10,070 | **14,906** |
| Services | 102,332 | 801,306 | 30,903 | 9,066 | 20,376 | 114,181 | **1,078,164** |
| Others | - | - | - | - | - | - | **-** |
| **Total Th$** | **103,626** | **803,574** | **30,903** | **9,507** | **21,209** | **124,251** | **1,093,070** |

(\*)Balances more than 31 days overdue correspond to provisions pending backups

# **15.3 Trade accounts and other accounts payable, non-current**

|  |  |  |
| --- | --- | --- |
| **Type of Supplier** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| Business combination suppliers | 47,034 | 190,289 |
| **Total non-current trade payables and other accounts payable** | **47,034** | **190,289** |

# **Other provisions, current**

As of September 30, 2018 and December 31, 2017, this account is itemized as follows:

|  |  |  |
| --- | --- | --- |
| **Type of Provision** | **09.30.2018** | **12.31.2017** |
| **Th$** | **Th$** |
| Lawsuits | 80,787 | 78,191 |
| Business combinations | 1,049,147 | 993,917 |
| **Total other provisions** | **1,129,934** | **1,072,108** |

# **Provisions for employee benefits**

## 17.1 Current provisions

As of September 30, 2018 and December 31, 2017, this account is itemized as follows:

|  |  |  |
| --- | --- | --- |
| **Type of Provision** | **09.30.2018** | **12.31.2017** |
| **Th$** | **Th$** |
| Personnel liabilities (bonuses, profit-share and others) | 1,472,344 | 2,105,527 |
| **Total accumulated liabilities** | **1,472,344** | **2,105,527** |

## 17.2 Non-current provisions

**Actuarial assumptions**

The Company recorded a non-current liability for employment benefits, which is valued based on the actuarial method, for which the following actuarial assumptions are used:

|  |  |  |
| --- | --- | --- |
| **Actuarial Assumptions** | **09.30.2018** | **12.31.2017** |
| Mortality table | RV-2009 | RV-2009 |
| Real annual interest rate | 2.44% | 3.78% |
| Voluntary retirement turnover rate, men and women respectively | 0.7% - 1.30% | 0.7% - 1.30% |
| Salary increase, men and women, respectively | 2.3% - 1.70% | 2.3% - 1.70% |
| Retirement age, men | 65 yrs. | 65 yrs. |
| Retirement age, women | 60 yrs. | 60 yrs. |

Balances and movement of this account as of September 30, 2018 and December 31, 2017 are as follows:

|  |  |  |
| --- | --- | --- |
| **Provision for severance payment for years of service** | **09.30.2018**  **Th$** | **12.31.2017 Th$** |
| Opening Balance | 2,132,882 | 2,071,061 |
| Actuarial variables | 290,253 | (83,068) |
| Payments | (137,720) | (101,455) |
| Accrual | 147,221 | 246,344 |
| **Total** | **2,432,636** | **2,132,882** |

**17.3 Contingent liability**

The Company has agreed with a group of its officers from the different countries where it operates, a long-term incentive plan related to the generation of results of the 2017-2020 period. This plan implies a bonus payment to the selected officers who remain as employees of the Company as of December 31, 2020 and which depends on the results obtained and the evolution of the value of the share during that period. Since such liability will only be confirmed if certain uncertain future events occur which are not entirely under its control, the Company has considered such liability as contingent.

# **Other non-current, non-financial liabilities (cylinder and tank guarantees)**

Balances and movement of this account for the period ended September 30, 2018 and the fiscal year ended December 31, 2017 are as follows:

| **Other non-current liabilities** | **09.30.2018**  **Th$** | **12.31.2017**  **Th$** |
| --- | --- | --- |
|
| Opening Balance | 34,664,790 | 34,294,591 |
| Deposits | 1,017,987 | 917,074 |
| Translation differentials movement | 444,012 | (460,172) |
| Returns | (41,816) | (150,293) |
| Adjustment to present value | (505,131) | 63,590 |
| **Total** | **35,579,842** | **34,664,790** |

The liability for customer guarantees for cylinders and tanks as of September 30, 2018 totaled Th$ 63,601,243 (Th$ 62,119,635 at December 31, 2017), considering current values, as adjusted according to the regulations of each country.

**19. Other provisions, non-current**

The balance for the period ended September 30, 2017 and the fiscal year ended December 31, 2017 is as follows:

|  |  |  |
| --- | --- | --- |
| **Other liabilities, non-current** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| Administrative proceeding in Peru | 1,080,187 | 1,023,324 |
| **Total** | **1,080,187** | **1,023,324** |

Movements for the 2018 period and 2017 fiscal year were as follows:

|  |  |  |
| --- | --- | --- |
| **Type of provision** | **09.30.2018 Th$** | **12.31.2017 Th$** |
| Opening balance | 1,023,324 | - |
| Increase (decrease) | - | 1,023,324 |
| Translation difference | 56,863 | - |
| **Total provisions** | **1,080,187** | **1,023,324** |

# **20. Equity**

## 20.1 Subscribed and paid-in capital

As of September 30, 2018, the Company’s subscribed and paid-in capital totaled Th$ 129,242,454.

As of December 31, 2017, issued capital totaled Th$ 192,339,407 as a result of the issuance of 12,619,391 shares approved by the Special Shareholders Meeting held July 29, 2015 equivalent to Th$63,096,956. Since no shares of said capital increase were subscribed, as of July 29, 2018 the Company’s capital was reduced of full right in accordance with article 18 of the Regulations of Chile’s Corporation Law. The General Manager’s Statement provided for in article 56 of Chile’s Corporation Law was filed as a public deed on August 13, 2018.

The Company aims to manage capital to protect the capacity to continue as an ongoing business and generate returns for shareholders, benefits to other stakeholders and an optimal capital structure that will reduce capital costs.

The Company monitors its capital by the leverage ratio. This ratio is calculated by dividing net debt by total equity plus net debt. Net debt corresponds to all indebtedness (both current and non-current), less cash and cash equivalent. Total capital corresponds to equity as shown in the classified consolidated statement of financial position.

## 20.2 Number of subscribed and paid-in shares

As of September 30, 2018 and December 31, 2017 the Company’s capital is represented by 113,574,515 shares without par value.

On July 29, 2015, the Special Shareholders’ Meeting decided to issue 12,619,391 new shares, which have not been subscribed after three years of the Shareholders’ Meeting have not been subscribed and since no shares of said capital increase were subscribed, as of July 29, 2018 the Company’s capital was reduced of full right in accordance with article 18 of the Regulations of Chile’s Corporation Law. The General Manager’s Statement provided for in article 56 of Chile’s Corporation Law was filed as a public deed on August 13, 2018.

On November 24, 2016, the Company’s shares began trading on the Santiago Stock Exchange (*Bolsa de Comercio de Santiago*).

