Interim Consolidated Financial Statements
for the period ended March 31, 2016

(Translation of Interim Consolidated Financial Statements originally issued in Spanish- See note 3.1)

COLBÚN S.A. AND SUBSIDIARIES

Thousands of US dollars – ThUS$

This document is composed of:
-Interim Consolidated Financial Statements
- Notes to the Interim Consolidated Financial Statements

Colbún S.A. and Subsidiaries

Interim Classified Consolidated Statements of Financial Position
As of March 31, 2016 (unaudited) and December 31, 2015
(In thousands of US dollars – ThUS$)

ASSETS	Note N°	March 31, 2016 ThUS$	December 31, 2015 ThUS$
Current Assets			
Cash and cash equivalents	8	721,438	876,130
Other financial current assets	9	341,137	185,393
Other non-financial current assets	20	29,732	28,376
Trade receivables and other receivables accounts	10	236,182	166,602
Accounts receivable from related entities	12.b	8,846	2,590
Inventories	13	99,396	98,060
Tax assets	19	14,798	8,634
Total current assets		**1,451,529**	**1,365,785**
Non-current assets			
Other financial assets, non-current	9	224	212
Other non-financial assets, non-current	20	38,077	32,262
Trade receivables and other receivables	10	15,659	17,722
Accounts receivable from related entities, non-current	12.b	276	280
Investments accounted for using the equity method	16	35,389	36,012
Intangible assets other than goodwill	17	91,126	91,340
Properties, plant and equipment	18	5,579,103	5,602,622
Deferred tax assets	21.b	11,818	6,922
Total non-current assets		**5,771,672**	**5,787,372**
TOTAL ASSETS		**7,223,201**	**7,153,157**

Colbún S.A. and Subsidiaries

Interim Classified Consolidated Statements of Financial Position (continuation)
As of March 31, 2016 (unaudited) and December 31, 2015
(In thousands of US dollars – ThUS$)

LIABILITIES AND NET EQUITY	Note N°	March 31, 2016 ThUS$	December 31, 2015 ThUS$
Current Liabilities			
Other financial, current liabilities	22.a	88,305	453,385
Payables trade and other payables, current	23	156,557	168,761
Accounts payable to related entities	12.b	11,029	30,252
Other provisions	24.a	15,505	15,501
Tax liabilities	21.a	44,831	24,045
Provisions for employee benefits, current	24.b	5,536	11,237
Other non-financial liabilities, current	25	9,971	4,648
Total current liabilities		**331,734**	**707,829**
Non-current liabilities			
Other financial liabilities, non-current	22.a	2,155,718	1,782,256
Payables trade and other payables, non-current liabilities	23	6,517	6,422
Deferred tax liabilities	21.b	952,501	955,956
Provisions for employee benefits, non-current	24.a	25,684	23,001
Other non-financial, non-current liabilities	25	10,804	10,603
Total non-current liabilities		**3,151,224**	**2,778,238**
Total Liabilities		**3,482,958**	**3,486,067**
Equity			
Issued capital	26.a	1,282,793	1,282,793
Retained earnings	26.f	1,484,117	1,412,537
Share premiums	26.c	52,595	52,595
Other reserves	26.e	713,315	715,588
Net Equity attributable to equity holders of the parent		3,532,820	3,463,513
Non-controlling interests		207,423	203,577
Total net equity		**3,740,243**	**3,667,090**
TOTAL LIABILITIES AND NET EQUITY		**7,223,201**	**7,153,157**

Colbún S.A. and Subsidiaries
Interim Consolidated Statements of Comprehensive Income by Nature
for the periods ended March 31, 2016 and 2015 (unaudited)
(In thousands of US dollars – ThUS$)

STATEMENT OF COMPREHENSIVE INCOME BY NATURE	Note N°	January - March 2016 ThUS$	January - March 2015 ThUS$
Revenue from ordinary activities	7 y 27	362,545	317,010
Raw materials and consumables used	28	(165,064)	(205,163)
Employee benefits expenses	29	(16,097)	(13,954)
Depreciation and amortization	30	(55,844)	(47,453)
Other expenses by nature		(11,156)	(5,115)
Other gains (losses)	34	(497)	(867)
Profit from operating activities		**113,887**	**44,458**
Financial income	31	2,691	955
Financial costs	31	(27,425)	(22,226)
Share of profit (loss) of associates and jont ventures accounted for using the equity method	33	1,396	1,480
Exchange rate differences	32	3,048	409
Result from indexation units	32	-	57
Profit before taxes		**93,597**	**25,133**
Income tax expense	21.a	(17,554)	(18,164)
Profit from continuing operations		**76,043**	**6,969**
PROFIT		**76,043**	**6,969**
Profit attributable to:			
Profit attributable to owners of the parent	7 y 26.i	72,197	6,969
Profit attributable to non-controlling interests		3,846	-
PROFIT		**76,043**	**6,969**
Earnings per share			
Basic earnings from continuing operations per share **US$/share**	26.i	0.00412	0.00040
Basic earnings per share		**0.00412**	**0.00040**
Diluted earnings from continuing operations per share **US$/share**	26.i	0.00412	0.00040
Diluted earnings per share		**0.00412**	**0.00040**

Colbún S.A. and Subsidiaries

Interim Consolidated Statements Other of Comprehensive Income by Nature
for the periods ended March 31, 2016 and 2015 (unaudited)
(In thousands of US dollars – ThUS$)

STATEMENT OF OTHER COMPREHENSIVE INCOME BY NATURE	Note	January - March	
		2016	2015
	N°	ThUS$	ThUS$
Profit		**76,043**	**6,969**
Components of other comprehensive income not to be reclassified to profit or loss in subsequent periods, before taxes:			
Profits (losses) from new measurements of defined benefit plans		(739)	(1,375)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, before taxes:		**(739)**	**(1,375)**
Components of other comprehensive income to be reclassified to profit or loss in subsequent periods, before taxes:			
Exchange gains (losses) on translation	16.a	1,400	(1,565)
Gains (losses) from cash flow hedges		(3,665)	(307)
Share of other comprehensive income of associates and jont ventures accounted for using the equity method		-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods, before taxes:		**(2,265)**	**(1,872)**
Components of other comprehensive income, before taxes		**(3,004)**	**(3,247)**
Income taxes on components of other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Income taxes related to new measurements of defined benefit plans	21.c	199	371
Income taxes on components of other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Income taxes related to share of other comprehensive income of associates and jont ventures accounted for using the equity method	21.c	-	-
Income taxes related to cash flow hedges	21.c	(162)	513
Income taxes related to components of other comprehensive income		**37**	**884**
Total other comprehensive income		**(2,967)**	**(2,363)**
Total comprehensive income		**73,076**	**4,606**
Total comprehensive income attributable to:			
Total comprehensive income attributable to owners of the parent		69,230	4,606
Total comprehensive income to non-controlling interests		3,846	-
TOTAL OTHER COMPREHENSIVE INCOME		**73,076**	**4,606**

Colbún S.A. and Subsidiaries

Interim Consolidated Statements of Cash Flows - Direct Method
for the periods ended March 31, 2016 and 2015 (unaudited)
(In thousands of US dollars – ThUS$)

