Financial Statements

TRANSELEC CONCESIONES S.A.

Santiago, Chile
As of December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the Shareholders of
Transelec Concesiones S.A.

We have audited the accompanying financial statements of Transelec Concesiones S.A. (the "Company"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making, those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the entity's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express such opinion. An audit also includes assessing the appropriateness of the accounting policies used and the reasonableness of the significant estimates made by the Company's Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transelec Concesiones S.A., as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB").

Other-matter – Translation into English

The accompanying financial statements have been translated into English solely for the convenience of Shareholder's readers outside of Chile.

Deloitte

Santiago, Chile
March 20, 2020

Financial Statements

TRANSELEC CONCESIONES S.A.

Santiago, Chile
As of December 31, 2019 and 2018

US$: United States dollars
THUS$: Thousands of United States dollars
$: Chilean pesos
UF : Unidad de Fomento or UF, is an inflation- indexed, Chilean-peso denominated monetary unit. The UF is set daily in advance based on the changes in the Chilean Consumer Price Index (CPI) of the previous months.

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Classified Statements of Financial Position
As of December 31, 2019 and 2018
(In thousands of US dollars (ThUS$))

ASSETS	Note	12/31/2019 ThUS$	12/31/2018 ThUS$
CURRENT ASSETS			
Cash and cash equivalents	(5)	16,810	3,161
Trade and other receivables	(6)	4,118	1,653
Other financial assets	(12)	-	5,980
Other non-financial assets	(8)	56,187	47,100
Total current assets		77,115	57,894
NON-CURRENT ASSETS			
Intangible assets other than goodwill	(9)	17,386	6,630
Property, plant and equipment, net	(10)	274,159	208,765
Deferred tax assets	(11)	7,305	-
Total non-current assets		298,850	215,395
Total assets		375,965	273,289

The accompanying notes 1 to 23 are an integral part of these financial statements

TRANSELEC CONCESIONES S.A.

Classified Statements of Financial Position
As of December 31, 2019 and 2018
(In thousands of US dollars (ThUS$))

NET EQUITY AND LIABILITIES	Note	12.31.2019 ThUS$	12.31.2018 ThUS$
CURRENT LIABILITIES			
Trade and other payables	(13)	16,430	8,097
Accounts payable to related companies	(7)	10,211	2,751
Current tax liabilities		98	-
Other current financial liabilities	(14-15)	2,149	-
Total current liabilities		28,888	10,848
NON-CURRENT LIABILITIES			
Accounts payable to related companies	(7)	146,501	182,517
Deferred tax liabilities	(11)	-	2,117
Other financial liabilities	(14-15)	211,644	62,738
Total non-current liabilities		358,145	247,372
Total liabilities		387,033	258,220
EQUITY			
Issued capital	(17)	5,000	5,000
Gain accumulated		2,924	1,792
Other reserves	(17.3)	(18,992)	8,277
Total equity attributable to owners of the Parent		(11,068)	15,069
Non- controlling interest		-	-
Total equity		(11,068)	15,069
Total equity and liabilities		375,965	273,289

The accompanying notes 1 to 23 are an integral part of these financial statements

TRANSELEC CONCESIONES S.A.

Statements of Comprehensive Income By Function
For the years ended December 31, 2019 and 2018
(In thousands of US dollars (ThUS$))

Statements of Comprehensive Income by Function	Note	01.01.2019 12.31.2019 ThUS$	01.01.2018 12.31.2018 ThUS$
Operating revenue	(18.1)	9,562	4,935
Cost of sales	(19.1)	(2,489)	(1,182)
Gross profit		7,073	3,753
Administrative expenses	(19.1)	(188)	(894)
Other income (losses)		103	-
Finance income	(19.2)	7,367	106
Financial expenses	(19.2)	(13,851)	(896)
Foreign exchange differences	(19.2)	1,292	1,317
Indexation units		-	-
PROFIT BEFORE INCOME TAXES		1,796	3,386
Income tax expense	(20)	(664)	(756)
Profit from continuing operations		1,132	2,630
Profit (loss) from discontinued operations		-	-
PROFIT		1,132	2,630
Profit (loss) attributable to:			
Profit attributable to the owners of the parent company		1,132	2,630
Profit (loss) attributable to non – controlling interest		-	-
Profit (loss)		1,132	2,630
Earnings per share			
Basic earnings per share/diluted			
Basic earnings per share/diluted from continuing operations ($/a)		0.226	0.526
Basic earnings (loss) per share/diluted from discontinued operations		-	-
Basic earnings per share/diluted ($/s)		0.226	0.526

The accompanying notes 1 to 23 are an integral part of these financial statements

TRANSELEC CONCESIONES S.A.

Statements of Comprehensive Income By Function
For the years ended December 31, 2019 and 2018
(In thousands of US dollars (ThUS$))

	01.01.2019 12.31.2019 ThUS$	01.01.2018 12.31.2018 ThUS$
PROFIT	1,132	2,630
Components of other comprehensive income, before taxes		
Cash flow hedges		
Gains (losses) on cash flow hedges	(37,355)	5,064
Income taxes related to components of other comprehensive income		
Income taxes related to cash flow hedges	10,086	(1,367)
Other comprehensive income	(27,269)	3,697
Total comprehensive income (loss)	(26,137)	6,327
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the Parent	(26,137)	6,327
Comprehensive income attributable to non-controlling interests	-	-
Total comprehensive income (loss)	(26,137)	6,327

The accompanying notes 1 to 23 are an integral part of these financial statements

TRANSELEC CONCESIONES S.A.

Statements of Changes In Net Equity
For the years ended December 31, 2019 and 2018
(In thousands of US dollars (ThUS$))

	Note	Issued capital ThUS$	Reserve for foreign translation adjustment ThUS$	Reserve for cash flow hedges ThUS$	Other reserves ThUS$	Total reserves ThUS$	Gain Accumulated ThUS$	Equity attributable to owners of parent ThUS$	Non-controlling interest ThUS$	Total equity ThUS$
Opening balance as of January 1, 2019	17	5,000	-	8,277	-	8,277	1,792	15,069	-	15,069
Changes in equity										
Comprehensive income		-	-	-	-	-	-	-	-	-
Profit (loss)		-	-	-	-	-	1,132	1,132	-	1,132
Other comprehensive income		-	-	(27,269)	-	(27,269)	-	(27,269)	-	(27,269)
Total comprehensive income		-	-	(27,269)	-	(27,269)	1,132	(26,137)	-	(26,137)
Total changes in equity		-	-	(27,269)	-	(27,269)	1,132	(26,137)	-	(26,137)
Closing balance as of 12/31/2019		5,000	-	(18,992)	-	(18,992)	2,924	(11,068)	-	(11,068)

	Note	Issued capital ThUS$	Reserve for foreign translation adjustment ThUS$	Reserve for cash flow hedges ThUS$	Other reserves ThUS$	Total reserves ThUS$	Gain (loss) Accumulated ThUS$	Equity attributable to owners of parent ThUS$	Non-controlling interest ThUS$	Total equity ThUS$
Opening balance as of January 1, 2018	17	1	-	4,580	-	4,580	(838)	3,743	-	3,743
Changes in equity										
Comprehensive income		-	-	-	-	-	-	-	-	-
Profit (loss)		-	-	-	-	-	2,630	2,630	-	2,630
Other comprehensive income		-	-	3,697	-	3,697	-	3,697	-	3,697
Total comprehensive income		-	-	3,697	-	3,697	2,630	6,327	-	6,327
Increase (decrease) due to transfers and other changes		4,999	-	-	-	-	-	4,999	-	4,999
Total changes in equity		4,999	-	3,697	-	3,697	2,630	11,326	-	11,326
Closing balance as of 12/31/2018		5,000	-	8,277	-	8,277	1,792	15,069	-	15,069

The accompanying notes 1 to 23 are an integral part of these financial statements

TRANSELEC CONCESIONES S.A.