## 20.3 Dividends

During the period ended September 30, 2018, the Company’s Board of Directors and Shareholders’ Meeting agreed to distribute dividends totaling Th$ 26,905,815 as follows:

|  |  |
| --- | --- |
| **Interim** | |
| **Date** | **Th$** |
| 03.08.2018 | 7,041,620 |
| 06.13.2018 | 7,041,620 |
| 08.29.2018 | 7,041,620 |
| **Sub total** | **21,124,860** |
|  |  |
| **Final** | |
| **Date** | **Th$** |
| 04.26.2018 | 5,780,955 |
| **Sub-total** | **5,780,955** |
|  |  |
| **Total** | **26,905,815** |

During the fiscal year ended December 31, 2017, the Company’s Board of Directors and Shareholders’ Meeting agreed to distribute dividends totaling Th$ 32,255,163 as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Interim** | |  | |
| **Date** | | **Th$** | |
| 03.08.2017 | | 7,041,620 | |
| 06.13.2017 | | 7,041,620 | |
| 08.30.2017 | | 7,041,620 | |
| 11.29.2017 | | 7,041,620 | |
| **Sub total** | | **28,166,480** | |
| **Final** |  | |
| **Date** | **Th$** | |
| 04.27.2017 | 4,088,683 | |
| **Sub total** | **4,088,683** | |

|  |  |
| --- | --- |
| **Total** | **32,255,163** |

## 20.4 Non-controlling interests

As of September 30, 2018 and December 31, 2017, this account is itemized as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **09.30.2018** | | **12.31.2017** | |
| **Subsidiary** | **Country of Origin** | **Non-controlling percentage interest in subsidiary** | | **Non-controlling interests in equity** | **Earnings (loss) attributable to non-controlling interests** | **Non-controlling interests in equity** | **Earnings (loss) attributable to non-controlling interests** |
| **2018** | **2017** | **Th$** | **Th$** | **Th$** | **Th$** |
| Norgas S.A. | Chile | 42,00% | 42,00% | 1,249,248 | 90,738 | 1.331.688 | 103.231 |
| Chilco Distribuidora de Gas y Energía S.A.S. E.S.P. | Colombia | 0,00% | 0,00% | 3 | - | 9 | - |
| Marquesa SpA | Chile | 35,00% | 0,00% | 758,100 | (14,922) | - | - |
| **Total** | | |  | **2,007,351** | **75,815** | **1,331,697** | **103,231** |

**20.5 Reconciliation of the movement in other comprehensive income reserves**

Movements as of September 30, 2018:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Movement in other comprehensive income as of 09.30.2018** |  | **Equity attributable to owners of the controller** |  | **Portion attributable to the non-controlling interests** |  | **Total** |
|  |  |  |  |  |  |  |
|  |  | **Net Amount**  **Th$** |  | **Net Amount**  **Th$** |  | **Net Amount**  **Th$** |
|  |  |  |  |  |  |  |
| **After-tax gain (loss)** |  | 30,445,099 |  | 75,815 |  | 30,520,914 |
|  |  |  |  |  |  |  |
| Gains (losses) from translation differentials, before taxes |  | 3,716,541 |  | - |  | 3,716,541 |
|  |  |  |  |  |  |  |
| Other comprehensive income, actuarial gains (losses) from defined benefits plans, before taxes |  | (60,311) |  | - |  | (60,311) |
|  |  |  |  |  |  |  |
| Gains (losses) on cash flow hedges, before taxes |  | 76,153 |  | - |  | 76,153 |
|  |  |  |  |  |  |  |
| **Total movement in the fiscal year** |  | **3,732,383** |  | **-** |  | **3,732,383** |
|  |  |  |  |  |  |  |
| **Income tax on the components of other comprehensive income** |  | **(4,277)** |  | **-** |  | **(4,277)** |
|  |  |  |  |  |  |  |
| **Total comprehensive income** |  | **34,173,205** |  | **75,815** |  | **34,249,020** |

Movements as of September 30, 2017:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Movement in other comprehensive income as of 09.30.2017** |  | **Equity attributable to owners of the controller** |  | **Portion attributable to the non-controlling interests** |  | **Total** |
|  |  |  |  |  |  |  |
|  |  | **Net Amount**  **Th$** |  | **Net Amount**  **Th$** |  | **Net Amount**  **Th$** |
|  |  |  |  |  |  |  |
| **After-tax gain (loss)** |  | 35,232,805 |  | 73,355 |  | 35,306,160 |
|  |  |  |  |  |  |  |
| Gains (losses) from translation differentials, before taxes |  | (135,756) |  | - |  | (135,756) |
|  |  |  |  |  |  |  |
| Other comprehensive income, actuarial gains (losses) from defined benefits plans, before taxes |  | (290,253) |  | - |  | (290,253) |
|  |  |  |  |  |  |  |
| Gains (losses) on cash flow hedges, before taxes |  | 210,637 |  | - |  | 210,637 |
|  |  |  |  |  |  |  |
| **Total movement in the fiscal year** |  | **(215,372)** |  | **-** |  | **(215,372)** |
|  |  |  |  |  |  |  |
| **Income tax on the components of other comprehensive income** |  | **30,975** |  | **-** |  | **30,975** |
|  |  |  |  |  |  |  |
| **Total comprehensive income** |  | **35,048,408** |  | **73,355** |  | **35,121,763** |

# **20.6 Earnings per share**

The earnings per basic share shown in the consolidated statement of income by function are calculated as the quotient between the profit (loss) for the fiscal year or period and the average number of shares outstanding the same period.

Earnings per share used to calculate the basic share and diluted share as of September 30, 2018 and 2017 is the following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Per-share profit** | **01.01.2018**  **through**  **09.30.2018** | **01.01.2017**  **through**  **09.30.2017** | **07.01.2018**  **through**  **09.30.2018** | **07.01.2017**  **through**  **09.30.2017** |
|  |  |  |  |  |
| Profit attributable to shareholders (Th$) | 30,445,099 | 35,232,805 | 12,251,270 | 15,216,519 |
| Weighted average number of shares | 113,574,515 | 113,574,515 | 113,574,515 | 113,574,515 |
|  |  |  |  |  |
| **Earnings per basic and diluted share (in pesos)** | **268.06** | **310.22** | **107.87** | **133.98** |

# **21. Revenue and other income by function**

**21.1 Revenue from ordinary activities**

For the periods ended September 30, 2018 and 2017, the itemization of revenue is as follows:

| **Revenue** | **01.01.2018**  **through**  **09.30.2018**  **Th$** | **01.01.2017**  **through**  **09.30.2017**  **Th$** | **07.01.2018**  **through**  **09.30.2018**  **Th$** | **07.01.2017**  **through**  **09.30.2017**  **Th$** |
| --- | --- | --- | --- | --- |
| Revenue from gas sales (LPG-NG-LNG-CNG) | 381,608,719 | 348,240,855 | 147,357,526 | 128,376,123 |
| Revenue from the sale of other fuels | 1,001,686 | 2,152,483 | 685,813 | 598,499 |
| Revenue from the sale of facilities | 1,026,008 | 882,154 | 421,190 | 229,150 |
| Revenue from meter leases | 1,488,976 | 1,825,474 | 502,538 | 616,240 |
| Revenue from power market business | 1,070,387 | - | 496,592 | - |
| Revenue from other sales and services | 1,377,923 | 1,013,459 | 466,664 | 389,469 |
| **Total revenue** | **387,573,699** | **354,114,425** | **149,930,323** | **130,209,481** |

The Company has not accounted for income by product line since revenue comes primarily from LPG, which represents more than 93% of total revenue.