CASH FLOW STATEMENTS - DIRECT METHOD	Note N°	March 31, 2016 ThUS$	March 31, 2015 ThUS$
Cash flows provided by (used in) operating activities			
Classes of receipts from operating activities			
Receipts from sales of goods and rendering of services		406,110	353,743
Receipts from royalties, fees, commissions and other revenue		-	76
Other receipts from operating activities		771	3,548
Classes of payments			
Payments to suppliers for goods and services		(192,729)	(219,082)
Payments to and on behalf of employees		(19,500)	(19,807)
Payments for premiums and claims, annuities and other policy benefits		(12,013)	(27,699)
Other payments for operating activities		(22,954)	(7,533)
Net cash flows provided by (used in) operating activities		**159,685**	**83,246**
Interest received		2,724	954
Income taxes refunded (paid)		(6,510)	(3,210)
Other cash inflows (outflows)		(51,757)	(3,741)
Net cash flows provided by (used in) operating activities		**104,142**	**77,249**
Cash flows provided by (used in) investing activities			
Other payments for acquiring participation in joint ventures		(2,660)	(2,772)
Additions to property, plant and equipment		(24,752)	(23,532)
Other cash inflows (outflows)		(155,868)	317,821
Net cash flows provided by (used in) investing activities		**(183,280)**	**291,517**
Cash flows provided by (used in) financing activities			
Proceeds from borrowings		**365,700**	**-**
Proceeds from long-term borrowings		365,700	-
Repayments of borrowings		(362,000)	-
Dividends paid		(38,452)	(41,108)
Interest paid		(34,052)	(26,250)
Other cash inflows (outflows)		(13,363)	-
Net cash flows provided by (used in) financing activities		**(82,167)**	**(67,358)**
Net increase (decrease) in cash and cash equivalents, before the effect of exchange rate differences		**(161,305)**	**301,408**
Effects of changes in foreign exchange rate on cash and cash equivalents		6,613	355
Net increase (decrease) in cash and cash equivalents		**(154,692)**	**301,763**
Cash and cash equivalents at beginning of period		876,130	254,090
Cash and cash equivalents at end of period	8	**721,438**	**555,853**

Colbún S.A. and Subsidiaries

Consolidated Statements of Changes in Equity

for the periods ended March 31, 2016 and 2015 (unaudited)

(In thousands of US dollars – ThUS$)

Statemente of changes in net equity	Note	Attributable to equity holders of the parent									Share not controlled ThUS$	Total Equity ThUS$
				Other reserves								
		Issued Capital ThUS$	Share premiuns ThUS$	Exchange difference on translatior reserve ThUS$	Cash flow hedeges reserve ThUS$	Actuarial gains / (loss) reserve ThUS$	Other reserves ThUS$	Total Other reservers ThUS$	Retained earnings ThUS$	Attributable to equity holders of the parent ThUS$		
Beginning balance as of l 01/01/2016		1,282,793	52,595	(266,792)	(6,854)	-	989,234	715,588	1,412,537	3,463,513	203,577	3,667,090
Changes in Equity												
Resultado integral												
Profit (loss)									72,197	72,197	3,846	76,043
Other comprehensive income				1,400	(3,827)	(540)	-	(2,967)		(2,967)	-	(2,967)
Dividends									-	-		-
Increase (decrease) due to transfers and other char		-	-	-	-	540	154	694	(617)	77	-	77
Total changes in equity		**-**	**-**	**1,400**	**(3,827)**	**-**	**154**	**(2,273)**	**71,580**	**69,307**	**3,846**	**73,153**
Ending balance as of 03.31.2016	**26**	**1,282,793**	**52,595**	**(265,392)**	**(10,681)**	**-**	**989,388**	**713,315**	**1,484,117**	**3,532,820**	**207,423**	**3,740,243**

Statements of changes in net equity	Note	Attributable to equity holders of the parent									Share not controlled ThUS$	Total Equity ThUS$
				Other reserves								
		Issued capital ThUS$	Share premiums ThUS$	Exchange difference on translatior reserve MUS$	Cash flow hedeges reserve ThUS$	Actuarial gains / (loss) reserve ThUS$	Other reserves ThUS$	Total Other reservers ThUS$	Retained earnings ThUS$	Attributable to equity holders of the parent ThUS$		
Beginning balance as of 01/01/2015		1,282,793	52,595	(262,416)	(9,094)	-	989,403	717,893	1,307,276	3,360,557	-	3,360,557
Changes in equity												
Comprehensive income (loss)												
Profit (loss)									6,969	6,969	-	6,969
Other comprehensive income				(1,565)	206	(1,004)	-	(2,363)		(2,363)	-	(2,363)
Dividends										-		-
Increase (decrease) due to transfers and other char		-	-	-	-	1,004	(136)	868	(2,404)	(1,536)	-	(1,536)
Total changes in equity		**-**	**-**	**(1,565)**	**206**	**-**	**(136)**	**(1,495)**	**4,565**	**3,070**	**-**	**3,070**
Ending Balance as of 03.12.2015	**26**	**1,282,793**	**52,595**	**(263,981)**	**(8,888)**	**-**	**989,267**	**716,398**	**1,311,841**	**3,363,627**	**-**	**3,363,627**

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

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1. General information

Colbún S.A. was formed by public deed dated April 30, 1986, signed in Santiago by Public Notary, Mr. Mario Baros G., and is registered in the Commercial Registry of the Talca Real Estate Register, on sheet 86, on May 30, 1986. The Company's taxpayer number is 96.505.760-9.

The Company is registered as a public company in the Securities Registry under 0295, as of September 1, 1986 and therefore is subject to the supervision of the Superintendency of Securities and Insurance ("SVS").

Colbún is an electric energy generating company, which as of March 31, 2016 is the ultimate parent company of the group (hereinafter, the "Company" or "Colbún"), composed of ten companies: Colbún S.A., and nine subsidiaries.

The commercial domicile of Colbún is Avenida Apoquindo 4775, 11th Floor, Las Condes, Santiago, Chile.

The Company's line of business is generation, transportation and distribution of electricity and power capacity, as explained in note 2.

The Company is directly controlled by Matte Group that holds investments in the electrical, financial, forestry, real estate, telecommunications and port sectors. It is controlled indirectly by the following persons, in the manner and share stated below, who are all members of the Larraín Matte, Matte Capdevila and Matte Izquierdo families:

Patricia Matte Larraín, National I.D. No. 4.333.299-6 (6.49%) and her children, María Patricia Larraín Matte, National I.D. No. 9.000.338-0 (2.56%); María Magdalena Larraín Matte, National I.D. No. 6.376.977-0 (2.56%); Jorge Bernardo Larraín Matte, National I.D. No. 7.025.583-9 (2.56%), and Jorge Gabriel Larraín Matte, National I.D. No. 10.031.620-K (2.56%).

Eliodoro Matte Larraín, National I.D. No. 4.336.502-2 (7.21%) and his children, Eliodoro Matte Capdevila, National I.D. No. 13.921.597-4 (3.27%); Jorge Matte Capdevila, National I.D. No. 14.169.037-K (3.27%), and María del Pilar Matte Capdevila, National I.D. No. 15. 959.356-8 (3.27%).

Bernardo Matte Larraín, National I.D. No. 6.598.728-7 (7.79%) and his children, Bernardo Matte Izquierdo, National I.D. No. 15.637.711-2 (3.44%); Sofía Matte Izquierdo, National I.D. No. 16.095.796-4 (3.44%), and Francisco Matte Izquierdo, National I.D. No. 16.612.252-K (3.44%).

The aforementioned shareholders belong, by family relation, to the same business group and have a formal joint action agreement, by the group of legal entities indicated as follows, which own 49.96% of the stock capital of the Company:

controlling group	N° Share	Interest %
Minera Valparaíso S.A.	6,166,879,733	35.17
Forestal Cominco S.A.	2,454,688,263	14.00
Forestal Constructora y Comercial del Pacífico Sur S.A.	34,126,083	0.19
Forestal y Minera Canadilla S.A.	31,232,961	0.18
Forestal Cañada S.A.	22,308,320	0.13
Forestal Bureo S.A.	17,846,000	0.10
Inversiones Orinoco S.A.	17,846,000	0.10
Inversiones Coillanca Ltda.	16,473,762	0.09
Inmobiliaria Bureo S.A.	38,224	0.00
Total Shares	**8,761,439,346**	**49.96**

2. Business description

Purpose of the Company

The Company's line of business is to produce, transport, distribute and supply energy and power capacity, for which it may acquire and exploit concessions and grants or use rights obtained. Likewise it is empowered to transport, distribute, supply and commercialize natural gas for sale to industrial or generating processes. It can provide advisories in the field of engineering both domestically and abroad.