Statement of Cash Flows
For the years ended December 31, 2019 and 2018
(In thousands of US dollars (ThUS$))

Statement of Cash Flows – Direct method	Note	12.31.2019 ThUS$	12.31.2018 ThUS$
Cash flows provided by (used in) operating activities			
Classes of receipts from operating activities			
Cash receipts from sales of goods and services		7,162	4,826
Other proceeds from operating activities		424	567
Classes of payments			
Payments to suppliers for goods and services		(12,733)	(15,352)
Other payments for operating activities		(4,603)	(4)
Interest paid		(4,296)	(876)
Interest paid Swap		(1,021)	-
Administrative services to related		(2,710)	-
Interest received			91
Net cash flows used in operating activities		(17,777)	(10,748)
Cash flows provided by (used in) investing activities			
Additions of property, plant and equipment e intangibles		(69,209)	(108,686)
Net cash flows used in investing activities		(69,209)	(108,686)
Cash flows provided by (used in) financing activities			
Proceeds from long-term loans		134,434	65,039
Amounts received from related parties	7.1.2	101,208	119,539
Amounts payed to related parties	7.1.2	(135,007)	(67,994)
Other cash inflows (disbursements)		-	(3,337)
Net cash flows provided by (used in) financing		100,635	113,247
Net increase (decrease) in Cash and Cash Equivalents		13,649	(6,187)
Cash and Cash Equivalents, at the beginning of the year	(5)	3,161	9,348
Cash and Cash Equivalents, at the end of the year		16,810	3,161

The accompanying notes 1 to 23 are an integral part of these financial statements

NOTE 1 – GENERAL INFORMATION

Transelec Concesiones S.A. was incorporated by means of public deed on November 6, 2015. The corporate capital amounts to US$ 1,000 divided into 10,000 nominative, single series, no par value shares, which were subscribed and paid in as follows: a) Transelec Holdings Rentas Limitada subscribes and pays in 9,990 shares, for a total of US$ 999; and b) Rentas Eléctricas I Limitada, subscribes and pays in 10 shares, for a total of US$1.

As per a public deed dated June 13, 2018, Transelec Concesiones S.A. increased its capital from US$1,000 divided into 10,000 shares, to US$5,000,000 divided into 5,000,000 nominative, single series, no par value shares. This capital increase was subscribed and paid in such a way that Transelec Holding Rentas Limitada and Rentas Eléctricas I Limitada maintained their ownership percentages as established in the Company's by-laws.

On February 17, 2017, the Company purchased 99.9% of the shares of Pichirropulli Transmisora de Energía S.A. and Interconexión Los Changos S.A. As a result, the Company became owner of 100% of the shares in the aforementioned companies.

Its registered office is located at Orinoco N°90, Floor 14, district of Las Condes, Santiago, Chile.

The Company has the exclusive objective of operating and developing electricity systems owned by the Company or by third parties designed to transport or transmit electricity and may, for these purposes, obtain, acquire and use the respective concessions and permits and exercise all of the rights and powers that current legislation confers on electric companies. Its line of business includes: commercializing the transport capacity of lines and transformation capacity of substations and equipment associated with them so that generating plants, both Chilean and foreign, may transmit the electricity they produce to their consumption centers; providing engineering or management consulting services related to the company's line of business; and developing other business and industrial activities to use electricity transmissionfacilities. The Company may act directly or through subsidiaries or affiliates, both in Chile and abroad.

The Company is controlled directly by Transelec Holdings Rentas Limitada and indirectly by Rentas Eléctricas I Limitada.

The Company's financial statements for the year ended as of December 31, 2019 were approved by the Company's Board of Directors at its n°26 as of March 20, 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in preparing the financial statements are detailed below. These policies have been based on IFRS in effect as of December 31, 2019 and have been applied uniformly for the years presented.

2.1 Basis of preparation of the financial statements unaudited

These financial statements as of December 31, 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the presentation rules of the CMF, which are not in conflict with IFRS.

These financial statements have been prepared from the accounting records maintained by the Company. The figures in these Financial Statements and their notes are expressed in thousands of United States dollars.

In preparing these financial statements, certain critical accounting estimates have been used to quantify some assets, liabilities, income and expenses. In conformity with IFRS, Management was also required to exercise judgment in applying Transelec's accounting policies. Areas involving a greater degree of judgment or complexity or areas in which assumptions and estimates are significant for these financial statements are described in Note 4.

The information contained in these financial statements is the responsibility of the Company's management.

The accounting policies adopted in the preparation of the financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2018, except for the adoption of new standards and interpretations in effect as of January 1, 2019, which did not materially affect the financial statements.

(In thousands of US dollars (ThUS$))

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards

2.2.1 New accounting pronouncements

The following new standards, amendments to IFRS and interpretations has been adopted in these financial statements:

	New standards, amendments and interpretations	Mandatory application date
IFRS 3	Business combinations	January 1, 2019
IFRS 9	Financial Instruments	January 1, 2019
IFRS 11	Joint arrangements	January 1, 2019
IAS 12	Income taxes	January 1, 2019
IAS 19	Employee benefits - Modification, reduction or liquidation of the plan	January 1, 2019
IAS 23	Borrowing costs	January 1, 2019
IAS 28	Investments in associates	January 1, 2019
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

IFRS 16 *Leases*

During 2018, the Company evaluated the adoption of IFRS 16 from the starting date of this standard, and the evaluation concluded that this Standard has no effects for the Company.

New standards

The standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued but are not yet effective at the date of these consolidated financial statements, are detailed below. The Company has not adopted these standards in advance:

	New standards	Mandatory applicationn date
IFRS 17	Insurance Contracts	January 1, 2021

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (continued)

2.2.1 New accounting pronouncements (continued)

New Standards (continued)

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them.

IFRS 17 is effective for reporting periods starting on or after January 1, 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15.

The Company evaluated the impacts that this new standard could generate and concluded that these are not significant.

(In thousands of US dollars (ThUS$))

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (continued)

2.2.1 New accounting pronouncements (continued)

2.2.2 Enhancements and Modifications

	Enhancements and Modifications	Mandatory application date
IFRS 10 - IAS 28	Consolidated financial statements	TBD
IAS 1 – IAS 8	Definition of Material	January 1, 2020
IFRS 3	Definition of a Business	January 1, 2020
Conceptual Framework	Updates of references to the Conceptual Framework	January 1, 2020
IFRS 9 - IFRS 7 - IAS 39	Interest Rate Benchmark Reform	January 1, 2020

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

The amendments to IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address an inconsistency recognized between the requirements of IFRS 10 and those of IAS 28 (2011) in the treatment of the sale or contribution of assets between an investor and its associate or joint venture.

Amendments issued in September 2014 establish that when the transaction involves a business (found in a subsidiary or not), a complete profit or loss is recognized. A partial profit or loss is recognized when the transaction involves assets that do not constitute a business, even when the assets are found in a subsidiary. The date of obligation application of these modifications is yet to be determined as the IASB is planning an in-depth investigation that may result in a simplification of the accounting of associates and joint ventures. Early adoption is permitted.

The Company evaluated the impact and concluded that this modification has no effects for the Company.

Definition of Material (Amendments to IAS 1 and IAS 8)

On October 31, 2018, the IASB issued "Definition of Material (Amendments to IAS 1 and IAS 8)" to clarify the definition of "material" and to align the definition used in the Conceptual Framework and the standards themselves.

The changes all relate to a revised definition of "material" which is quoted below from the final amendments: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

Three new aspects of the new definition should especially be noted:

Obscuring: The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A).

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (continued)

2.2.2 Enhancements and Modifications (continued)

Definition of Material (Amendments to IAS 1 and IAS 8) (continued)

Could reasonably be expected to influence: The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything ‘could’ influence the decisions of some users even if the possibility is remote.

Primary users: The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The new definition of material and the accompanying explanatory paragraphs are contained in IAS 1 Presentation of Financial Statements. The definition of material in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors has been replaced with a reference to IAS 1.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Company is currently evaluating the impact that this modification could generate.

Definition of a Business (Amendments to IFRS 3)

On October 22, 2018, the IASB published “Definition of a Business (Amendments to IFRS 3)” aimed at resolving the difficulties that arise when an entity determines whether it has acquired a Business or a group of assets.

The amendments are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (continued)

2.2.2 Enhancements and Modifications (continued)

Definition of a Business (Amendments to IFRS 3) (continued)

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

The Company is currently evaluating the impact that this modification could generate.