## 21.2 Other income by function

For the periods ended September 30, 2018 and 2017, the itemization of other income is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Other income by function** | **01.01.2018**  **through**  **09.30.2018**  **Th$** | **01.01.2017**  **through**  **09.30.2017**  **Th$** | **07.01.2018**  **through**  **09.30.2018**  **Th$** | **07.01.2017**  **through**  **09.30.2017**  **Th$** |
| Commercial interest | 204,671 | 173,709 | 79,915 | 69,182 |
| **Total other income by function** | **204,671** | **173,709** | **79,915** | **69,182** |

# **22. Costs and expenses by function broken down by nature**

For the periods ended September 30, 2018 and 2017, the itemization of the Company’s main costs and expenses is as follows:

| **Description** | **Cost of Sales Th$** | **Administrative Expenses Th$** | **Other Expenses, by Function**  **Th$** | **Distribution Costs Th$** | **Total as of 09.30.2018**  **Th$** |
| --- | --- | --- | --- | --- | --- |
| Gas purchases(\*) | 231,102,053 | - | - | - | 231,102,053 |
| Power market business costs | 812,281 | - | - | - | 812,281 |
| Depreciation (\*\*) | 13,896,654 | 301,226 | 86,684 | 926,395 | 15,210,959 |
| Amortization | 491,479 | 689,592 | 67,088 | - | 1,248,159 |
| Wages and salaries | 2,867,841 | 5,451,111 | 5,423,571 | 3,270,722 | 17,013,245 |
| Benefits | 592,880 | 2,270,301 | 727,893 | 394,122 | 3,985,196 |
| Mandatory expenses | 179,466 | 483,624 | 866,816 | 347,362 | 1,877,268 |
| Cylinder and tank maintenance | 11,987,569 | - | - | - | 11,987,569 |
| Other expenses | 7,949,454 | 12,114,310 | 7,487,829 | 683,908 | 28,235,501 |
| Advertising | - | - | 1,836,595 | - | 1,836,595 |
| Freight | 339,985 | 12,298 | 4,074 | 23,744,301 | 24,100,658 |
| Promotional campaigns | - | - | 2,069,385 | - | 2,069,385 |
| **Balances as of 09.30.2018** | **270,219,662** | **21,322,462** | **18,569,935** | **29,366,810** | **339,478,869** |

| **Description** | **Cost of Sales Th$** | **Administrative Expenses Th$** | **Other Expenses, by Function**  **Th$** | **Distribution Costs Th$** | **Total as of 09.30.2017 Th$** |
| --- | --- | --- | --- | --- | --- |
| Gas purchases (\*) | 200,584,811 | - | - | - | 200,584,811 |
| Depreciation | 14,657,160 | 321,370 | 49,921 | 1,260,777 | 16,289,228 |
| Amortization | 369,639 | 517,701 | 109,605 | - | 996,945 |
| Wages and salaries | 2,606,237 | 5,434,652 | 5,361,421 | 3,054,103 | 16,456,413 |
| Benefits | 586,365 | 2,166,539 | 657,734 | 438,445 | 3,849,083 |
| Mandatory expenses | 177,178 | 526,145 | 940,487 | 291,486 | 1,935,296 |
| Cylinder and tank maintenance | 10,469,073 | - | - | - | 10,469,073 |
| Other expenses | 4,516,798 | 12,570,706 | 7,273,640 | 1,125,385 | 25,486,529 |
| Advertising | - | - | 1,129,544 | - | 1,129,544 |
| Freight | 354,501 | 14,179 | 11,533 | 21,739,223 | 22,119,436 |
| Promotional campaigns | - | - | 2,425,233 | - | 2,425,233 |
| **Balances as of 09.30.2017** | **234,321,762** | **21,551,292** | **17,959,118** | **27,909,419** | **301,741,591** |

(\*) Gas purchases reflect the result between purchases plus beginning inventories, less ending inventories.

(\*\*) Depreciation includes items from “Property, plant and equipment” and “Contract costs”.

**22. Costs and expenses by function broken down by nature (continued)**

| **Description** | **Cost of Sales Th$** | **Administrative Expenses Th$** | **Other Expenses, by Function**  **Th$** | **Distribution Costs Th$** | **Total as of**  **07.01.2018**  **through 09.30.2018**  **Th$** |
| --- | --- | --- | --- | --- | --- |
| Gas purchases(\*) | 90,942,901 | - | - | - | 90,942,901 |
| Power market business costs | 481,825 | - | - | - | 481,825 |
| Depreciation (\*\*) | 4,994,469 | 92,195 | 35,757 | 74,252 | 5,196,673 |
| Amortization | 191,390 | 206,978 | 832 | - | 399,200 |
| Wages and salaries | 1,006,377 | 1,852,525 | 1,853,227 | 1,115,436 | 5,827,565 |
| Benefits | 252,048 | 836,562 | 283,703 | 148,540 | 1,520,853 |
| Mandatory expenses | 57,486 | 132,691 | 252,558 | 113,431 | 556,166 |
| Cylinder and tank maintenance | 4,089,856 | - | - | - | 4,089,856 |
| Other expenses | 2,863,647 | 4,366,181 | 2,756,402 | 261,653 | 10,247,883 |
| Advertising | - | - | 625,022 | - | 625,022 |
| Freight | 117,270 | 3,922 | 726 | 9,369,557 | 9,491,475 |
| Promotional campaigns | - | - | 1,030,028 | - | 1,030,028 |
| **Balances as of 07.01.2018 through 09.30.2018** | **104,997,269** | **7,491,054** | **6,838,255** | **11,082,869** | **130,409,447** |

| **Description** | **Cost of Sales Th$** | **Administrative Expenses Th$** | **Other Expenses, by Function**  **Th$** | **Distribution Costs Th$** | **Total as of**  **07.01.2017**  **through 09.30.2017**  **Th$** |
| --- | --- | --- | --- | --- | --- |
| Gas purchases(\*) | 71,924,712 | - | - | - | 71,924,712 |
| Depreciation | 6,501,447 | 99,782 | 20,673 | 429,711 | 7,051,613 |
| Amortization | 130,463 | 181,180 | 35,480 | - | 347,123 |
| Wages and salaries | 890,244 | 1,886,446 | 1,777,304 | 1,032,982 | 5,586,976 |
| Benefits | 250,966 | 727,049 | 277,412 | 160,123 | 1,415,550 |
| Mandatory expenses | 55,457 | 194,543 | 262,603 | 98,893 | 611,496 |
| Cylinder and tank maintenance | 3,217,161 | - | - | - | 3,217,161 |
| Other expenses | 1,602,926 | 4,183,628 | 2,652,068 | 333,476 | 8,772,098 |
| Advertising | - | - | 322,012 | - | 322,012 |
| Freight | 110,315 | 4,500 | 11,533 | 8,072,861 | 8,199,209 |
| Promotional campaigns | - | - | 1,287,860 | - | 1,287,860 |
| **Balances as of 07.01.2017 through 09.30.2017** | **84,683,691** | **7,277,128** | **6,646,945** | **10,128,046** | **108,735,810** |

(\*) Gas purchases reflect the result between purchases plus beginning inventories, less ending inventories.