Business description in Chile

Main assets

Generating assets are composed of hydraulic power plants (reservoir and run-of-the-river) and of coal and diesel thermoelectric plants (combined cycle and open cycle), which altogether contribute maximum capacity of 3,278 MW to the Central Interconnected System (SIC) ("Sistema Interconectado Central").

Hydroelectric power plants cumulatively reach the capacity of 1,589 MW which are distributed in 16 power plants: Colbún, Machicura, San Ignacio, Chiburgo and San Clemente located in the Maule Region; Rucúe, Quilleco and Angostura in the Biobío Region; Carena in the Metropolitan Region; Los Quilos, Blanco, Juncal, Juncalito, Chacabuquito and Hornitos, in the Region of Valparaíso; and Canutillar, in the Los Lagos Region. Colbún, Machicura, Canutillar and Angostura power plants have their own reservoirs, whereas the remaining hydraulic facilities correspond to run-of-the-river power plants.

Thermal power plants cumulatively reach the capacity of 1,689 MW and are distributed in the Nehuenco Complex located in the Region of Valparaíso; the Candelaria Power Plant in the O'Higgins Region; the Antilhue Power Plant in the Los Rios Region; the Power Plants Los Pinos and Santa María I located in the Biobío Region.

Commercial policy

The Company commercial policy is to reach an appropriate balance between the level of electricity sales agreements and its own capacity in terms of generation methods, with the objective of obtaining an increase and stabilization in operating margins, with an acceptable level of risk in the event of droughts. This also requires maintaining an adequate mix of thermoelectric and hydroelectric generation.

As a consequence of this policy, the Company tries to ensure that spot market sales or purchases do not reach significant volumes since the prices on the market experience significant variations which are mostly due to the hydrological conditions.

Main clients

The client´s portfolio is composed of regulated and unregulated clients:

Regulated clients with Tendered Long-term Node Price Contracts are: Chilectra S.A., CGE Distribución S.A. for the Metropolitana Region, CGE Distribución S.A. for the O'Higgins, Maule, Biobío and La Araucanía Regions; Saesa S.A., Frontel S.A., Compañía Eléctrica de Osorno S.A., Cooperativa Eléctrica de Curicó Ltda., Compañía Distribuidora de Energía Eléctrica Codiner Ltda., Cooperativa de Consumo de Energía Eléctrica Chillán Ltda., Cooperativa Eléctrica Los Ángeles Ltda., Cooperativa Regional Eléctrica Llanquihue Ltda., Cooperativa Eléctrica Paillaco Ltda., Cooperativa Eléctrica Charrúa Ltda., Compañia Nacional de Fuerza Electrica S.A. and Cooperativa Rural Eléctrica Río Bueno Ltda.

Unregulated clients are: Anglo American Sur S.A. For its Los Bronces/Las Tórtolas sites; unregulated clients associated with Chilectra S.A. (Aguas Andinas S.A. La Farfana Plant, located in the Metropolitan Region) and Codelco for the divisions Salvador, Andina, Ventanas and El Teniente.

Additionally, as a consequence of the financial insolvency of Campanario Generación S.A., the Superintendency of Electricity and Fuel (SEC) ("Superintendencia de Electricidad y Combustibles") issued an Exempt Resolution No. 2,288 dated August 26, 2011, amended by Exempt Resolution No. 239 dated February 9, 2012. The Resolution instructs all generating companies of the Central Interconnected System (SIC) to supply the consumption of regulated clients whose supply was awarded to Campanario Generación S.A. since September 1, 2011, at the prices and conditions stated in the respective tenders.

The electric market

The Chilean electric sector has a regulatory framework with almost 3 decades of operation. This has allowed the development of a very dynamic industry with a high level of participation from the private sector. The sector has been able to satisfy the growing energy demand, with an average growth rate of 3.3% in the last 10 years and with an increase in the GDP during the same period.

Chile has 4 interconnected systems and Colbún operates in the largest one, the Central Interconnected System (SIC), which extends from Taltal in the north up to the Large Island of Chiloé in the south. This zone's consumption represents 75% of the electricity demand in Chile. Colbún is the second electricity generator in terms of the SIC's installed capacity, with a market share of around 21%.

The tariff system distinguishes between different mechanisms for the short and long-term. As for the short-term tariffs, the sector is based on a marginal cost scheme, which in turn includes security criteria and efficiency in the allocation of resources. Marginal energy costs result from the operation of the electricity system in accordance with programming based on economic merit carried out by the Center for Economic Capacity Dispatch (CDEC) ("Centro de Despacho Económico de Carga") and which corresponds to the variable production cost of the most expensive unit that is operating at any given time. Power capacity remuneration is calculated on the basis of the firm capacity of the power plants, i.e. the level of capacity that the power plant can contribute to the system at peak hours, with a high level of assurance. The price of power capacity is determined as an economic signal, representative of investments in the most efficient units absorbing the demand for power capacity, at the system's peak hours.

For long-term tariff purposes, generators can have 2 types of clients: regulated and unregulated.

In compliance with Law No. 20,018 (Short Law II) that came into force on January 1, 2010, in the regulated clients market, made up of distribution companies, generators sell energy at a price resulting from public competitive tenders, denominated long-term Node Price.

Unregulated clients are those that have a connected power over 2,000 kW, and freely negotiate their prices with their suppliers.

In the spot market generators trade energy and power capacity surpluses or deficits among themselves at marginal costs (at an hourly level) that result from the net commercial position of their production capacity since dispatch orders are based on the economic and exogenous merits of each generator.

The regulation allows users with connected power between 500 KW and 2,000 KW, to opt for an unregulated or regulated price regime, with a minimum period of permanence of four years in each regime.

To inject its electricity to the system and supply energy and electric power capacity to its clients, Colbún uses its own and third party transmission facilities, in compliance with the existing electric legislation.

In order to determine the rates, the legislation establishes the following concepts: Trunk Transmission, Subtransmission and Additional Systems.

Description of the Business in Peru

Main Assets

Combined cycle natural gas 570 MW power plant located in Las Salinas, Chilca district, 64 kilometers south of Lima, owned by the subsidiary Fenix Power Perú. Its location is strategic because it is near the Camisea gas pipeline and Chilca electrical substation, allowing the power generation at efficient costs.

This plant began commercial operations in December 2014 and consists of two dual General Electric turbines (gas or diesel) generating 60% of the plant’s power and a General Electric steam turbine generating the remaining 40%. Given its characteristics, this plant is a strategic asset of the Peruvian electricity market since it is the most efficient and the third largest of the power plants in the country.

Main clients

Regulated customers with long-term contracts: Group Distriluz, consisting of Electro Norte S.A., Electro Noreste S.A., Electrocentro S.A., COELVISAC, Hidrandina S.A., Grupo Luz del Sur, consisting of Edecañete S.A., Edelnor S.A.A., Electricidad del Oriente S.A., Electro Dunas S.A.A. and Luz del Sur S.A.A.

Supplemental customers, which represent short-term contracts with both distributors and generators: Celepsa S.A., TermoChilca S.A.C.

The electric market

Peru restructured the energy market in 1992 (Electricity Law 25,844) and in the last four years major reforms have been made to the regulatory framework for the sector.

The Peruvian electricity market has an installed capacity of approximately 10 GW, of which about 60% is thermal capacity, 37% hydro and the remaining 3% based on renewable energies. Therefore, natural gas plays a fundamental role in the thermal generation of the country given the substantial reserves and exploration wells it has, Camisea being the main oilfield with more than 15 trillion cubic feet.

The tarification system distinguishes between two categories of customers: regulated users that consume less than 200 kW and unregulated customers (large private users with consumption above 2,500 kW). Customers with demand falling between 200 kW and 2,500 kW have the option of being regulated or unregulated customers.