Revised Conceptual Framework for Financial Reporting

On March 29, 2018, the IASB published its revised “Conceptual Framework for Financial Reporting” (the “Framework”). The Conceptual Framework is not a Standard and none of the concepts override those in any standard or any requirements in a standard. The main purpose of the Framework is to guide the IASB when it develops International Financial Reporting Standards. The Framework can also be helpful for preparers of financial statements when there are no specific or similar standards that address a particular issue. The new Framework has an introduction, eight chapters and a glossary. Five of the chapters are new, or have been revised substantially.

The new Framework:

- Introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument.
- Removes from the asset and liability definitions references to the expected flow of economic benefits– this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement.
- Discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability.
- States that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability.
- Discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

The new Framework came into effect on its publication on March 29, 2018.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (continued)

2.2.2 Enhancements and Modifications (continued)

Revised Conceptual Framework for Financial Reporting (continued)

In addition, the IASB published a separate document “Updating References to the Conceptual Framework” which contains consequential amendments to affected Standards so that they refer to the new Framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

The Company is currently evaluating the impact that this modification could generate.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS)

The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. (IAS 39 is amended as well as IFRS 9 because entities have an accounting policy choice when first applying IFRS 9, which allows them to continue to apply the hedge accounting requirements of IAS 39). There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform.

The changes in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7): (i) modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform; (ii) are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform; (iii) are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and (iv) require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The amendments are be effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Early application is permitted.

The Company is currently evaluating the impact that this modification could generate.

(In thousands of US dollars (ThUS$))

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.3 Foreign currency transactions

2.3.1 Functional and presentation currency

The Company has determined that its functional currency is the United States dollar (US$). These Financial Statements are presented in United States dollars.

2.3.2 Transactions and balances

Transactions carried out by each company in a currency other than its functional currency are recorded using the exchange rates in effect as of the date of each transaction. During the period, any differences that arise between the exchange rate recorded in accounting and the rate prevailing as of the date of collection or payment are recorded as exchange differences in the income statement. Likewise, as of each period end, balances receivable or payable in a currency other than each company's functional currency are converted using the period-end exchange rate. Losses and gains in foreign currency arising from settling these transactions and from converting monetary assets and liabilities denominated in foreign currency using period-end exchange rates are recorded in the income statement, except when they should be deferred in equity, such as the case of cash flow hedge strategies.

2.3.3 Exchange rates

As of each year end, assets and liabilities in foreign currency and unidad de fomento have been converted to United States dollars, using the following exchange rates:

Currency or indexation unit	**US dollars per unit**	
	12.31.2019	**12.31.2018**
Unidad de Fomento	37,8101	39,6761
Chilean Peso	0.00134	0.00144
Euro	1.1911	1.1439

2.4 Financial reporting by operating segments

The Company manages its operations and presents information in the financial statements based on a single operating segment, Electricity transmission.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.5 Property, plant and equipment

Property, plant and equipment are valued at acquisition cost, net of its corresponding accumulated depreciation and any impairment losses it may have experienced. In addition to the price paid to acquire each item, the cost also includes, where appropriate, the following items:

(a) All costs directly related to placing the asset in the location and condition that enables it to be used in the manner intended by management.

(b) Borrowing costs incurred during the construction period that are directly attributable to the acquisition, construction or production of qualified assets, which require a substantial period of time before being ready for use are capitalized. The interest rate used is that of the specific financing or, if none exists, the average financing rate of the company carrying out the investment.

(c) Future disbursements that Transelec Concesiones S.A. must make to close its facilities are incorporated into the value of the asset at present value, recording the corresponding provision in the accounting. On an annual basis both existences of such obligations, as well as, estimate of future disbursements are reviewed, increasing or decreasing the value of the asset based on the results of this estimate.

The works in progress are transferred to working assets once the test period when they become available for use has been completed, which is the starting point for their depreciation. Expansion, modernization and improvement costs that represent an increase in productivity, capacity or efficiency or an extension of useful life are capitalized as a greater cost of the corresponding assets. Replacement or overhauls of whole components that increase the asset's useful life, or its economic capacity, are recorded as an increase in value for the respective assets, derecognizing the replaced or overhauled components. Expenditures for periodic maintenance (preventive or required) and repair are recognized directly as an expense for the period in which they are incurred.

Property, plant and equipment, net of its residual value, is depreciated by distributing the cost of its different components on a straight-line basis over its estimated useful life, which is the period during which the companies expect to use them. The useful lives and residual values of fixed assets are reviewed on a yearly basis. The land has an indefinite useful life and is not depreciated. The following table details the ranges of useful lives periods applied to principal classes of assets and used to determine depreciation expense:

Items	Range of estimated useful life	
	Minimun	Maximun
Constructions and infrastructure	20	50
Machinery and Equipment	15	40
Other assets	3	15

The depreciation of these assets is recorded in the Statement of Income under the categories of Cost of Sales and Administrative Expenses.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.6 Intangible assets

2.6.1 Goodwill

Goodwill represents the excess of acquisition cost on the fair value of net assets acquired in a business combination. Goodwill is not amortized; it is annually tested for impairment regardless of whether there is any indication of impairment. For impairment testing, goodwill acquired in a Business combination is assigned as of the acquisition date to the cash generation units that are expected to benefit from said combination.

During the periods covered by this Financial Statements, there were no impairment losses of goodwill.

2.6.2 Rights of way

The rights of way are stated at historical cost. These rights have no defined useful life and, therefore, are not amortized. However, these indefinite useful lives are reviewed during each reporting year to determine if they remain indefinite. These assets are tested for impairment at each year end or at any moment if there are indicators of impairment.

2.6.3 Computer software

Purchased software licenses are capitalized based on the costs incurred to purchase them and prepare them for use. These costs are amortized on a straight-line basis over their estimated useful lives that range from three to five years.

Expenses for developing or maintaining computer software are expensed when incurred. Costs directly related to creating unique, identifiable computer software controlled by the Company that is likely to generate economic benefits in excess of its costs during more than one year are recognized as intangible assets, and its amortization is included in the Statement of Income under Costs of sales and Administrative expenses.

2.7 Impairment of non-financial assets

Assets with an indefinite useful life, such as rights of way, are not depreciated or amortized and are tested annually for impairment. Amortized assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

An impairment loss is recognized for the difference between the asset’s carrying amount and its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use, which is defined as the present value of the estimated future cash flows.

Impairment losses from continuing operations are recognized in the statement of income in the expenses categories in accordance with the function of the impaired assets.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.7 Impairment of non-financial assets (continued)

Non-financial assets other than goodwill that could have suffered an impairment loss are reviewed at each reporting date for possible reversal of the impairment, in which case the reversal may not exceed the amount originally impaired less accumulated depreciation. Reversals are included in the income statement.

Impairment of goodwill is not reversed.

Impairment testing of goodwill and intangible assets with indefinite useful lives is performed at November 30 of each year.

2.8 Financial Instruments

A financial instrument is any contract that generates, at the same time, a financial asset in an entity and a financial liability or an equity instrument in other entity.

1) Non-derivatives financial assets

The Company classifies its non-derivatives financial assets into the following categories:

a) <u>Amortized cost:</u>

In this category are classified the financial assets within the business model of the Company whose objective is to hold financial assets in order to collect contractual cash flows, which are generated on specified dates and are made up of principal and interest (SPPI criterion).

Financial assets that meet the conditions established in IFRS 9, to be valued at amortized cost are: accounts receivable, loans and cash equivalents. These assets are recorded at amortized cost, which is the initial fair value, less repayments of principal, plus uncollected accrued interest, calculated using the effective interest rate method. The effective interest rate is the discount rate that exactly matches the estimated cash flows to be received or paid over the expected useful life of the financial instrument (or when appropriate in a shorter period of time), with the net carrying amount of the financial asset or financial liability.

2 - RESUMEN DE LAS PRINCIPALES POLITICAS CONTABLES (continuación)

2.8 Financial Instruments (continued)

1) Non-derivatives financial assets (continued)

b) Fair value through other comprehensive income (Equity):

For financial assets within the Company's business model whose objective is both to collect contractual cash flows which are generated at specific times and consist of principal and interest (SPPI criterion) and to sell the asset.