(\*\*) Depreciation includes items from “Property, plant and equipment” and “Contract costs”.

# **23. Financial Income and other gains and losses**

**23.1 Financial Income**

For the periods ended September 30, 2018 and 2017, the itemization of financial income is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Financial Income** | **01.01.2018**  **through**  **09.30.2018**  **Th$** | **01.01.2017**  **through**  **09.30.2017**  **Th$** | **07.01.2018**  **through**  **09.30.2018**  **Th$** | **07.01.2017**  **through**  **09.30.2017**  **Th$** |
|  |  |  |  |  |
| **Financial income** |  |  |  |  |
| Interest on financial instruments | 238,552 | 239,536 | 93,084 | 65,828 |
| Other financial income | 460,506 | 533,399 | 152,136 | 183,700 |
| Restatement of other non-current liabilities(\*) | 505,131 | - | 31,642 | (27,133) |
| **Total financial income** | **1,204,189** | **772,935** | **276,862** | **222,395** |
|  |  |  |  |  |
| **Financial costs** |  |  |  |  |
| Bank loans expenses | (1,038,793) | (609,783) | (320,743) | (205,765) |
| Financial lease expenses | (1,020,452) | (1,076,123) | (326,927) | (338,321) |
| Bond interest | (2,430,772) | (2,382,365) | (821,008) | (789,145) |
| Other financial expenses | (214,010) | (72,563) | (187,746) | (49,123) |
| Adjustment of other non-current liabilities(\*) | - | (34,666) | - | (34,666) |
| **Total financial costs** | **(4,704,027)** | **(4,175,500)** | **(1,656,424)** | **(1,417,020)** |
| (\*) Corresponds to the financial restatement of cylinder guaranty liabilities, recognized at present value of the excepted disbursement necessary to pay said liabilities, discounting the liability at a market rate interest denominated in the same currency in which those liabilities will be paid and at terms similar to the ones of the liability, estimating a maximum enforceability period of 40 years. | | | | |
| **Exchange differentials** |  |  |  |  |
| Positive | 127,917 | 74,534 | (7,037) | 72,553 |
| Negative | (93,038) | (43,394) | (12,506) | 5,708 |
| **Total exchange differentials** | **34,879** | **31,140** | **(19,543)** | **78,261** |
|  |  |  |  |  |
| **Profit (loss) on adjustment units** |  |  |  |  |
| Bond debt | (2,051,679) | (1,144,900) | (723,666) | 23,267 |
| Financial leases | (412,237) | (194,011) | (145,317) | 33,514 |
| Monetary restatement | 79,442 | (13,544) | 46,457 | (14,700) |
| **Total profit (loss) on adjustment units** | **(2,384,474)** | **(1,352,455)** | **(822,526)** | **42,081** |
|  |  |  |  |  |
| **Total Financial Income** | **(5,849,433)** | **(4,723,880)** | **(2,221,631)** | **(1,074,283)** |

## 23.2 Other gains (losses)

| **Other Gains (Losses)** | **01.01.2017**  **through**  **09.30.2018**  **Th$** | **01.01.2017**  **through**  **09.30.2017**  **Th$** | **07.01.2018**  **through**  **09.30.2018**  **Th$** | **07.01.2017**  **through**  **09.30.2017**  **Th$** |
| --- | --- | --- | --- | --- |
| Retirement of property, plant and equipment | (163,817) | (136,964) | (1,066) | 5,184 |
| Profit (loss) on the sale of property, plant & equipment | 322,009 | 14,077 | 22,786 | (45,402) |
| Other gains (losses) | 450,369 | 552,229 | (297,442) | 398,552 |
| **Total other gains (losses)** | **608,561** | **429,342** | **(275,722)** | **358,334** |

# 

# **24. Number of employees and payroll cost**

The average number of employees for the period ended September 30, 2018 and the fiscal year ended December 2017 was 1,702 and 1,705 respectively

As of September 30, 2018 and December 31, 2017, the Company has a staff of 1,712 and 1,709 employees respectively, distributed according to the following table:

|  |  |  |
| --- | --- | --- |
| **Employees** | **09.30.2018** | **12.31.2017** |
| Executives | 25 | 24 |
| Professionals and technicians | 829 | 816 |
| Others | 858 | 869 |
| **Total Employees** | **1,712** | **1,709** |

The cost of the salaries of the employees included in the above table was:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item** | **09.30.2018** | **09.30.2017** | **07.01.2018**  **through**  **09.30.2018** | **07.01.2017**  **through**  **09.30.2017** |
| **Th$** | **Th$** | **Th$** | **Th$** |
| Wages and salaries | 17,013,245 | 16,456,413 | 5,827,565 | 5,586,976 |
| Benefits | 3,985,196 | 3,849,083 | 1,520,853 | 1,415,551 |
| Mandatory expenses | 1,877,268 | 1,935,296 | 556,166 | 611,495 |
| **Total payroll cost** | **22,875,709** | **22,240,792** | **7,904,584** | **7,614,022** |

# **25. Financial information by segment**

The Company discloses financial items by operating segment based on the geographic area of the countries where activities are developed: Chile, Colombia and Peru. This is consistent with the management, allocation of resources and performance assessments in the Company’s decision-making process,

Results, assets, liabilities and allocations to each segment are measured directly and not through a factor that allocates on the basis of a standard that must be explained.

LPG generates more than 93% of revenue and 100% corresponds to external clients, and no inter-segment revenue was generated.

At the close of these   consolidated financial statements, there was no customer that represented more than 10% of the Group’s revenue.

Below is an itemization of this disclosure as of September 30, 2018 and December 31, 2017 for the statement of financial position, statement of income and statement of direct cash flow (figures in Th$):