As in the case of Chile, the National Interconnected Electric System (SEIN) is administered by a Committee of Economic Operation System (COES), which is constituted as a private non-profit and is a legal public entity. COES consists of all SEIN agents (generators, transmitters, distributors and free users) and its decisions are binding for all agents. Its purpose is to coordinate the short, medium and long-term operation of SEIN preserving the security of the system and the best use of energy resources, as well as plan the development of SEIN transmission and administer the Short Term Market, the latter that is based on marginal costs.

In terms of consumption, annual energy demand stands at around 43 TWh with demand concentrated by mining and residential sectors.

3. Summary of significant accounting policies

3.1 Accounting principles

These consolidated financial statements as of March 31, 2016 have been prepared in accordance with instructions and standards of preparation and presentation of financial information issued by the Superintendency of Securities and Insurance (hereinafter "SVS"), which are composed of the International Financial Reporting Standards (hereinafter "IFRS"), issued by the International Accounting Standards Board (hereinafter the "IASB").

These interim consolidated financial statements have been prepared on the going concern basis and have been approved by its Board of Directors at the meeting held on April 26, 2016.

The following are the accounting principles adopted in the preparation of these interim consolidated financial statements. These policies have been defined in compliance with instructions and standards of preparation and presentation of financial information issued by the SVS as of March 31, 2016, applied in a uniform manner to all periods presented in these interim consolidated financial statements.

For the convenience of the reader, these interim consolidated financial statements and their accompanying notes have been translated from Spanish to English.

a. Basis of preparation and period covered - These interim consolidated financial statements of Colbún S.A. are composed of the statements of financial position as of March 31, 2016 and December 31, 2015 and the corresponding statements of comprehensive income, changes in net equity and cash flows for the periods ended March 31, 2016 and 2015 and related notes.

The Company is responsible for the information contained in these interim consolidated financial statements.

The interim consolidated financial statements have been prepared using historical cost criteria, with the exception (in accordance with financial reporting standards issued by the SVS) of assets and liabilities that are recorded at fair value (Note 3.h and 3.i).

a.1 Functional currency

The Company's functional currency is the U.S. dollar, as this is the primary currency that influences the sales prices of the goods and services in the Company's sector. All information in the present interim consolidated financial statements is presented in thousands of dollars (ThUS$), unless indicated otherwise.

b. Basis of consolidation – The interim consolidated financial statements include the financial statements of the Parent Company and companies controlled by the Company (subsidiaries).

Control is the basis for determining which entities are consolidated in the consolidated financial statements.

Subsidiaries are entities for which Colbún S.A. is exposed to, or has rights to the variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the case of the Company, in general, the power over its subsidiaries is derived from the possession of the majority of voting rights granted by the subsidiaries' capital instruments.

Subsidiaries are detailed as follows:

Subsidiary	Country	Functional currency	Taxpayer number	Percentage of interest as of				
				03.31.2016			03.31.2015	31.12.2015
				Direct	Indirect	Total	Total	Total
Empresa Eléctrica Industrial S.A.	Chile	US Dollar	96.854.000-9	99.9999	-	99.9999	99.9999	99.9999
Sociedad Hidroeléctrica Melocotón Ltda.	Chile	US Dollar	86.856.100-9	99.9000	0.1000	100	100	100
Río Tranquilo S.A.	Chile	US Dollar	76.293.900-2	99.9999	0.0001	100	100	100
Termoeléctrica Nehuenco S.A.	Chile	US Dollar	76.528.870-3	99.9999	0.0001	100	100	100
Termoeléctrica Antilhue S.A.	Chile	US Dollar	76.009.904-K	99.9998	-	99.9998	99.9998	99.9998
Colbún Transmisión S.A.	Chile	US Dollar	76.218.856-2	99.9999	0.0001	100	100	100
Colbún Desarrollo S.P.A.	Chile	US Dollar	76.442.095-0	100	-	100	100	100
Inversiones SUD S.P.A.	Chile	US Dollar	76.455.649-6	100	-	100	-	100
Inversiones Andinas S.P.A.	Chile	US Dollar	76.455.646-1	100	-	100	-	100
Colbún Perú S.A.	Perú	US Dollar	0-E	99.9996	0.0004	100	-	100
Inversiones Las Canteras S.A.	Perú	US Dollar	0-E	-	51	51	-	51
Fénix Power Perú S.A.	Perú	US Dollar	0-E	-	51	51	-	51

Variations in the consolidation perimeter

During the 2016 period, no variations in the consolidation perimeter have been produced.

Colbún International Limited was dissolved on March 31, 2015.

Colbún Desarrollo S.P.A. was incorporated on March 18, 2015 with a capital of ThUS$ 160. The Company is a direct, wholly-owned subsidiary of Colbún S.A.

On March 31, 2015, Inversiones SUD S.P.A. was constituted with a capital of ThUS$ 10. On April 6, 2015, a share subscription contract was signed by which Colbún S.A. subscribed 100% of the shares. Therefore, as of said date, the Company is a direct subsidiary of Colbún S.A.

On March 31, 2015, Inversiones Andinas S.P.A. was constituted with a capital of ThUS$ 10. On April 6, 2015, a share subscription contract was signed by which Colbún S.A. subscribed 100% of the shares. Therefore, as of said date, the company is a direct subsidiary of Colbún S.A.

Colbún Perú S.A. is a closed stock corporation organized according to the laws of the Republic of Peru, acquired by Colbún Desarrollo S.P.A. on September 28, 2015. Subsequently, at the Extraordinary Shareholders Meeting on December 15, 2015, Colbún S.A was incorporated, which currently owns 99.9996% of the shares, with Colbún Desarrollo S.P.A. owning the remaining 0.0004%.

Inversiones Las Canteras S.A. is a closed corporation organized under the laws of the Republic of Peru, incorporated on November 16, 2015 by Inversiones Hacienda Montalbán S.A. (now Colbún Perú S.A) and Juan Carlos Escudero Velano, who later transferred his share to the former. On December 18, 2015, a capital increase was carried out, in which Colbún Perú S.A. subscribed and paid 51% of the shares and incorporated as new partners Sigma Fondo de Inversión en Infraestructura with 13% of the shares and Blue Bolt A 2015 Limited with 36% of the shares.

Fenix Power Perú S.A. is a closed corporation organized under the laws of the Republic of Peru, incorporated on September 15, 2004, by Enrique Victor Macedo Abreu, Fernando Enrique Macedo Abreu, and Horace Alfred Sklar. Currently, Inversiones Las Canteras S.A. owns 100% of the shares.

All significant intercompany transactions and balances have been eliminated upon consolidation and non-controlling interests corresponding to third party interests in subsidiaries have been recognized and are incorporated as a separate component in Colbún's consolidated equity.

b.1 Business combinations – Business combinations are accounted for using the acquisition method. The cost of acquisition is the sum of the consideration transferred, valued at fair value at the date of acquisition, and the amount of non-controlling interest of the acquiree, if any. For each business combination, the Company determines whether to value the non-controlling interest of the acquiree at fair value or the proportionate share of the net identifiable assets acquired. Related acquisition costs are recorded as incurred and are classified as other expenses by nature.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification based on contractual terms, economic conditions and other relevant conditions existing at the date of acquisition. This includes the separation of embedded derivatives from the main contracts of the acquire.

If the business combination is achieved in stages, the shares previously held in the acquired assets are valued at fair value and gains or losses are recognized in the income statement.

Any contingent consideration that must be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent considerations classified as financial assets or liabilities in accordance with IAS 39 Financial Instruments: Recognition and Measurement are measured at fair value and changes in fair value with changes in profit or loss recorded in other comprehensive income. In cases where contingent considerations are not within the scope of IAS 39, they are valued according to the corresponding IFRS. If the contingent consideration is classified as equity, it is not revalued and any subsequent settlement is recorded in equity.