These financial assets are recognized into the financial statement at their fair value when it can be feasible determined. Changes in its fair value, net of tax effect, are recorded in the statement of comprehensive income in the item other comprehensive income, until the disposal of such entries is generated, moment when the accumulated amount in this item is charged fully into profit or loss of the period. If the fair value is lower than the acquisition cost, and if there is objective evidence that the financial assets has an impairment that is not considered temporary, the difference has to be recorded as a loss of the period.

c) Fair value through profit or loss

For financial assets that were defined as such at the moment of their initial recognition and those that are not measured at amortized cost or fair value through other comprehensive income.

These are measured in the statement of financial position at their fair value and the changes on its fair value are recorded directly in profit or loss when occurred. Purchases or sales of financial assets are recorded at the date of the transaction.

2) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks, time deposits and other short-term investments with maturities in less than 90 days as of the investment date, and which are highly liquid readily convertible to cash and which are subject to an insignificant risk of changes in value.

2 - RESUMEN DE LAS PRINCIPALES POLITICAS CONTABLES (continuación)

2.8 Financial Instruments (continued)

3) Impairment of financial assets

According to IFRS 9, the Company applies the impairment model based of expected credit losses. This model is used on the financial assets measured at amortized cost or fair value through other comprehensive income, except for the investments in equity instruments. The Company uses a simplify scope for account receivables, contractual assets and account receivables for leasing in order to ensure that any impairment recorded is made in reference to the expected losses for all the life of the asset.

4) Non-derivatives financial liabilities

Financial liabilities are initially recognized at their fair value, net of direct transactions costs. For its subsequent measurement, these liabilities are measured at amortized cost using the effective interest rate method. For the fair value of debt calculation, it has been performed using the discounted cash flows method according to the interest rate curves available in the market depending on the payment currency.

5) Derivatives and Hedge activities

The Company selectively uses derivative and non-derivative instruments, to manage its exposure to exchange rate risk (See Note 15).

Derivatives instrument used by the Company are mainly related to hedge the interest rate/exchange rate risks. Derivatives instruments are recorded at its fair value at the date of statement of financial position. If the fair value of the derivative instrument is positive, it is recorded into the "Other financial assets" item and in case that the fair value of the derivative instrument is negative it is recorded into the "Other financial liabilities" item. Changes in the fair value of the derivative instruments are recorded into profit or loss unless the derivative had been designated as a hedge instrument and comply with all the requirement stated in IFRS in order to use hedge accounting. Regarding to hedge accounting, the Company is still under the IAS 39 scope. The different types of hedge accounting are:

5.1) Fair value hedge: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, along with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk. The Company has not used fair value hedges during the periods presented.

2 - RESUMEN DE LAS PRINCIPALES POLITICAS CONTABLES (continuación)

2.8 Financial Instruments (continued)

5) Derivatives and Hedge activities (continuación)

5.2) Cash Flow Hedge: Changes in the fair value of the effective portion of derivatives are recorded in equity account "Reserve for cash flow hedges". The cumulative loss or gain in this account is transferred to the income statement to the extent that the underlying item impacts the income statement because of the hedged risk, netting the effect in the same income statement account. Gains or losses from the ineffective portion of the hedge are recorded directly in the income statement. A hedge is considered highly effective when changes in the fair value or the cash flows of the underlying item directly attributable to the hedged risk are offset by changes in the fair value or the cash flows of the hedging instrument, with effectiveness ranging from 80% to 125%.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedged item expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity is retained and is recognized when the forecasted transaction is ultimately recognized in the income statement.

5.3) Net Investment Hedge: Hedges of net investments in foreign operations are accounted for on a similar basis to cash flow hedges. The net investment hedges in foreign operations are those recorded similarly to the cash flow hedges. Foreign currency translation originated by a net investment in a foreign entity and derived from the hedge transaction should be registered in equity reserve under the item “Other reserves” until the investment's disposal. Gains or losses relating to the ineffective portion are recognized immediately in the income statement in the line item “Other gains (losses)”.

At the inception of the transaction, the Company documents the relationship existing between the hedge instruments and the hedged items, as well as its risk management objectives and its strategy for handling various hedge transactions. The Company also documents its assessment, both at inception and subsequently on an ongoing basis, of the effectiveness of the hedge instruments in offsetting movements in the fair values or cash flows of the hedged items. A derivative is presented as a non-current asset or liability if its maturity is greater than 12 months and it is not expected to be realized within 12 months. The other derivatives are presented as current assets or current liabilities.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.8 Financial Instruments (continued)

6) Embedded derivatives

Derivatives embedded in other financial instruments contracts or other contracts are treated as derivatives when their risks and characteristics are not closely related to the host contracts and the host contracts are not measured at fair value through profit and loss. In the case that they are not closely related, they are recorded separately, and any changes in value are recognized in the income statement. In the periods presented in these Financial Statements, the Company did not identify any contracts that met the conditions for embedded derivatives.

7) Derecognition of financial assets and liabilities

Financial assets are derecognized when:

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

8) Offsetting of financial assets and liabilities

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

a) There is a legally binding right to offset recognized amounts; and
b) The company intends to settle them on a net basis, or to simultaneously realize the asset and settle the liability.

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

2.9 Inventories

Inventories are valued at acquisition cost using the weighted average price or net realizable value if this is lower.

2.10 Paid-in capital

Paid-in capital is represented by one class of ordinary shares with one vote per share. Incremental costs directly attributable to new share issuances are presented in equity as a deduction, net of taxes, from issuance proceeds.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.11 Income tax and deferred taxes

The result for income tax for the year is determined as the sum of the current tax arising from the application of the tax rate on taxable income, after allowed deductions, plus the change in assets and liabilities for deferred tax and tax credits, both for tax losses and other deductions.

Differences between the carrying value and tax base of assets and liabilities generate deferred tax asset and liability balances, which are calculated using tax rates expected to be in effect when the assets are realized and the liabilities are settled.

Current taxes and changes in deferred tax assets and liabilities not from business combinations are recorded in income or in equity accounts in the statement of financial position, depending on where the gains or losses originating them were recorded.

Deferred tax assets and tax credits are recognized only when it is likely that there will be sufficient future taxable profits to recover the deductible temporary differences and to make the tax credits effective.

The carrying amount of deferred income tax assets is reviewed at each reporting date of the financial statement and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. The unrecognized deferred tax assets are also reviewed at each closing date and are recognized to the extent that it is probable that future taxable profits allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized for all temporary differences, except those derived from the initial recognition of goodwill and those that arose from valuing investments in subsidiaries, associates and jointly-controlled companies in which Transelec Concesiones S.A. can control their reversal and where it is likely that they are not reversed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2.12 Provisions

Provisions for environmental restoration, asset retirement, restructuring costs, onerous contracts, lawsuits and other contingencies are recognized when:

- The Company has a present obligation, whether legal or constructive, as a result of past events;
- It is probable that a disbursement will be necessary to settle the obligation;
- The amount can be estimated reliably.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the obligation. The discount rate used to determine the present value reflects current market assessments, at the balance sheet date, of the time value of money and the specific risk associated with the particular liability, if applicable. Increases in provisions due to the passage of time are recognized in interest expense.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.12 Provisions (continued)

As of the date of issuance of these financial statements, Transelec Concesiones S.A. has no obligation to establish provision for environmental restoration.

2.13 Classification of current and non-current balances

In the statement of financial position, balances are classified based on maturity, i.e. current balances mature in no more than twelve months and non-current balances in more than twelve months.

Should the Company have any obligations that mature in less than twelve months but can be refinanced over the long term at the Company's discretion, through unconditionally available credit agreements with long-term maturities, such obligations may be classified as non-current liabilities.

2.14 Distribution of dividends

The dividends payable to the Company’s shareholders is recognized as a liability in the financial statements in the period in which they are approved by the shareholders.

Company records a provision at the end of each year for the 30% of the profit of the year, in accordance with Law N° 18.046.