## 25.1 Statement of financial position by segment

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Segments** | | | **Total Lipigas Group** |
| **2018** | **Chile** | **Colombia** | **Peru** |
|  |  |  |  |  |
| **Total Operating Assets** | 292,432,499 | 48,082,483 | 81,880,773 | 422,395,756 |
|  |  |  |  |  |
| **Total Operating Liabilities** | 93,288,923 | 12,754,414 | 19,509,695 | 125,553,031 |
|  |  |  |  |  |
| **Total Investment by segment** | 199,143,576 | 35,328,069 | 62,371,079 | 296,842,724 |
|  |  |  |  |  |
| **Net financing (cash and cash equivalent)** |  |  |  | 145,619,731 |
|  |  |  |  |  |
| **Total net investment** |  |  |  | 151,222,993 |
|  |  |  |  |  |
| **Equity:** |  |  |  |  |
| Issued Capital |  |  |  | 129,242,454 |
| Other reserves |  |  |  | (4,676,377) |
| Gains (accumulated losses) |  |  |  | 24,649,565 |
|  |  |  |  |  |
| **Non-controlling interests** |  |  |  | 2,007,351 |
|  |  |  |  |  |
| **Total Equity** |  |  |  | 151,222,993 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Segments** | | | **Total Lipigas Group** |
| **2017** | **Chile** | **Colombia** | **Peru** |
|  |  |  |  |  |
| **Total Operating Assets** | 266,429,243 | 42,773,041 | 74,537,334 | 383,739,618 |
|  |  |  |  |  |
| **Total Operating Liabilities** | 88,314,395 | 10,982,928 | 17,461,529 | 116,758,852 |
|  |  |  |  |  |
| **Total Investment by segment** | 178,114,848 | 31,790,113 | 57,075,805 | 266,980,766 |
|  |  |  |  |  |
| **Net financing (cash and cash equivalent)** |  |  |  | 123,603,507 |
|  |  |  |  |  |
| **Total net investment** |  |  |  | 143,377,259 |
|  |  |  |  |  |
| **Equity:** |  |  |  |  |
| Issued Capital |  |  |  | 129,242,454 |
| Other reserves |  |  |  | (8,404,483) |
| Gains (accumulated losses) |  |  |  | 21,207,590 |
|  |  |  |  |  |
| **Non-controlling interests** |  |  |  | 1,331,697 |
|  |  |  |  |  |
| **Total Equity** |  |  |  | 143,377,258 |

## 25.2 Statement of income by segment

(figures in Th$)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Statement of Income by Function** |  | **Chile** | |  | **Colombia** | |  | **Peru** | |  | **Total Lipigas Group** | |
|  | **01.01.2018**  **through**  **09.30.2018** | **01.01.2017**  **through**  **09.30.2017** |  | **01.01.2018**  **through**  **09.30.2018** | **01.01.2017**  **through**  **09.30.2017** |  | **01.01.2018**  **through**  **09.30.2018** | **01.01.2017**  **through**  **09.30.2017** |  | **01.01.2018**  **through**  **09.30.2018** | **01.01.2017**  **through**  **09.30.2017** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  | 289,577,633 | 254,602,189 |  | 35,366,938 | 32,066,049 |  | 62,629,128 | 67,446,187 |  | 387,573,699 | 354,114,425 |
| Purchases allocated to cost of sales |  | (166,393,411) | (136,419,092) |  | (20,301,022) | (17,118,386) |  | (45,219,901) | (47,047,333) |  | (231,914,334) | (200,584,811) |
| Cost of sales (excluding depreciation and amortization) |  | (17,351,624) | (12,807,562) |  | (2,930,321) | (2,469,798) |  | (3,635,250) | (3,432,793) |  | (23,917,195) | (18,710,153) |
| Other income by function |  | 204,671 | 173,709 |  | - | - |  | - | - |  | 204,671 | 173,709 |
| Other operating expenses |  | (48,713,042) | (46,349,822) |  | (7,287,548) | (6,999,235) |  | (11,187,632) | (11,811,398) |  | (67,188,222) | (65,160,455) |
| Depreciation and amortization |  | (12,701,871) | (13,430,410) |  | (1,664,998) | (1,532,711) |  | (2,092,249) | (2,323,051) |  | (16,459,118) | (17,286,172) |
| **Operating profit** |  | **44,622,356** | **45,769,012** |  | **3,183,049** | **3,945,919** |  | **494,096** | **2,831,612** |  | **48,299,501** | **52,546,543** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-operating profit (loss) |  |  |  |  |  |  |  |  |  |  | **(5,240,872)** | **(4,294,538)** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Profit (loss) before taxes** |  |  |  |  |  |  |  |  |  |  | **43,058,629** | **48,252,005** |
| **Income tax** |  |  |  |  |  |  |  |  |  |  | **(12,537,715)** | **(12,945,845)** |
| **Profit (loss)** |  |  |  |  |  |  |  |  |  |  | **30,520,914** | **35,306,160** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Statement of Income by Function** |  | **Chile** | |  | **Colombia** | |  | **Peru** | |  |  | **Total Lipigas Group** | |
|  | **07.01.2018**  **through**  **09.30.2018** | **07.01.2017**  **through**  **09.30.2017** |  | **07.01.2018**  **through**  **09.30.2018** | **07.01.2017**  **through**  **09.30.2017** |  | **07.01.2018**  **through**  **09.30.2018** | **07.01.2017**  **through**  **09.30.2017** |  |  | **07.01.2018**  **through**  **09.30.2018** | **07.01.2017**  **through**  **09.30.2017** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  | 113,444,773 | 98,694,420 |  | 12,887,496 | 10,206,618 |  | 23,598,054 | 21,308,443 |  |  | 149,930,323 | 130,209,481 |
| Purchases allocated to cost of sales |  | (66,380,139) | (52,035,823) |  | (7,840,487) | (5,049,721) |  | (17,204,099) | (14,839,168) |  |  | (91,424,725) | (71,924,712) |
| Cost of sales (excluding depreciation and amortization) |  | (6,123,317) | (4,095,465) |  | (1,043,163) | (852,705) |  | (1,220,204) | (1,178,900) |  |  | (8,386,684) | (6,127,070) |
| Other income by function |  | 79,915 | 69,182 |  | - | - |  | - | - |  |  | 79,915 | 69,182 |
| Other operating expenses |  | (18,199,088) | (17,156,464) |  | (2,488,834) | (2,368,171) |  | (4,314,242) | (3,760,658) |  |  | (25,002,164) | (23,285,293) |
| Depreciation and amortization |  | (4,312,363) | (6,138,526) |  | (563,948) | (501,283) |  | (719,562) | (758,926) |  |  | (5,595,873) | (7,398,735) |
| **Operating profit (loss)** |  | **18,509,781** | **19,337,324** |  | **951,064** | **1,434,738** |  | **139,947** | **770,791** |  |  | **19,600,792** | **21,542,853** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-operating profit (loss) |  |  |  |  |  |  |  |  |  |  |  | (2,497,354) | (715,949) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Profit (loss) before taxes** |  |  |  |  |  |  |  |  |  |  |  | **17,103,438** | **20,826,904** |
| **Income tax** |  |  |  |  |  |  |  |  |  |  |  | **(4,829,421)** | **(5,584,470)** |
| **Profit (loss)** |  |  |  |  |  |  |  |  |  |  |  | **12,274,017** | **15,242,434** |

## 25.3 Statement of direct cash flow by segment

(Figures in Th$)

**Statement of direct cash flow by segment as of September 2018**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Segments** | | | **Total  Lipigas Group** |
|  | **Chile** | **Colombia** | **Peru** |
|  |  |  |  |  |
| **Net cash flow from (used in) operating activities** | 41,091,995 | 5,314,697 | 1,630,569 | **48,037,261** |
|  |  |  |  |  |
| **Net cash flow from (used in) investing activities** | (28,786,299) | (3,809,362) | (4,807,481) | **(37,403,142)** |
|  |  |  |  |  |
| **Net cash flow from (used in) financing activities** | (1,263,981) | (3,512,131) | 1,303,447 | **(3,472,665)** |
|  |  |  |  |  |
| **Effects of the variation of the exchange rate on cash and cash equivalent** |  |  |  | **(55,437)** |
| **Net increase (decrease) in cash and cash equivalent** |  |  |  | **7,106,017** |
| **Cash and cash equivalent at the beginning of the fiscal year** |  |  |  | **6,929,613** |
| **Cash and cash equivalent at the end of the fiscal year** |  |  |  | **14,035,630** |