Goodwill is the excess of the sum of the consideration transferred over the net value of the assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the value of the consideration transferred, the Company makes a new assessment to ensure that it has correctly identified all the assets acquired and all liabilities assumed and reviews the procedures for assessing the amounts recognized at the acquisition date. If this re-assessment results in an excess of fair value of net assets acquired over the aggregate amount of the consideration transferred, the difference is recognized as profit in the income statement.

After initial recognition, goodwill is recorded at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the date of acquisition, to each cash-generating unit of the Company that is expected to benefit from the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

When goodwill forms part of a cash-generating unit and part of the operations of the unit are derecognized, the goodwill associated with these disposed operations is included in the carrying amount of the operation when determining the gain or loss on the disposal of the operation. The goodwill derecognized in these circumstances is valued on the basis of the relative values of the disposed operation and the portion of the cash-generating unit that is retained.

b.2 Non-Controlling Interests

The value of the interest of non-controlling shareholders in equity and in comprehensive income of subsidiaries is presented respectively in the items "Non-Controlling Interests" in the consolidated statement of financial position and "Profit (Loss) Attributable to Non-Controlling Interests" and "Total Comprehensive Income Attributable to Non-Controlling Interests" in the statement of comprehensive income.

b.3 Special purpose entities

On May 17, 2010, the Chilean Ministry of Justice granted legal personality to Colbún Foundation (Fundación Colbún) and approved its statutes, according to D.E. Nº3,024, hereinafter the "Foundation". The main objectives of the Foundation include:

Promoting, encouraging and supporting all types of work and activities aimed to perfect and improve the living standards of the sectors of the population with the greatest needs.

Research, development and spread of culture and arts. The Foundation can participate in the formation, organization, management and support of all entities, institutions, associations, companies and organizations, both public and private, which pursue similar goals.

The Foundation shall support all entities whose purpose is the dissemination, investigation, encouragement and development of culture and the arts.

The Foundation can finance the acquisition of real estate, equipment, furniture, laboratories, classrooms, museums and libraries, finance readjustment of infrastructure to support academic training. In addition, it can finance development of research, develop and implement instruction programs, provide development training or coaching and finance the edition and distribution of books, leaflets and any type of publication.

During exercise 2016, Colbún has not provided contributions to the Foundation

c. Investments accounted by using the equity method – Corresponds to the participation in Companies over which Colbun exercises joint control with another Company or in which it has significant influence.

The equity method consists of recording the participation by the portion of net equity represented by the Company's interest over the adjusted capital of the investee.

If the resulting amount is negative, the participation is recorded at zero unless there is a commitment from the Company to restore the subsidiary's equity situation, in which case the corresponding accrual is recorded.

Dividends received from these companies are recorded reducing the value of the interest and profits (losses) obtained by these companies corresponding to Colbún based on its interest are incorporated, net of their tax effects to the statement of comprehensive income account "Participation in the profits (losses) of associates and joint ventures accounted for using the equity method".

Companies accounted for using the equity method are detailed as follows:

Type of relation	Associated company	Country	Functional currency	Taxpayer number	Percentage of interest as of		
					03.31.2016	03.31.2015	12.31.2015
					Direct	Direct	Direct
Asociated	Electrogas S.A.	Chile	Dólar	96.806.130-5	42.5	42.5	42.5
Joint Venture	Centrales Hidroeléctricas de Aysén S	Chile	Pesos	76.652.400-1	49.0	49.0	49.0
Joint Venture	Transmisora Eléctrica de Quillota Ltda	Chile	Pesos	77.017.930-0	50.0	50.0	50.0

c.1 Investments in associated entities

Associate entities are entities in which the Company has significant influence, but not control over the financial and operating policies. In general, it is assumed that there is significant influence when the Company holds between 20% and 50% of the other entity's voting rights.

c.2 Jointly controlled entities

Are entities in which the Company has joint control over their activities, established by means of contractual agreements and that unanimous consent is required for making strategic financial and operating decisions.

d. Effects of variations in foreign currency exchange rates – Transactions in local and foreign currency, other than the functional currency, are converted to the functional currency using exchange rates from the transaction dates.

Loss and profits in foreign currency resulting from settlement of these transactions and from the conversion of monetary assets and liabilities denominated in currencies other than the functional currency at closing exchange rates are recognized in the Statement of Comprehensive Income, except for when they are deferred in net equity as cash flow hedges and net investment hedges. Likewise, the conversion of accounts receivable or payable as of each closing date is performed with the closing exchange rate during consolidation. Valuation differences produced are recorded as "Exchange rate differences" in the statement of comprehensive income.

e. Basis of conversion – Assets and liabilities in Chilean pesos, Euros, Peruvian soles and UF (Unidades de Fomento – a Chilean peso-dominated inflation-indexed monetary unit) have been converted into US Dollars at the exchange rates as of the closing date of the financial statements, detailed as follows:

Equivalency per one US Dollar	03.31.2016	03.31.2015	12.31.2015
Chilean peso	669.80	626.58	710.16
Euros	0.8787	0.9314	0.9168
Peruvian Soles	3.3280	-	3.4130
UF	0.0259	0.0254	0.0277

f. Property, plant and equipment - Property, plant and equipment items are those used in the generation of electricity services or for management purposes and are recorded at cost, net of accumulated depreciation and impairment, if applicable. The cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate as intended. This cost value includes – in addition to the purchase price of the assets – the following concepts, as permitted by IFRS:

- Financial cost of loans used to finance the work in progress; this is capitalized during the construction period.
- Employee expenses related directly to work in progress.
- Expansion, modernization or improvement costs that represent an increase in productivity, capacity or efficiency or an increase in the useful lives of the assets are capitalized as higher cost of the corresponding assets.
- Substitutions or renewals of complete elements that increase the useful lives of the asset or their economic capacity are recorded as higher value of property, plant and equipment, with the consequent derecognition of the substituted or renovated elements.
- The costs of decommissioning, withdrawing or rehabilitating property, plant and equipment are based on the contractual obligation of each project (Note 24 c).

Work in progress is transferred to operational fixed assets once the testing period is completed, moment at which their depreciation begins.

Periodic maintenance expenses, conservation and repairs are accounted for in the statement of comprehensive income in the period in which they are incurred.

Property, plant and equipment items, net of their residual value are depreciated using the straight-line method distributing the cost of the different elements that compose the asset over their estimated technical useful lives (Note 5.a.(i)).

The residual value and useful lives of assets are reviewed and adjusted as necessary, as of each statement of financial position closing date.

g. Intangibles other than goodwill - Intangible assets acquired individually are initially measured at cost. In the case of intangible assets acquired in a business combination, it is the fair value on the acquisition date. After initial recognition, they are recognized at cost less cumulative amortization and cumulative impairment losses.

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

Assets with finite useful lives are amortized over their economic useful lives and impairment is assessed when there are indicators that they may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each year. The criteria for recognizing impairment losses on these assets and, where applicable, the recovery of impairment losses recorded are explained in Note 5 b.

Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are taken into consideration in order to change the period or method of amortization, if applicable, and are treated as a change in accounting estimate. The amortization expense of intangible assets with finite useful lives is recognized in the statement of comprehensive income.

h. Financial instruments

h.1. Financial assets – Financial assets are classified into the following categories:

a) Loans and accounts receivable.
b) Financial assets held to maturity.
c) Financial assets at fair value through profit or loss.
d) Available-for-sale financial assets.

Classification depends on the nature and purpose of financial assets and is determined at the initial recognition.

h.1.1 Loans and accounts receivable – They are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. After their initial recognition, they are recorded at amortized cost, this being amount of the consideration received less accumulated amortization (calculated using effective interest rate method) and are classified as current assets, except for those expiring in more than 12 months from the date of the statement of financial position which are classified as non-current assets. Trade and other accounts receivables are classified as Loans and accounts receivable.