2.15 Revenue recognition in Contracts with Customers

The regulatory framework that governs electrical transmission activity in Chile comes from the By-Law of the Electric Services dated 1982 (DFL (M) No. 1/82), and subsequent amendments thereto, including Law 19,940 (called also the “Short Law”) enacted on March 13, 2004, Law 20,018 (“Short Law II”), enacted on May 19, 2005 and Law 20,257 (Generation with Non-Conventional Renewable Sources of Energy), enacted on April 1, 2008. These are supplemented by the By-Law of the Electric Services Regulations dated 1997 (Supreme Decree No. 327/97 of the Mining Ministry), and its amendments, and by the Technical Standard for Liability and Quality of Service (R.M.EXTA No. 40 dated May 16, 2005)and subsequent amendments thereto. On July 11, 2016, the new Transmission Law was enacted, which creates an Independent Coordinating entity of the National Electrical System (NES), called National Electrical Coordinator (CEN, according to the Spanish acronym), which groups the previous DEC SIC and CDEC SING; in addition, it establishes a new Electrical Transmission System in which the trunk transmission system, the sub transmission system and additional systems now form part of National, Zone and Committed Transmission System, respectively. To the remuneration received from the transmitter, a variable discount rate will be applied with a minimum of 7% and a maximum of 10% after taxes. The law enters into effect immediately and gradually until its full application as of 2020.

Company’s revenues are generated mainly from the marketing of the capacity of the electrical transmission of the transmission facilities. The Company has basically one type of contract with customers, the regulated, which is subject to regulated tariffs.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.15 Reconocimiento de ingresos en Contratos con Clientes (continuación)

The total revenues for the use of the Company's facilities includes in general two components: i) the AVI, which is the annuity of the Investment Value (VI), calculated in such a way that the present value of these annuities, using an annual real discount rate and the economic useful life of each of the facilities equals the cost of replacing the existing transmission facilities with new facilities with similar characteristics at current market prices, plus, ii) the COMA, which corresponds to the cost required to operate, maintain and administrate the corresponding facilities.

The Company has the right to collect from its customers a "toll" which is composed by an "AVI+COMA" related to the use of its facilities. The Electrical Law establishes these "AVI+COMA" as integral components in rendering the transmission service. Therefore, as these services are substantially the same and they have the same transference pattern to customers, in other words, both services are satisfied throughout time with a similar progress measurement, the company has defined that there is a single performance obligation and that this is satisfied during a period of time, therefore revenues are recognized in the same temporal base.

Revenues are recognized and invoiced on a monthly basis, using fixed monthly amounts resulting from values stipulated in the contracts or resulting from the regulated tariffs and indexed as applicable. The transmission service is invoiced usually at the beginning of the month following the month when the service was rendered and thus the revenue recognized each month includes transmission service provided but not invoiced up to the month end.

(In thousands of US dollars (ThUS$))

NOTE 3 - RISK MANAGEMENT POLICY

3.1 Financial Risk

Transelec Concesiones S.A. is exposed to the following risks: market risks such as interest rate risk and exchange rate. The following paragraphs describe these risks and how they are managed.

3.1.1. Market risk

Market risk is defined for these purposes as the risk of changes in the fair value or future cash flows of a financial instrument as a result of changes in market prices. Market risk includes the risk of changes in interest and exchange rates, inflation rates and variations in market prices due to factors other than interest or exchange rates such as commodity prices or credit spread differentials, among others.

The Company's policy regulates investments and indebtedness, in an attempt to limit the impact of changes in the value of currencies and interest rates on the Company's net results by:

a) Investing cash surpluses in instruments maturing within no more than 90 days.
b) Entering into swap contracts and other instruments to maintain a balanced foreign exchange position.
c) Entering into long-term fixed rate indebtedness thus limiting risk from variable interest rates

3.1.1.1 Interest Risk

Significant changes in fair values and future cash flows of financial instruments that can be directly attributable to interest rate risks include changes in the net proceeds from financial instruments whose cash flows are determined in reference to floating interest rates and changes in the value of financial instruments with fixed cash flows.

Currently, Transelec Concesiones has a direct exposure to this type of risk because on December 21 a variable rate financing agreement was signed; for this reason Transelec Concesiones has entered into several 3-Month Libor Interest Rate Swaps, which cover 75% of the expected debt balance. The following table shows the main terms, at the aggregate level, of the contracts:

Closing date	Start date	Maturity date	Currency	Notional (asset leg)	Floating rate (asset leg)	Frequency	Currency	Notional (liability leg)	Fixed rate (liability leg)	Frequency
1/7/2019	12/28/2018	6/15/2045	US$	182,062,274	Libor 3M	Quarterly	US$	182,062,274	2.7579%	Quarterly

Note that the notional amount of this derivative increases and decreases according to the estimate of the debt structure that the financing would have.

(In thousands of US dollars (ThUS$))

Note 3 - RISK MANAGEMENT POLICY (continued)

3.1.1.2 Exchange Rate Risk

Currently, Transelec Concesiones S.A.'s only exposure to foreign exchange risk arises from the capital expenditure commitments it will have to incur for the core projects under construction.

As a result, there is currently a CapEx hedging policy to help hedge the exchange rate risk of any capital expenditure in a currency other than the US dollar.

Any other type of exposure to exchange rate risk will be managed through an approved policy that contemplates fully covering the net balance sheet exposure, which is made through various instruments such as: positions in US dollars / Chilean pesos, forward contracts and swaps.

3.1.2 Sensitivity analysis

The following chart shows the sensitivity analysis of various items to a 10% increase or decrease in exchange rates (US Dollar) and their effect on income or equity. This exchange rate sensitivity (10%) is used to internally report the Company's foreign exchange risk to key management personnel and represents management's valuation of the possible change in foreign currencies. The sensitivity analysis includes asset and liability balances in currencies other than the Company's functional currency. A positive number indicates an increase in income and/or other comprehensive income. A positive percentage implies a strengthening of the Chilean peso with respect to the foreign currency; a negative percentage implies a weakening of the Chilean peso with respect to the foreign currency.

	Position	Net income		Position	OCI	
Entry (Currency)	**Long/ (short)**	**Change (-10%)**	**Change (+10%)**	**Long/ (short)**	**Change (-10%)**	**Change (+10%)**
Cash (US$)	4,865	(442)	541	-	-	-
VAT credit S/T (US$)	37,387	(3,399)	4,154	-	-	-
Inter-Co Loan (US$)	(42,018)	3,820	(4,669)	-	-	-
Payables to Suppliers (US$)	(950)	86	(106)	-	-	-
Total	(716)	65	(80)	-	-	-

(In thousands of US dollars (ThUS$))

Note 3 - RISK MANAGEMENT POLICY (CONTINUED)

3.1.3 Credit Risk

With respect to credit risk related to accounts receivable from the electricity transmission activity, this risk is historically very low in the industry given the nature of business of the Company's customers and the short-term period of collection of receivables from clients, which leads to a situation in which clients do not accumulate very significant amounts.

However, revenues are highly concentrated in major customers as shown in the following table:

Revenues	**For the year ended as of December 31, 2019 ThUS$**	**For the year ended as of December 31, 2018 ThUS$**
Endesa Group	3,472	1,602
Colbun Group	1,902	785
CGE Group	836	-
AES Gener Group	729	451
Engie (E-CL) Group	350	268
Other	2,273	1,829
Total	**9,562**	**4,935**
% Concentration of the main clients	**76.29%**	**62.94%**

NOTE 4 - ESTIMATES AND JUDGMENTS OR CRITICAL CRITERIA USED BY MANAGEMENT

The estimates and criteria used by the Company are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable based on the circumstances.

The Company performs estimates and assumptions about the future. The resulting accounting estimates, per definition, will rarely be equal to the actual outcomes. Estimates and assumptions with a significant risk to the Company are detailed below:

- The estimates of recoverable values of assets to determine potential existence of impairment losses;
- The useful lives and residual values of the properties, plants and equipment and intangible assets;
- The hypothesis used to calculate the fair value of the financial instruments.
- The future fiscal results for purposes of determining the recoverability of deferred tax assets;
- Deferred tax assets
- Contingent assets and liabilities.
- Determination of existence and classification of financial or operating leases based on the transfer of risks and rewards of the leased assets (IFRS16), considerate the following:

  - Identification of whether a contract (or part of a contract) includes a lease.
  - Estimate the lease term.
  - Determine if it is reasonably true that it is an extension or termination option will be exercised.
  - Determination of the appropriate rate to discount lease payments.

Although the estimates mentioned above were made according to the best information available at the date of issuance of these Financial Statements, it is possible that future events oblige to modify them (upside or downside) in further periods, those modifications to each estimate will be recorded prospectively and recognized on those respective Financial Statements.