**Statement of direct cash flow by segment as of September 2017**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Segments** | | | **Total  Lipigas Group** |
|  | **Chile** | **Colombia** | **Peru** |
|  |  |  |  |  |
| **Net cash flow from (used in) operating activities** | 50,059,159 | 4,331,378 | 3,980,397 | **58,370,934** |
|  |  |  |  |  |
| **Net cash flow from (used in) investing activities** | (26,391,494) | (3,498,563) | (2,862,930) | **(32,752,987)** |
|  |  |  |  |  |
| **Net cash flow from (used in) financing activities** | (29,590,059) | (631,497) | (1,462,807) | **(31,684,363)** |
|  |  |  |  |  |
| **Effects of the variation of the exchange rate on cash and cash equivalent** |  |  |  | **(29,707)** |
| **Net increase (decrease) in cash and cash equivalent** |  |  |  | **(6,096,123)** |
| **Cash and cash equivalent at the beginning of the fiscal year** |  |  |  | **18,121,977** |
| **Cash and cash equivalent at the end of the fiscal year** |  |  |  | **12,025,854** |

**26. Foreign currency balances**

Foreign currency balances are shown below for the period ended September 30, 2018 and fiscal year ended December 31, 2017, respectively:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Foreign Currency Summary** | **Currency of origin** | **Total assets 09.30.2018**  **Th$** | **Total assets 12.31.2017**  **Th$** |  | **Foreign Currency Summary** | **Currency of origin** | **Total liabilities 09.30.2018 Th$** | **Total liabilities 12.31.2017**  **Th$** |
|  |
|  |
|  |  |  |  |  |  |  |  |  |
| Current assets | USD | 1,643,275 | 1,247,487 |  | Current liabilities | USD | 15,647,781 | 13,086,403 |
| Current assets | COP | 7,390,237 | 5,840,950 |  | Current liabilities | COP | 3,749,081 | 3,585,964 |
| Current assets | PEN | 14,661,874 | 9,895,658 |  | Current liabilities | PEN | 14,488,058 | 11,341,361 |
| Non-current assets | COP | 42,039,689 | 38,084,663 |  | Non-current liabilities | COP | 8,706,512 | 10,615,387 |
| Non-current assets | PEN | 60,626,384 | 54,999,221 |  | Non-current liabilities | PEN | 12,323,091 | 13,367,559 |
| Non-current assets | USD | 613,290 | 594,348 |  | Non-current liabilities | USD | - | 42,043 |
|  |  |  |  |  |  |  |  |  |
| **Total assets** | | **126,974,749** | **110,662,327** |  | **Total liabilities** | | **54,914,523** | **52,038,717** |

Balances for current and non-current assets in a foreign currency are shown below for the period ended September 30, 2018 and the fiscal year ended December 31, 2017, respectively:

|  |  |  |  |
| --- | --- | --- | --- |
| **Current assets in a foreign currency** | **Currency of origin** | **Total current assets 09.30.2018**  **Th$** | **Total current assets 12.31.2017**  **Th$** |
|
|
| Cash and cash equivalent | USD | 1,279,679 | 549,220 |
| Cash and cash equivalent | COP | 1,353,090 | 1,162,641 |
| Cash and cash equivalent | PEN | 3,454,884 | 775,503 |
| Other financial assets | COP | - | 38,216 |
| Assets classified as held for sale | COP | - | 56,068 |
| Trade and other accounts receivable | USD | 363,596 | 698,267 |
| Trade and other accounts receivable | COP | 4,697,229 | 3,310,387 |
| Trade and other accounts receivable | PEN | 8,775,664 | 7,457,590 |
| Inventories | COP | 869,203 | 953,064 |
| Inventories | PEN | 990,879 | 872,241 |
| Tax assets | COP | 242,432 | 287,009 |
| Tax assets | PEN | 1,121,159 | 694,464 |
| Other non-financial assets | COP | 228,283 | 33,565 |
| Other non-financial assets | PEN | 319,288 | 95,860 |
| **Total current assets** | | **23,695,386** | **16,984,095** |

# **Foreign currency balances (continued)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Non-current assets in a foreign currency** | **Currency of origin** | | **Total non-current assets 09.30.2018**  **Th$** | **Total non-current assets 12.31.2017**  **Th$** | |
|
|
| Other financial assets | USD | | 613,290 | 594,348 | |
| Other financial assets | COP | | 570,160 | 599,260 | |
| Other financial assets | PEN | | 252,371 | 2,629 | |
| Accounts receivable, non-current | PEN | | 786,860 | 745,438 | |
| Investments accounted for using the equity method | COP | | 1,514 | 1,050 | |
| Intangible assets other than goodwill | COP | | 2,786,635 | 2,828,419 | |
| Intangible assets other than goodwill | PEN | | 2,654,553 | 1,079,241 | |
| Property, plant and equipment | COP | | 37,473,430 | 33,191,347 | |
| Property, plant and equipment | PEN | | 46,219,860 | 43,571,200 | |
| Goodwill | COP | | 1,207,950 | 1,464,587 | |
| Goodwill | PEN | | 10,134,199 | 9,600,713 | |
| Other non-financial assets, non-current | PEN | | 578,541 | - | |
|  |  | |  |  | |
| **Total non-current assets** | | | **103,279,363** | **93,678,232** |
|  | |  |  |  |
| **Total assets** | |  | **126,974,749** | **110,662,327** |

Balances for current and non-current liabilities in a foreign currency are shown below for the period ended September 30, 2018 and the fiscal year ended December 31, 2017, respectively:

|  |  |  |  |
| --- | --- | --- | --- |
| **Current liabilities in a foreign currency** | **Currency of origin** | **Total current liabilities 09.30.2018**  **Th$** | **Total current liabilities 12.31.2017**  **Th$** |
|
|
| Other financial liabilities | USD | 82,132 | 196,802 |
| Other financial liabilities | COP | 23,157 | 3,224,673 |
| Other financial liabilities | PEN | 6,658,459 | 4,346,520 |
| Trade and other accounts payable | USD | 15,565,649 | 12,889,601 |
| Trade and other accounts payable | COP | 3,286,344 | 3,050,922 |
| Trade and other accounts payable | PEN | 6,188,320 | 5,451,459 |
| Other provisions | COP | 6,050 | 28,130 |
| Other provisions | PEN | 1,123,884 | 1,043,977 |
| Tax liabilities | COP | 298,518 | - |
| Other non-financial liabilities | COP | 35,200 | 903 |
| Other non-financial liabilities | PEN | 103,867 | 43,269 |
| Employee benefits provisions, current | COP | 99,812 | 102,689 |
| Employee benefits provisions, current | PEN | 413,528 | 456,136 |
| **Total current liabilities** | | **33.884.920** | **30,835,081** |