The effective interest rate method corresponds to the method for calculating the amortized cost of a financial asset and the allocation of interest income within the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash flows receivable (including all charges on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the financial asset.

h.1.2 Investments held to maturity – are investments in which the Company has the intention and capacity to hold the investment to maturity, and which are also accounted at their amortized cost. In general investments in instruments such as fixed time deposits are recognized in this category.

h.1.3 Financial assets recorded at fair value through profit or loss – Financial assets recorded at fair value through profit or loss include the trading portfolio and financial assets that are managed and evaluated using the fair value criteria. Changes in value are recorded directly in the statement of comprehensive income when they occur. Short-term investments in mutual funds are classified in this category.

h.1.4 Available-for-sale investments – correspond to the rest of investments assigned specifically as available for sale or those that do not qualify for any of the previous three categories. These investments are recorded at their fair value when it is possible to determine this in a reliable manner.

h.1.5 Derecognition financial assets – The Company only derecognizes financial assets when the rights to receive cash flows have been cancelled, annulled, expired or have been transferred.

h.1.6 Impairment of financial assets – Financial assets other than those valued at fair value through profit and loss are evaluated as of the closing date of each exercise to establish the presence of impairment indicators. Financial assets are impaired when there is objective evidence that the estimated future cash flows from the investment have been affected as a result of one or more events occurred after initial recognition.

The existence of significant financial difficulties on the part of the debtor, the probability that the debtor will declare bankruptcy or a financial reorganization and default or delay in payments, are considered indicators that the accounts receivable have been impaired. The value of the provision is the difference between the book value of the asset and the current value of estimated future cash flows, discounted at the effective interest rate. The loss is recognized in the statement of comprehensive income.

When an account receivable finally becomes uncollectable (all reasonable pre-judicial and judicial collection instances have been exhausted, based on the respective legal regulations) and their financial write-off is applicable, it is adjusted against the allowance established for impaired accounts receivable.

When the fair value of an asset is lower than its acquisition cost and there is objective evidence that the asset has suffered impairment that cannot be considered temporary, the difference is recorded directly in results for the year.

In the case of instruments classified as available for sale, to determine whether they have suffered impairment losses, the Company considers if there has been a significant or prolonged decrease in the fair value of the instrument below cost. Should there be any evidence of this type for financial assets available for sale, the accumulated loss determined as the difference between the cost of acquisition and the current fair value, less any impairment loss in this financial asset previously recognized in Other Comprehensive Income is eliminated from other reserves and recognized in the statement of Comprehensive Income. Impairment losses recognized in the statement of comprehensive income statement on equity instruments are not reversed.

It is not required to test financial assets at fair value through profit and loss for impairment.

Considering that, as of March 31, 2016, all the Company's financial investments have been made in institutions of the highest credit quality and they mature in the short-term (less than 90 days), impairment tests indicate that there is no observable impairment.

h.2. Financial liabilities

h.2.1 Classification as debt or equity – Debt and equity instruments are classified as either financial liabilities or equity, depending on the substance of the contractual agreement.

h.2.2 Equity instruments – An equity instrument is any contract that manifests a residual interest in the entity's assets once all its liabilities have been deducted. Equity instruments issued by Colbún S.A. are recorded when the compensation is received, net of direct issuance costs. To the moment, the parent Company has only issued single series shares.

h.2.3 Financial liabilities – Financial liabilities are classified either as financial liabilities at 'fair value through profit or loss' or as 'other financial liabilities'.

h.2.4 Financial liabilities at fair value through profit or loss – Financial liabilities are classified at fair value through profit or loss when they are held for trading or designated at fair value through profit or loss.

h.2.5 Other financial liabilities - Other financial liabilities, including loans, are initially valued for the effective amount received, net of transaction costs. Other financial liabilities are subsequently valued at amortized cost by using the effective interest rate method.

The effective interest rate method corresponds to the method of calculating the amortized cost of a financial liability and the allocation of interest expenses during the entire corresponding period. The effective interest rate corresponds to the rate that discounts exactly estimated future cash flows payable during the expected life of the financial liability or, when applicable, a shorter period when the associated liability has a prepayment option that is believed will be exercised.

h.2.6 Derecognition of financial liabilities – The Company only derecognizes, financial liabilities when the obligations are paid, void or expired.

i. Derivatives – Derivative contracts are signed by the Company to mitigate the risks of changes in interest rates, exchange rates and the price of fuels.

The effects that arise as a result of changes in the fair value of these instruments at the date of the consolidated financial statements are recorded in the statement of comprehensive income, to the extent that they have been designated as a hedging instrument for accounting purposes and all requirements to apply IFRS hedge accounting are met.

Hedges are classified in the following categories:

- Fair value hedges: hedge from exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments that can be attributed to a particular risk. For this type of hedge, both the value of the hedge instrument and the hedged element are recorded in the statement of comprehensive income netting both effects in the same heading.

- Cash flow hedges: hedge from exposure to changes in cash flows that (i) are attributed to a particular risk associated to a recognized asset or liability or to a highly probable foreseen transaction. Changes in the fair value of derivatives are recorded, for the part of those hedges that are effective, in the Total Equity reserve called "Cash Flow Hedge Hedges". The accumulated deficit or profit in that heading is transferred to the statement of comprehensive income to the extent that the underlying has an impact on the statement of comprehensive income due to the risk hedged, netting that effect in the same heading. Profits (losses) from the ineffective part of hedges are recorded directly in the statement of comprehensive income.

A hedge is considered highly effective when changes in the fair value or in cash flows of the underlying attributable to the risk hedged, are offset with changes in fair value or in effective cash flows of the hedge instrument, with effectiveness in the range of 80% - 125%. In the periods covered by these interim consolidated financial statements the Company designates certain derivatives as hedge instruments on highly probable foreseen transactions or exchange rate risk hedge instruments on firm commitments (cash flows hedge instruments).

In this respect, all derivatives have been designated as hedge accounting.

j. Inventory – Inventory includes petroleum and coal stocks, which are valued at weighted average price, and inventory in warehouse (spare parts) and in transit that are valued at cost, net of any obsolescence allowance, calculated at the end of each year.

j.1 Criteria to calculate obsolescence allowance on spare parts – The estimation of the spare parts that are obsolete is based on an item by item basis and general analysis that is perfomed by the company's technical personnel, who assessed the rotation and technological obsolescence of the spare parts stock at each plant.

k. Statement of cash flows – the Company has determined the following considerations for the purpose of preparing the statement of cash flows:

The cash and cash equivalents include available cash, term deposits to credit entities and other short-term investments with high liquidity that mature in less than 3 months and which are subject to significantly low risk of changes in value. In the statement of financial position, bank overdrafts are classified as current liabilities.

Operating activities: correspond to the activities that constitute the Company's main source of ordinary income, as well as other activities that cannot be qualified as investing or financing.

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

Financing activities: correspond to activities that produce changes in the size and composition of net equity and of liabilities of a financial segment.

l. Income taxes – the Company and its subsidiaries determine the taxable income and calculate their income taxes in compliance with the valid legal provisions for each period.

Deferred taxes arising from temporary differences and other events that create differences between the accounting and tax base of assets and liabilities are recorded in accordance with the standards established in IAS 12 "Income taxes".

Corporate taxes are recorded in the statement of comprehensive income or other comprehensive income of the consolidated statement of financial position depending on where the profits or losses that originate them were recorded. Differences between the accounting value of assets and liabilities and their tax base generate balances of deferred tax assets or liabilities that are calculated using the tax rates expected to be effective when the assets and liabilities are realized.

Variances produced during the period in deferred tax assets or liabilities are recorded in the profits account on the consolidated comprehensive income statement or in the categories of total equity in the statement of financial position, based on where profits or losses generated have been recorded.