(In thousands of US dollars (ThUS$))

NOTE 5 - CASH AND CASH EQUIVALENTS

(a) The detail of this item as of December 31, 2019 and 2018 is as follows:

Cash and cash equivalents	**Balances as at 12.31.2019 ThUS$**	**Balances as at 12.31.2018 ThUS$**
Cash and banks	16,810	3,161
Total	**16,810**	**3,161**

(b) El detalle por tipo de moneda del saldo anterior es el siguiente:

Detail of cash and cash equivalents	**Currency**	**Balances as at 12.31.2019 ThUS$**	**Balances as at 12.31.2018 ThUS$**
Cash and cash equivalents			
	United States dollars	11,728	2,132
	Chilean pesos	5,082	1,029
Total		**16,810**	**3,161**

Fair values do not differ significantly from book values due to the short term maturity of these instruments and there are no restrictions.

NOTE 6 - TRADE AND OTHER RECEIVABLES

The detail of this item as of December 31, 2019 and 2018 is as follows:

Item	**12.31.2019 ThUS$**	**12.31.2018 ThUS$**
Trade debtors	4,118	1,653
Total	**4,118**	**1,653**

As of December 31, 2019 and December 31, 2018, the analysis of non-impaired debtors is as follows:

	Balances at	
	12.31.2019 ThUS$	**12.31.2018 ThUS$**
30 days due	4,118	1,653
Total	**4,118**	**1,653**

Fair values do not differ significantly from book values due to the short term maturity of these instruments. In addition, the Company does not record any bad debt provisions.

(In thousands of US dollars (ThUS$))

NOTE 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

7.1 Balances and transactions with related companies

7.1.1 Accounts receivable from related companies

There are no accounts receivable as of December 31, 2019 and 2018.

7.1.2 Accounts payable to related companies

The composition as of December 31, 2019 and 2018, is as follows:

Accounts payable to related entities			Current balances at		Non-current balances at	
Tax ID Number	Company	Item	12.31.2019 ThUS$	12.31.2018 ThUS$	12.31.2019 ThUS$	12.31.2018 ThUS$
76.560.200-9	Transelec Holding Rentas Ltda. (Parent)	Loans	8,602	1,723	146,501	182,517
76.560.200-9	Transelec Holding Rentas Ltda. (Parent)	Mercantile account	1,137	1,028	-	-
76.555.400-4	Transelec S.A.	Mercantile account	472	-	-	-
Total			**10,211**	**2,751**	**146,501**	**182,517**

a) Most significant transactions and their effects in income (loss)

Transactions with unsoncolidated related parties had the following effects on the income statement:

Tax ID Number	Company	Country	Relationship	Description of the transaction	12.31.2019		12.31.2018	
					Amount **ThUS$**	**Efect on profits or loss** **ThUS$**	**Amount** **ThUS$**	**Efect on profits or loss** **ThUS$**
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Loans received	101,208	-	119,539	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Loans paid	133,017	-	67,994	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Accrued interest	7,367	7,367	6,223	6,223
76.555.400-4	Transelec S.A.	Chile	Indirect	Loans paid	1,990	1,990	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Exchange difference	2,797	2,797	2,799	2,799

There operations are in accordance with the provisions of Articles N° 44 and 49 of Law N°. 18.046 on Corporations.

(In thousands of US dollars (ThUS$))

NOTE 8 – OTHER NON FINANCIAL ASSETS

The detail of this item as of December 31, 2019 and 2018 is as follows:

Other non-financial assets	**Balances as at 12.31.2019 ThUS$**	**Balances as at 12.31.2018 ThUS$**
Expenses to be reported for easements	10,407	9,950
Advance payments to contractors	7,702	7,702
VAT credit	37,387	28,732
Other non-financial assets	691	716
Total	**56,187**	**47,100**

NOTE 9 - INTANGIBLE ASSETS OTHER THAN GOODWILL

The detail of this item as of December 31, 2019 and 2018 is as follows:

Intangible assets other than goodwill	**Balances as at**	
	12.31.2019 ThUS$	**12.31.2018 ThUS$**
Easements	17,136	6,380
Other intangible assets	250	250
Total	**17,386**	**6,630**

On January 22, 2016, through an assignment agreement, Abengoa Chile S.A. assigned to Pichirropulli Energy Transmitter S.A. the Right of Exploitation and Execution of the "Line 2x500 KV Pichirropulli Nueva Puerto Montt, energized in 220 KV",. This Right was awarded by Supreme Decree No. 20T of 2015. As it is unlikely that this Right to be revoked, the Company considers that this Right has an indefinite useful life.

(In thousands of US dollars (ThUS$))

NOTE 9 - INTANGIBLE ASSETS OTHER THAN GOODWILL (CONTINUED)

The following table shows the detail of changes in intangible assets other than goodwill for the years ended as of December 31, 2019 and 2018.

Movements in intangible assets	Right-of-way ThUS$	Other intangible assets ThUS$	Intangible assets, net ThUS$
Opening balance as of 01.01.2019	6,380	250	6,630
Movements in intangible assets			
Additions	10,756	-	10,756
Closing balance of intangible assets as of December 31, 2019	**17,136**	**250**	**17,386**

Movements in intangible assets	Right-of-way ThUS$	Other intangible assets ThUS$	Intangible assets, net ThUS$
Opening balance as of 01.01.2018	3,421	250	3,671
Movements in intangible assets			
Additions	2,959	-	2,959
Closing balance of intangible assets as of December 31, 2018	**6,380**	**250**	**6,630**

(In thousands of US dollars (ThUS$))

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

10.1 Detail of items

Property, plant and equipment, net	12.31.2019 ThUS$	12.31.2018 ThUS$
Land	889	889
Infrastructure constructions and works	72,698	8,970
Work in progress	73,885	132,662
Machinery and equipment	126,687	66,244
Total Property, plant and equipment	274,159	208,765

Property, plant and equipment, gross	12.31.2019 ThUS$	12.31.2018 ThUS$
Land	889	889
Infrastructure constructions and works	72,954	9,045
Work in progress	73,885	132,662
Machinery and equipment	129,283	67,161
Total Property, plant and equipment	277,011	209,757

Total accumulated depreciation and impairment Property, plant and equipment,	12.31.2019 ThUS$	12.31.2018 ThUS$
Infrastructure constructions and works	(256)	(75)
Machinery and equipment	(2,596)	(917)
Total accumulated depreciation and impairment of PPE	(2,852)	(992)

(In thousands of US dollars (ThUS$))

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (continued)

10.2 Reconciliation of changes in plant and equipment properties

The following table shows the detail of changes in property, plant and equipment per type of assets for the periods ended as of December 31, 2019 and 2018.

	Movement year 2019	Land ThUS$	Buildings and infrastructure ThUS$	Machinery and equipment ThUS$	Work in progress ThUS$	Property, plant and equipment, net ThUS$
	Opening balance 01/01/2019	889	8,970	66,244	132,662	208,765
Move ment	Additions	-	-	-	67,254	67.254
	Transfer	-	63,909	62,122	(126,031)	-
	Depreciation expense	-	(181)	(1,679)	-	(1.860)
	Closing balance as of December 31, 2019	889	72,698	126,687	73,885	274,159

	Movement year 2018	Land ThUS$	Buildings and infrastructure ThUS$	Machinery and equipment ThUS$	Work in progress ThUS$	Property, plant and equipment, net ThUS$
	Opening balance 01/01/2018	889	-	-	96,341	97,230
Move ment	Additions	-	-	-	112,527	112,527
	Transfer	-	9,045	67,161	(76,206)	-
	Depreciation expense	-	(75)	(917)	-	(992)
	Closing balance as of December 31, 2018	889	8,970	66,244	132,662	208,765

(In thousands of US dollars (ThUS$))

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (continued)

10.3 Additional information on property, plant and equipment

As of December 31, 2019 and 2018, the Company had commitments to acquire property, plant and equipment items derived from EPC (Engineering-Procurement-Construction) construction contracts in the amount of ThUS$53,182 and ThUS$130,815, at the close of each year, respectively.