# **26. Foreign currency balances (continued)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Non-Current liabilities in a foreign currency** | **Currency of origin** | **Total non-current liabilities 09.30.2018**  **Th$** | **Total non-current liabilities 12.31.2017**  **Th$** |
|
|
| Other financial liabilities | USD | - | 42.043 |
| Other financial liabilities | COP | 2,477 | - |
| Other financial liabilities | PEN | 4,725,526 | 6.017.087 |
| Trade and other accounts payable | PEN | 47,034 | 190.289 |
| Deferred tax liabilities | COP | 3,053,364 | 2.481.990 |
| Deferred tax liabilities | PEN | 2,825,999 | 2.708.259 |
| Other non-financial liabilities | COP | 5,650,671 | 5.312.044 |
| Other non-financial liabilities | PEN | 3,644,345 | 3.428.600 |
| Non-financial provisions | PEN | 1,080,187 | 1.023.324 |
| **Total non-current liabilities** | | **21.029.603** | **21,203,636** |
|  |  |  |  |
| **Total liabilities** | | **54.914.523** | **52,038,717** |

# **Contingencies, lawsuits and other similar events**

Considering the information handled by Company management and in accordance with the opinion of its Legal Department, outlined below are the main claims against the Company, which should not cause any material liability to the same, except for those discussed in Notes 16 and 19, for which a provision has been made.

**27.1 Empresas Lipigas S.A.**

**JUDICIAL**

Lawsuit: “Joint and several liability of Empresas Lipigas S.A.”

Court: Santiago Court

Subject: Indemnity for damages sought from the sub distributor Hodde y Hodde Hermanos Limitada and from the Company as a jointly and severally liable party.

Amount: Th$ 928,000

Status: The insurance company is defending the case. Contingency is covered by the insurance policy, except for the insurance deductible amounting to UF 3,000; equivalent to Th$ 82,073. Conviction in solidarity for CLP 40 million, pending notification.

Lawsuit: “Joint and several liability of Empresas Lipigas S.A.”

Court: Copiapó Court

Subject: Indemnity for damages sought from distribution truck and from the Company as a jointly and severally liable party.

Amount: Th$ 480,000

Status: The insurance company is defending the case. Contingency is covered by the insurance policy, except for the insurance deductible amounting to UF 3,000; equivalent to Th$ 82,073.

Lawsuit: “Abastecedora de Combustibles S.A. (Abastible) vs. Empresas Lipigas S.A.”

Court: Santiago Civil Court

Subject: Reimbursement of guarantees for cylinders returned pursuant to Chile’s Electricity and Fuels Commission (SEC) Memorandum No. 13,228

Amount: Th$ 7,002,789

Status: Sentencing stage

On December 2, 2014, Chile’s Superintendence of Electricity and Fuels issued Memorandum N°13,228 ordering the application of the rule established by decree 194, of the year 1989 on the issue that distributing companies may not retain cylinders of other distributors that they may have received in exchange of cylinders of other brands delivered by customers, above a maximum allowed percentage.

Consequently, during 2015, other LPG distribution companies returned to the Company a number of cylinders that they were unilaterally holding.

Abastecedora de Combustibles S.A. (Abastible) initiated a lawsuit against the Company unjustifiably claiming the return of guarantees for the cylinders returned pursuant to SEC’s Circular N°13,228. The plaintiff claims the repayment for guarantees given by customers to the Company amounting Th$ 5,962,112, as well as alleged costs for storage/custody of such cylinders amounting UF 38,040 (Th$ 1,040,677). The claim was answered, and the reply and counter-suit were filed and is in the status of receiving proof. According to the Company’s lawyers, the claim has no legal grounds. Therefore, based on the available information and the procedure instance. Management estimates that it is not possible to determine contingent liabilities as of this date for this lawsuit.

On the other hand, the Company filed a counter lawsuit against Abastecedora de Combustibles S.A. (Abastible) for damages incurred in the purchase and re-inspection of cylinders. The lawsuit is at the stage of legal evidence.

Lawsuit: “Abastecedora de Combustibles S.A. (Abastible) contra Empresas Lipigas S.A.”

Court: Santiago Civil Court

Subject: Reimbursement of guarantees for cylinders returned pursuant to Chile’s Electricity and Fuels Commission (SEC) Circular No. 13,228

Amount: Th$ 8,068,963

Status: Sentencing stage

On August 10, 2016 the Company was notified of a new lawsuit initiated by Abastecedora de Combustibles S.A. (Abastible) against the Company, unreasonably claiming the return of guarantees for the cylinders returned pursuant to SEC Circular N°13,228. The plaintiff claims the repayment for guarantees given by customers to the Company amounting to Th$ 7,427,595, as well as alleged costs for storage/custody of such cylinders amounting UF 23,444 (Th$ 641,368). The claim was answered and is in the status of receiving proof. According to the Company’s lawyers, the claim has no legal grounds. Therefore, based on the available information and the procedure instance. Management estimates that it is not possible to determine contingent liabilities as of this date for this lawsuit.

**LABOR**

Lawsuit : “Barrera con Empresas Lipigas S.A. Labor Relationship Statement”

Court: Labor court Valparaíso

Subject: Request for labor relationship statement and corresponding payments by a freighter of Empresas Lipigas S.A. in San Antonio.

Amount: Th$ 97,000

Status : Waiting for a preparatory hearing.

**27.2 Lima Gas S.A.**

**ADMINISTRATIVE PROCEEDING**

Proceeding: "National Institute for the Defense of Competition and Protection of Intellectual Property (Indecopi) against Lima Gas S.A."

Court: National Institute for the Defense of Competition and Intellectual Property of Lima.

Subject: "Alleged infringement of the anti-Competitive Behavior Suppression Act".

Amount: 2,018.75 Unidades Impositivas Tributarias (ITU) (equivalent to ThPEN 8,378 and Th$ 1,677,443).

Contingency: Probable in an estimated amount of 1,300 ITU (equivalent to ThPEN 5,395 and Th $ 1,080,177)

Status: Appeal filed with the Chamber Specialized in Defense of Competition of the Court of Defense of Competition and Protection of Intellectual property.

On July 31, 2015, the Technical Secretariat of the Free Competition Commission of the National Institute for the Defense of Competition and Protection of Intellectual Property of Peru initiated an administrative procedure to investigate an alleged price agreement in five LPG importing and/or bottling companies in Peru, focused on a period prior to 2011, including the subsidiary Lima Gas S.A. The facts investigated are prior to the acquisition of the subsidiary by the Company in the year 2013.

On December 20, 2017, Lima Gas was notified of the Final Resolution issued by the Commission, by which it resolved to declare a lack of responsibility for Lima Gas regarding certain imputations and, in turn, decided to charge Lima Gas and two other LPG distributing companies with participating in certain practices that would constitute infringements of the law of suppression of anticompetitive conducts. In this regard, the Commission ordered the sanctioning of Lima Gas with a fine in the amount of 2,018.75 ITU and the implementation of a program to comply with the Peruvian rules of free competition.

Since, in the opinion of the subsidiary’s Management, the Resolution has not adequately assessed the arguments and evidence presented, on January 15, 2018, Lima Gas filed an appeal against the previously described extremes of the Resolution, which was admitted by Indecopi’s Free Competition Commission, sending the dossier to the Specialized Chamber for review. The Chamber’s Resolution may be appealed before higher instances.