Deferred tax assets are only recognized when it is expected that the Company will have sufficient future tax profits in order to recover deductions for temporary differences and use the tax losses.

Each accounting close deferred tax assets and liabilities are recorded in order to verify that they are still current, making timely corrections in accordance with the results of the mentioned analysis.

A level of accounts in the interim consolidated statement of financial position has been clearing assets and deferred tax liabilities of the Colbun´s and subsidiaries if, and only if, they relate to the tax corresponding to the same income tax administration, provided that the entity has a legally enforceable set off the current tax assets with current tax liabilities law.

m. Severance Benefits– Obligations recognized for the concept of termination benefits at any event arise as a consequence of agreements of a collective nature signed with the Company's employees, which establish the Company's commitment. The Company recognizes the cost of employee benefits in accordance with an actuarial calculation as required by IAS 19 "Employee Benefits", which includes variables such as life expectancy, salary increases, etc.

The amount of net actuarial liabilities accrued as of the end of the period is shown under the heading "Provisions for employee benefits" of non-current liabilities in the interim consolidated statement of financial position.

The Company recognizes all actuarial profits or losses arising from the valuation of defined benefits plans in other comprehensive income, whereas costs related to benefit plans are recorded under employee expenses in the statement of comprehensive income.

n. Provisions – obligations existing as of the date of the statement of financial position, arising as a consequence of past events which can probably affect the Company equity and whose amount and time of payment can be reliably estimated are recorded as provisions for the current value of the most probable estimated amount that the Company will have to disburse to pay the obligation.

Provisions are reviewed periodically and are quantified considering the best information available as of the interim consolidated financial statements closing date.

n.1 Restructuring – A restructuring provision is recognized when the Company has approved a detailed and formal restructuring plan, and the restructure as such has already begun or has been publicly announced. Future operating costs are not provisioned.

n.2 Vacations – The expense related to the personnel vacations is recorded in the statement of comprehensive income when the employee acquires the right to it in compliance with IAS 19.

o. Recognition of revenue - revenue from the sale of electricity, in Chile and Peru, is valued at the fair value of the amount received or receivable and represents the amounts for the services rendered during normal commercial activities, reduced by any related tax or discount.

The following is a description of the revenue recognition policies for each type of client:

- Regulated clients - distribution companies: revenue from sale of energy and power capacity is recorded on the basis of physical delivery, in conformity with its long-term contracts and at a tendered prices.
- Unregulated clients – connected capacity greater than 2,000 KW in Chile and Peru between 200 KW and 2,500 KW: Revenue from sale of energy and power capacity for these clients is recorded on the basis of physical delivery at the rates specified in the respective contracts.
- Spot market clients: Revenue from sale of energy and power capacity are recorded on the basis of physical delivery to other generating companies, at the marginal cost. By law the spot market is organized and coordinated through the Dispatch Centers ("Centros de Despacho") (CDEC in Chile and COES in Peru), where the surplus or deficit of energy and power capacity is commercialized. Surplus energy and power capacity is recorded as income and deficits are recorded as expenses in the interim consolidated statement of comprehensive income.

When goods or services are exchanged for other goods or services of a similar nature and value, the exchange is not considered to be a transaction that generates income.

In addition, any tax received from clients and sent to the government authorities (for example VAT, sales tax or duties, etc.) is recorded on a net basis and therefore is excluded from revenue in the interim consolidated statement of comprehensive income.

p. Dividends - Article 79 of the Companies Law establishes that, unless there is another agreement adopted at an Ordinary Shareholders' Meeting, by unanimity of shares issued, publicly traded stock companies must distribute annually at least 30% of distributable net income for the year as cash dividends to their shareholders, prorated to their shares or in the proportion established in the bylaws, should there be preferred shares, except when accumulated deficit from previous years must be absorbed.

As of each year-end the amount of the obligation with shareholders is determined, net of dividends that have been approved during the year and are recorded under "Trade and Other Accounts Payable" or under "Accounts Payable to Related Entities", as applicable, with a charge to Equity.

The provisional and final dividends are recorded as a decrease in equity at the moment of their approval by the competent body which, in the first case, is generally the Company's Board of Directors, or in the second case the Ordinary Shareholders' Meeting.

q. Environment – In the event of environmental liabilities, they are recorded on the basis of the current interpretation of environmental laws and regulations, when it is probable that a real obligation will be produced and the amount of that liability can be reliably calculated (see note 24.c).

Investments in infrastructure destined to complying with environmental requirements are capitalized following the general accounting criteria for property, plant and equipment.

r. Classification of balances as current and non-current - In the interim consolidated statement of financial position, balances are classified based on their expiration, i.e. as current those expiring in twelve months or less and as non-current those expiring in excess of that period.

s. Leases –The Company applies IFRIC 4 to assess whether an agreement is or contains a lease. Leases in which substantially all risks and benefits inherent to ownership are transferred, are classified as financial leases. All other leases are classified as operating leases.

Financial leases in which Colbún S.A. and subsidiaries act as lessee are recognized at the beginning of the contract. They record an asset based on its nature and a liability for the same amount and equal to the fair value of the leased asset or else at the present value of minimum payment of the lease should be lower. Subsequently, minimum lease payments are divided between the finance cost and reduction of the debt. The finance cost is recognized as an expense and distributed over the term of the lease in order to obtain a constant interest rate in each year on the balance of the debt pending amortization. The asset is depreciated under the same terms as the rest of similar depreciable assets, should there be reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If such certainty does not exist, the asset is depreciated over the useful life of the asset or over the term of the lease, whichever is shorter.

Operating lease installments are recognized as an expense using the straight-line method over the term of the lease, unless another systematic distribution basis is more representative.

t. Operations with related parties - Operations between the Parent Company and its dependent subsidiaries or between subsidiaries, known as related parties, are part of the Company's regular transactions in terms of its purpose and conditions, and are eliminated in the consolidation process. The identification of the relationship between the Parent Company, Subsidiary, Joint Ventures and Associates is described in note 3 3.1.b and c.

All related party transactions are carried out under market terms and conditions.

u. Government grants - Government subsidies are measured at the fair value of the asset received or to be received. A subsidy without specific future performance conditions is recognized as income when the amounts obtained from the subsidy are received. A subsidy that imposes specific future performance conditions is recognized as income when such conditions are fulfilled.

Government subsidies are presented separately from the assets to which they are related. Government subsidies recognized as income are presented separately in the notes. Government subsidies received before the income criteria are fulfilled are presented as a separate liability in the statement of financial position.

No amount whatsoever is recognized for government assistance to which fair value cannot be assigned. However, if it exists, the entity must disclose information regarding that assistance.

v. Interest Costs - Interest costs that are directly attributable to the acquisition, construction or production of an asset and whose start-up or sale necessarily requires a prolonged period of time are capitalized as part of the cost of the asset. The Company has established a policy to capitalize interest based on the phase of construction. All other interest costs are recognized as expenses in the period incurred. Financial expenses include interest and other costs incurred by the Company in relation with financing obtained.

w. Goodwill or Goodwill - is the excess of the sum of the consideration transferred recorded over the net value of the assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the value of the consideration transferred, the Company conducts a new assessment to ensure that it has correctly identified all the assets acquired and all liabilities assumed and reviews the applied procedures for assessing the amounts recognized at the acquisition date. If this new assessment results in an excess of fair value of net assets acquired over the aggregate amount of the consideration transferred, the difference is recognized as profit in the statement of income.

After initial recognition, goodwill is recorded at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the date of acquisition, to each cash-generating unit of the Company that is expected to benefit from the combination, independently of whether there other assets or liabilities of the acquiree assigned to those units.