The following is the detail of interest costs capitalized on Property, plants and equipment:

	31.12.2019	**31.12.2018**
Capitalization rate (annual basis) (%)	4.37%	4.12%
Capitalized interest costs (ThUS$)	7,367	5,329

Work in progress balances amount to ThUS$73,885 as of December 31, 2019 and TUS$132,662 as of December 31, 2018.

(In thousands of US dollars (ThUS$))

NOTE 11 – DEFERRED TAXES

11.1 Deferred taxes

11.1 Detail of deferred tax assets and liabilities

The origin of deferred taxes recorded as of December 31, 2019 and 2018 is as follows:

Temporary difference	Net deferred taxes	
	12.31.2019	12.31.2018
	ThUS$	ThUS$
Depreciable fixed assets and intangibles	(11,029)	(4,460)
Tax loss	18,334	2,343
Net deferred taxes assets/(liabilities)	**7,305**	**(2,117)**
Presentation in Statement of financial position		
Deferred tax assets	7,305	-
Deferred tax liabilities	-	(2,117)
Net deferred taxes assets/(liabilities)	**7,305**	**(2,117)**

Tax losses balances amounts to ThUS$67,904 and ThUS$8.678 as of December 31, 2019 and 2018 respectively.

11.2 Deferred tax movements of the statement of financial position

The movements of the "Deferred Taxes" items of the Balance Sheet in the periods as of December 31, 2019 and as of December 31, 2018 are as follows:

Deferred tax movements	Assets	Liabilities
	ThUS$	ThUS$
Balances as of January 01, 2018	**-**	**-**
Increase (decrease)	-	2,117
Balance as of December 31, 2018	**-**	**2,117**
Increase (decrease)	7,305	(2,117)
Balance as of December 31, 2019	**7,305**	**-**

The recovery of deferred tax asset depends on whether sufficient tax profits are obtained in the future. The Company considers that future profits projections will allow to recover these assets.

(In thousands of US dollars (ThUS$))

NOTE 12 – OTHER FINANCIAL ASSETS

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

	Current		Non-current	
	12.31.2019	12.31.2018	12.31.2019	12.31.2018
	ThUS$	ThUS$	ThUS$	ThUS$
Forward Contracts (1)	-	5,980	-	-
Total	**-**	**5,980**	**-**	**-**

(1) See Note 15

NOTE 13 - TRADE AND OTHER PAYABLES

The detail of this item as of December 31, 2019 and as of December 31, 2018, respectively, is as follows:

	Current		Non-current	
Notes and accounts payable	**12.31.2019 ThUS$**	**12.31.2018 ThUS$**	**12.31.2019 ThUS$**	**12.31.2018 ThUS$**
Other accounts payable	16,430	8,097	-	-
Total	**16,430**	**8,097**	-	-

NOTE 14 – OTHER FINANCIAL LIABILITIES

The current and non-current portion of this account as of December 31, 2019 and 2018 is as follows:

Interest bearing loans	**12.31.2019**		**12.31.2018**	
	Current ThUS$	**Non-current ThUS$**	**Current ThUS$**	**Non-current ThUS$**
Bank loan	-	187,570	-	62,738
Total Bank loan	**-**	**187,570**	**-**	**62,738**
Swap contract (note 15)	2,149	24,074		-
Total Banks borrowings	**2,149**	**24,074**		**-**
Total Other Financial Liabilities	**2,149**	**211,644**		**62,738**

(In thousands of US dollars (ThUS$))

NOTE 14 – OTHER FINANCIAL LIABILITIES (Continued)

The other financial liabilities correspond to a bank loan held by the Company as of December 31, 2019 and 2018, respectively, and are detailed below:

Creditor	Country	Currency	Effective interest rate	Maturity	Periodicity	12.31.2019 ThUS$	12.31.2018 ThUS$
Export Development Canadá KfW IPEX-Bank Gmbh MUFG Bank Ltd.	Canadá Alemania Estados Unidos	Dólares	2,72%	Dic 15, 2036	Half-yearly	187,570	62,738
Total						**187,570**	**62,738**

(In thousands of US dollars (ThUS$))

NOTE 14 – OTHER FINANCIAL LIABILITIES (CONTINUED)

During the month of November 2019, the Company, in its capacity as borrower, detected the breach of the term of some of its obligations related to obtaining sector permits associated with the projects currently under construction and operation.

These obligations are recorded in the credit agreement signed on December 21, 2018, however, such events do not constitute a material adverse effect for the aforementioned projects, the credit agreement and / or the financial statements of the Company.

On November 29, the company signed a waiver request with the lenders.

NOTE 15 – DERIVATE INSTRUMENTS

Transelec Concesiones S.A., as per its risk management policy, enters primarily into exchange rate derivatives (see Note 3). The Company classifies its hedges as:

- Cash flow hedging: Those that hedge the cash flows of the hedged underlying item.

In addition, the Company uses certain non-hedging derivatives: the instruments that do not meet the requirements of IFRS and thus do not qualify for hedge accounting.

15.1 Hedge assets and liabilities

	December 31, 2019				December 31, 2018			
	Assets		Liabilities		Assets		Liabilities	
	Current ThUS$	Non-current ThUS$	Current ThUS$	Non-current ThUS$	Current ThUS$	Non-current ThUS$	Current ThUS$	Non-current ThUS$
Interest Rate Swap	-	-	2,149	24,074	5,980	-	-	-
Total	-	-	2,149	**24,074**	**5,980**	-	-	-

15.2 Other information

Below is a detail of the derivatives contracted by Transelec Concesiones S.A. as of December 31, 2019 and 2018, their fair value and the breakdown by maturity:

		Maturity						12.31.2019
Financial derivatives	**Fair value ThUS$**	**Prior to year 1 ThUS$**	**2020 ThUS$**	**2021 ThUS$**	**2022 ThUS$**	**2023 ThUS$**	**After ThUS$**	**Total ThUS$**
Interest Rate Swap	(26,223)	(2,149)	(3,097)	(2,999)	(2,598)	(2,175)	(13,205)	(26,223)

		Maturity						30.12.2018
Financial derivatives	**Fair value ThUS$**	**Prior to year 1 ThUS$**	**2020 ThUS$**		**Fair value ThUS$**	**Prior to year 1 ThUS$**	**2020 ThUS$**	**Total ThUS$**
Forward Starting Swap	5,980	5,980	-	-	-	-	-	5,980

(In thousands of US dollars (ThUS$))

NOTE 15 – DERIVATE INSTRUMENTS (CONTINUED)

The contractual notional amount of these contracts does not represent the risk assumed by Transelec Concesiones S.A., as it is only in response to the basis with which derivative settlements are calculated. As of December 31, 2019 and 2018, Transelec Concesiones S.A. had not recognized any gains or losses for ineffectiveness of cash flow hedges.

Derivatives are valued considering valuation techniques which include observable data. The most commonly used valuation techniques include swap valuation models using present value calculations. The models include several inputs including, foreign exchange spot rates, forward rates and interest rate curves in Chilean peso and US dollar.

15.3 Fair value hierarchies

Financial instruments recognized at fair value in the statement of financial position are classified based on the following hierarchies: (a) Level 1: Quoted (unadjusted) price in an active market for identical assets and liabilities, (b) Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly (i,e, as a price) or indirectly (i.e., as a derivative of a price); and (c) Level 3: Inputs for assets or liabilities that are not based on observable market information (non-observable inputs).