**27.3 Chilco Distribuidora de Gas y Energía S.A.S. E.S.P.**

**JUDICIAL**

Lawsuit: "Treasure Department of Ibagué against Chilco Distribuidora de Gas y Energía S.A.S. E.S.P."

Subject: Official liquidation of industry and trade tax for the fiscal year 2014. Received on October 18, 2017.

Amount: Th$ 489,299

Contingency: possible.

Status: Waiting for the secretary's office to decide the reconsideration of the appeal presented on December 19, 2017.

**Chilco Metalmecánica S.A.S.**

**LABOR**

Lawsuit : “Jorge Sanchez Pahuence against Chilco Metalmecánica S.A.S.”

Subject: Procedural link resulting from lawsuit of a worker that belonged to the former owner group of the assets acquired by Chilco Metalmecánica S.A.S.

Amount: Th$ 110,000

Contingency: possible.

Status: Pending, given denial of the appeal to annul procedural succession.

# **Administrative penalties**

No material administrative penalties have been imposed on the Company, its Board of Directors or its managers by regulatory agencies during the period ended September 30, 2018 and the fiscal year ended December 31, 2017, except for the one mentioned in note 27.2 above corresponding to the administrative procedure of the National Institute for the Defense of Competition and Protection of Intellectual Property (Indecopi) against Lima Gas S.A., which been appealed by the subsidiary, as described in the note.

# **Guarantees committed to third parties**

The Company held guaranty receipts and surety bonds issued by different banks and insurance companies to third parties at the close of the period ended September 30, 2018 and fiscal year ended December 31, 2017, respectively, itemized below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Currency** | **09.30.2018** | **12.31.2017** |
| **Th$** | **Th$** |
| Chile | CLP | 259,701 | 215,664 |
| Chile | UF | 1,239,311 | 1,208,591 |
| Chile | USD | 66,042 | 61,475 |
| Peru | PEN | 1,467,826 | 1,388,501 |
| Peru | USD | 4,961,523 | 15,728,329 |
| Colombia | COP | 1,095,929 | 73,500 |

# **Environment**

Empresas Lipigas S.A. has been a leader in the LPG industry in Chile regarding environmental standards and it is committed to complying with governing regulations. Proof of this is the certification of its Environmental Management System according to ISO 14,001:2004 awarded to its LPG plant in Antofagasta in 2008/2009. Currently four plants of the Company are certified according to that standard: the plants in Antofagasta, Concón, Coquimbo and Rancagua,

Since 2011, Empresas Lipigas S.A. has also been measuring its carbon footprint and the planning of mitigating measures for implementation shortly.

The tables below include the disbursements made regarding environmental standards for the period ended September 30, 2018 and fiscal year ended December 31, 2017, respectively:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Sep-18** |  |  |  |  |  |  |
| **Disbursing Company Identification** | **Name of the project** | **Disbursement concept** | **Disbursement Investment /Expense** | **Investment / Expense Description** | **Disbursement amount** | **Exact or estimated date of future disbursements** |
|
| Empresas Lipigas S.A. | Liquid industrial waste system | Mud removal and liquid industrial waste system maintenance | Expense | Operating expense | 16,850 | 31.12.2017 |
| Empresas Lipigas S.A. | Liquid industrial waste sampling | Liquid industrial waste sampling | Expense | Operating expense | 16,000 | 31.12.2017 |
| Empresas Lipigas S.A. | Household residue removal | Hazardous residue and mud removal | Expense | Operating expense | 2,400 | 31.12.2017 |
| Empresas Lipigas S.A. | Household residue removal | Hazardous residue removal | Expense | Operating expense | 7,200 | 31.12.2017 |
| Empresas Lipigas S.A. | Isokinetic sampling | Isokinetic sampling | Expense | Operating expense | 7,600 | 31.12.2017 |
| Empresas Lipigas S.A. | Liquid industrial waste analysis | Lab analysis | Expense | Operating expense | 400 | 31.12.2017 |
| Empresas Lipigas S.A. | Recertification transversal M.A. ISO14001 Audit | System audit | Expense | Operating expense | 1,475 | 31.12.2017 |
| Limagas S.A. | Environmental monitoring | Environmental monitoring | Expense | Operating expense | 6,487 | 31.12.2017 |
|  |  |  |  | **Total** | **58,412** |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Dec-17** |  |  |  |  |  |  |
| **Disbursing Company Identification** | **Name of the project** | **Disbursement concept** | **Disbursement Asset/Expense** | **Investment or expense description** | **Disbursement amount** | **Exact or estimated date of future disbursements** |
|
| Empresas Lipigas S.A. | Liquid industrial waste control system | Mud removal and liquid industrial waste maintenance system | Expense | Operating expenses | 16,850 | 12.31.2017 |
| Empresas Lipigas S.A. | Liquid industrial waste sampling | Liquid industrial waste sampling | Expense | Operating expenses | 16,000 | 12.31.2017 |
| Empresas Lipigas S.A. | Household waste disposal | Household waste removal | Expense | Operating expenses | 2,400 | 12.31.2017 |
| Empresas Lipigas S.A. | Household waste disposal | Household waste removal | Expense | Operating expenses | 7,200 | 12.31.2017 |
| Empresas Lipigas S.A. | Liquid industrial waste analysis | Lab analysis | Expense | Operating expenses | 400 | 12.31.2017 |
| Empresas Lipigas S.A. | Isokinetic sampling | Liquid industrial waste sampling | Expense | Operating expenses | 7,600 | 12.31.2017 |
| Empresas Lipigas S.A. | Recertification transversal M.A. ISO14001 Audit | System Audit | Expense | Operating expenses | 1,475 | 12.31.2017 |
| Limagas S.A. | Environmental monitoring | Environmental monitoring | Expense | Operating expenses | 34,753 | 12.31.2017 |
|  |  |  |  | **Total** | **86,678** |  |

# **Events occurring after the closing date of the interim consolidated financial statements**

Between September 20, 2018, closing date of these interim consolidated financial statements, and the date when their publication was authorized, the following material events regarding the Company’s business have occurred.

1. **Agreement to enter the ownership of a new company**

The Company has signed an agreement with the shareholders of Plater Investment S.A. to acquire an ownership interest of 51% of said entity for approximately USD 3.1 million. Plater Investment S.A. is a company established in the Dominican Republic and Haiti dedicated to the distribution of LNG.

The operation is subject to the fulfillment of certain preceding conditions, estimating materialization within the first quarter of 2019.

1. **Acquisition of ownership of new company**

The Company, through its subsidiary Chilco Distribuidora de Gas y Energía S.A.S. E.S.P., signed an agreement with the shareholders of Surcolombiana de Gas S.A. E.S.P. to acquire an ownership interest of 51.07% of said entity for approximately USD 3 million. Surcolombiana de Gas S.A. E.S.P. is dedicated to the distribution of LPG for domestic use through networks in Colombia.

This transaction was approved by the Colombian control agencies, which implied acquiring control beginning October 1, 2018.

\* \* \* \* \* \*