The following table details financial assets and liabilities measured at fair value as of December 31, 2019 and 2018:

Financial instruments at fair value		Fair value at the end of the reporting period using		
	12.31.2019 ThUS$	Level 1 ThUS$	Level 2 ThUS$	Level 3 ThUS$
Financial assets (liability)				
Cash flow derivatives	(26,223)	-	(26,223)	-
Total net	(26,223)	-	(26,223)	-

Financial instruments at fair value		Fair value at the end of the reporting period using		
	12.31.2018 ThUS$	Level 1 ThUS$	Level 2 ThUS$	Level 3 ThUS$
Financial assets (liability)				
Cash flow derivatives	5,980	-	5,980	-
Total net	5,980	-	5,980	-

(In thousands of US dollars (ThUS$))

NOTE 16 – FINANCIAL INSTRUMENTS

16.1 Financial Assets

The classification of financial assets in the categories described in Note 2.8 is detailed below:

	Financial assets at amortized cost	Financial assets at fair value		Derivative instruments		Total
		Through income	Through other comprehensive income	Hedge	Non-hedge	
December 31, 2019	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalent	-	16,810	-	-	-	16,810
Trade and other recievables	4,118	-	-	-	-	4,118
Total	**4,118**	**16,810**	**-**	**-**	**-**	**20,928**

	Financial assets at amortized cost	Financial assets at fair value		Derivative instruments		Total
		Through income	Through other comprehensive income	Hedge		Through income
December 31, 2018	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalent	-	3,161	-	-	-	3,161
Other current financial assets	-	-	-	-	5,980	5,980
Trade and other recievables	1,653	-	-	-	-	1,653
Total	**1,653**	**3,161**	**-**	**-**	**5,980**	**10,794**

(In thousands of US dollars (ThUS$))

NOTE 16 - FINANCIAL INSTRUMENTS (CONTINUED)

16.2 Financial liabilities

The classification of financial liabilities in the categories described in Note 2.8 is detailed below:

	Financial liabilities at amortized cost	Financial assets at fair value		Derivative instruments		Total
		Through income	Through Other Comprehensive income	Hedge		Through income
December 31, 2019	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Other financial liabilities, current	-	-	-	2,149	-	2,149
Trade and other payables	16,783	-	-	-	-	16,783
Accounts payable to related companies, current	9,858	-	-	-	-	9,858
Accounts payable to related companies, non-current	146,501	-	-	-	-	146,501
Other financial liabilities, non-current	187,570	-	-	24,074	-	211,644
Total	**360,712**	-	-	**26,223**	-	**386,935**

	Financial liabilities at amortized cost	Financial assets at fair value		Derivative instruments		Total
		Through income	Through Other Comprehensive income	Hedge		Through income
December 31, 2018	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Accounts payable to related companies, current	2,751	-	-	-	-	2,751
Accounts payable to related companies, non-current	182,517	-	-	-	-	182,517
Other financial liabilities, non-current	62,738	-	-	-	-	62,738
Total	**248,006**	**-**	**-**	**-**	**-**	**248,006**

(In thousands of US dollars (ThUS$))

NOTE 17 – NET EQUITY

17.1 Subscribed and paid-in capital

As of December 31, 2019 and 2018, the authorized, subscribed and paid-in capital is to ThUS$5,000.

17.2 Number of subscribed and paid-in shares

	No. subscribed shares	No. paid-in shares	Number of shares with voting right
Unique series, with no par value	5,000,000	5,000,000	5,000,000

In July 2018, the Company's shareholders (Transelec Holdings Rentas Ltda. and Rentas Eléctricas I Ltda.) carried out a capital increase in the amount of ThUS$4,999, thus giving rise to a total capital of ThUS$5,000 as of December 31, 2018.

The contributions were made in proportion to the participation of each of the shareholders before the capital increase, both maintaining the same percentage of participation once the contribution was made.

17.3 Other reserves

The detail of other reserves as of December 31, 2019 and 2018 is as follows:

Item	12.31.2019 ThUS$	12.31.2018 ThUS$
Cash flow hedging	(18,992)	8,277
Total	**(18,992)**	**8,277**

NOTE 17 - PATRIMONIO NETO (continuación)

17.4 Capital management

Capital management refers to the Company's administration of its equity.

The capital management policy of Transelec Concesiones S.A. is aimed for maintain adequate balance that allows to keep a sufficient capitalization levels to sustain its operations and provide a sensible leverage, thus optimizing shareholder returns and maintaining a solid financial position.

Capital requirements are determined based on the Company’s financing needs, taking care to maintain an adequate level of liquidity and complying with financial covenants established in current debt contracts. The Company manages its capital structure and makes adjustments based on prevailing economic conditions in order to mitigate risks from adverse market conditions and take advantage of any opportunities that may arise to improve its liquidity position.

(In thousands of US dollars (ThUS$))

NOTE 18 – REVENUE

18.1 Operating revenue

The detail of net income as of and for the years ended December 31, 2019 and as of December 31, 2018 is as follows:

	01.01.2019 12.31.2019 ThUS$	01.01.2018 12.31.2018 ThUS$
Revenues from regulated transmission services	9,562	4,935
Total revenue	**9,562**	**4,935**

	01.01.2019 12.31.2019 ThUS$	01.01.2018 12.31.2018 ThUS$
Customers from regulated transmission services	9,562	4,935
Total	**9,562**	**4,935**
National revenue	9,562	4,935
Total	**9,562**	**4,935**
Transferred services over time	9,562	4,935
Total revenue	**9,562**	**4,935**

(In thousands of US dollars (ThUS$))

NOTE 19– RELEVANT INCOME STATEMENT ACCOUNTS

19.1 Expenses by nature

The composition of expenses by nature, included in cost of sales and administrative expenses for the years ended December 31, 2019 and 2018, is as follows:

Detalle	**01.01.2019 12.31.2019 THUS$**	**01.01.2018 12.31.2018 THUS$**
Depreciations and write-offs	1,860	992
Other expenses	817	1,084
Total	**2,677**	**2,076**

19.2 Financial results

The detail of the financial result for the years ended as of December 31, 2019 and 2018 is as follows:

	01.01.2019 12.31.2019 ThUS$	**01.01.2018 12.31.2018 ThUS$**
Finance income:	**7,367**	**106**
Interest capitalized in projects	7,367	-
Bank interests	-	106
Accrued Interest	**(13,851)**	**(896)**
Financial expenses:	(7,367)	-
Bond interest and expenses	(5,397)	-
Accrued Interest	(1,087)	(896)
Other expenses	**1,292**	**1,317**
Foreign exchange differences:	**182**	**(1,482)**
Bank – Capital Market	2,776	-
Due to related companies	(2,594)	(1,482)
Others	**1,110**	**2,799**
Positive	(180)	-
Bank – Capital Market	1,290	-
Others	-	2,799
Total financial income/(loss)	**(5,192)**	**527**

(In thousands of US dollars (ThUS$))

NOTE 20 – INCOME TAX RESULT

The income tax expense for the years of December 31, 2019 and 2018, is the following:

Result of income taxes	**01.01.2019 12.31.2019 ThUS$**	**01.01.2018 12.31.2018 ThUS$**
Deferred tax expense	664	756
Income tax expense (profit), total	**664**	**756**

Reconciliation of Tax Expense Using Statutory Rate with Tax Expense

	01.01.2019 12.31.2019 ThUS$	**01.01.2018 12.31.2018 ThUS$**
Tax expense using statutory rate	(485)	(914)
Movement of PPE	(179)	118
Other	-	40
Total adjustments to tax expense using statutory rate	(664)	158
Tax expense using statutory rate	**(664)**	**(756)**

	01.01.2019 12.31.2019	**01.01.2018 12.31.2018**
Statutory Tax Rate	27,00%	27,00%
Movement of PPE	9,97%	(3,48)%
Other	-	(1,19)%
Total adjustments to tax expense using statutory rate	**9,97%**	**(4,67)%**
Statutory Tax Rate	**36,97%**	**22,33%**

NOTE 21 –ENVIROMENT

Transelec Concesiones S.A., in compliance with current environmental regulations and in accordance with its sustainability policy, has submitted its projects or their modifications to the environmental authority through the Environmental Evaluation System (SEIA). To this end, several studies have been carried out that have made it possible to substantiate the presentations of environmental documents. These documents, be they an Environmental Impact Declaration (EID) or an Environmental Impact Study (EIS), are submitted to the respective Evaluation Service, complying with the requirements established by Law No. 19,300 on General Environmental Bases, modified by Law No. 20,417, and its corresponding SEIA regulations. For those projects that have begun their execution, the conditions and measures imposed by the environmental authority in the respective environmental qualification Resolutions have been followed up, including the processing of sectorial environmental permits.

During the years ended December 31, 2019 and 2018, the Company has not made any disbursements related to this matter.

NOTE 22 -LAWSUITS AND CONTINGENCIES

As of December 31, 2019 and 2018, the Company has no lawsuits or arbitrations.

NOTE 23 – SUBSEQUENT EVENTS

Since December 31, 2019 and the issuance date of these financial statements there have been no significant financial and accounting events that may affect the equity of the Company or the interpretation of these consolidated financial statements.