When goodwill is part of a cash-generating unit and part of the operations of the unit are derecognized, the goodwill associated with these disposed operations are included in the carrying amount of the operation when determining the gain or loss from the disposal of the operation. Goodwill derecognized in these circumstances is valued on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit that is retained.

x. Reclassifications – For comparison purposes, the following reclassifications were made as of March 31, 2015: i) from the operating cash flows item "Receipts from contracts held for dealing or trading purposes"" for ThUS$ 445,430 and "Payments from contracts held for dealing or trading purposes" for ThUS$ 117,609 to the investing activity item "Other cash inflows (outflows)".

3.2 New accounting pronouncements

The following new Standards and Interpretations have been issued, but their application date is not yet effective:

New IFRS		Date of mandatory application
IFRS 9	Financial Instruments.	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019

IFRS 9 “Financial Instruments”

In July 2014 it was issued the final version of IFRS 9 Financial Instruments, gathering all phases of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement. This standard includes new requirements based on principles for the classification and measurement, introduces a "more forward-looking" model of expected accounting impairment substantially reformed and focus hedge accounting for credit losses. The institutions also have the option of applying in advance accounting gains and losses from changes in fair value related to the "own credit risk" to financial liabilities designated at fair value through profit or loss, without using the other requirements of IFRS 9.The standard is mandatory for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 15 “Revenue from contracts with customers”

It is a new standard that is applicable to all contracts with customers except leases, financial instruments and insurance contracts. It is a joint project with the FASB to eliminate differences in the recognition of income between IFRS and US-GAAP. This new standard is intended to improve the inconsistencies and weaknesses of IAS 18 and provides a model that will facilitate the comparability of companies from different industries and regions. It provides a new model for recognizing revenue and more detailed requirements for contracts with multiple elements. It also requires more detailed disclosures. Application is effective starting on January 1, 2017 and early adoption is permitted.

IFRS 16 “Leases”

In January 2016, the IASB issued IFRS 16 Leases. IFRS 16 establishes the definition of a lease contract and specifies the accounting treatment of assets and liabilities arising from these contracts from the point of view of the lessor and lessee. The new standard does not differ significantly from the norm that precedes it, IAS 17 Leases, regarding the accounting treatment from the point of view of the lessor. However, from the point of view of the leasee, the new standard requires the recognition of assets and liabilities for most leases. IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019. Early application is permitted if it is adopted in conjunction with IFRS 15 Revenue from Contracts with Customers.

Amendments to IFRS		Date of mandatory application
IAS 7	Statement of Cash Flows	January 1, 2017
IAS 12	Income Taxes	January 1, 2017
IFRS 10	Consolidated Financial Statements	Determined
IAS 28	Investments in Associates and Joint Ventures	Determined

IAS 7 “Statement of Cash Flows”

Amendments to IAS 7 Statement of Cash Flows, issued in January 2016, as a part of the Disclosure Initiative project, require that an entity disclose information that allows users of financial statements to assess the changes in obligations derived from financing activities, including both the changes from the cash flows and the changes that are not in cash. The application of these amendments is mandatory for annual periods beginning on January 1, 2017. Early application is permitted.

IAS 12 “Income Taxes”

These amendments issued by the IASB in January 2016 clarify how to record deferred tax assets corresponding to debt instruments measured at fair value. The application of these amendments is mandatory for annual periods beginning on January 1, 2017. Early application is permitted.

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

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address a recognized inconsistency between the requirements of IFRS 10 and IAS 28 (2011) in the treatment of the sale or supply of goods between an investor and its associate or joint venture. The amendments issued in September 2014, provides that when the transaction involves a business (both when in a subsidiary or not) a full gain or loss is recognized. A partial gain or loss is recognized if the transaction involves assets that do not constitute a business, even when the assets are in a subsidiary. The amendments are mandatory for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 28 "Investments in Associates and Joint Ventures"

Amendments to IFRS 10, IFRS 12 and IAS 28 introduce minor clarifications regarding the requirements for accounting for investment companies. In addition, these amendments provide relief in certain circumstances, which will reduce the cost of implementing these standards. The amendments are mandatory for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

The Company is evaluating the impact that these pronouncements may have and currently estimates that there should not be significant effects in the consolidated financial statements.

3.3 Responsibility for information and estimates made

The information contained in the present interim consolidated financial statements is the responsibility of the Company’s Board of Directors, which expressly states that it has applied all instructions and rules regarding the preparation and presentation of financial information issued by the SVS, which are composed of IFRS issued by the “IASB”, and the SVS.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts of assets and liabilities as of the date of the financial statements and the amount of income and expenses during the reported year. These estimates are based on management’s best knowledge of the amounts, events or actions reported.

In the preparation of the interim consolidated financial statements estimates such as the following have been used:

- Useful lives and residual values of property, plant and equipment and intangibles (see notes 3.1.f and 5.a)
- Asset valuation to determine the existence of impairment losses (see Note 5.b).
- Hypothesis used to calculate the fair value of financial instruments (see Note 3.1.h).
- Hypothesis used in the actuarial calculation of liabilities and obligations with employees (see Note 3.1.m).

- Probability of occurrence and the amount of uncertain or contingent liabilities (see Note 3.1.n).
- The taxable income of the different subsidiaries of the Company, which will be declared to the respective tax authorities in the future and have been the basis for the recording of different balances related to income taxes in these interim consolidated financial statements (see Note 3.i)

Although these estimates have been prepared using the best information available on the date of issuance of these interim consolidated financial statements, it is possible that events that might take place in the future could result in modification (upward or downward) in future periods, which would be applied prospectively when the change becomes known, recognizing the effects of the change in estimate in the corresponding future interim consolidated financial statements in accordance with IAS 8.

4. Financial Risk Management

4.1 Risk management policy

The risk management strategy is oriented to safeguard the Company's stability and sustainability, eliminating or mitigating the uncertainty variables that affect or might affect it.

Risks management assumes the identification, measurement, analysis, mitigation and control of the different risks arising from the Company's different management departments, as well as estimating the impact on its consolidated position, follow up and control throughout time. This process involves the intervention of the Company's senior management andrisk taking areas.

Tolerable risk limits, metrics for measuring risk and periodicity of risk analysis are policies established by the Company's Board of Directors.

The risk management function is carried out by a Risk Committee with support of the Risk Management and Control Management Area and in coordination with the rest of the Company's divisions.

A Risk Committee performs the risk management function with the support of Corporate Risk Management and in coordination with the other divisions of the Company.

4.2 Risk factors

The activities of the Company are exposed to various risks, which have been classified into electricity business risks and financial risks.

4.2.1 Electrical business risks

a. Hydrological risk

In Chile, 48% of Colbún's power plants correspond to hydro facilities that are exposed to hydrology conditions. To comply with its commitments in dry hydrologic conditions, Colbún must operate its combined thermal cycle plants mainly with natural gas purchases or with diesel or operating its inefficient thermal plants or even buying the energy on the spot market.

This situation raises Colbún's costs, increasing earnings varability depending on the hydrological conditions. The Company's exposure to hydrological risk is reasonably mitigated by a commercial policy that aims to maintain a balance between competitive base generation (hydro generation in a medium to dry year and thermal coal generation) and commercial commitments. Under conditions of extreme and recurrent drought, a potential shortage of water for refrigeration could affect the generation capacity of combined cycles, whose impact could be mitigated by the purchase of water from third parties and/or by operating these units in an open cycle.

In Peru, Colbún owns a combined-cycle power station and has a commercial policy oriented towards committing such energy base through medium and long term contracts. The exposure to dry seasons is restricted since Colbún's operations would only be impacted in the event of potential operational failures that would require the Company to resort to the spot market. Additionally, the Peruvian electrical market presents an efficient thermal offering and greater availability of natural gas compared to the Chilean electric market.

b. Fuel price risk

In Chile in situations of low water availability in its hydro power plants, Colbún should use its thermal plants or purchase energy in the spot market at marginal cost. In these scenarios, there is a risk associated to potential variations in international fuel prices. Part of this risk is mitigated by contracts with selling prices that are also indexed to changes in fuel prices. Additionally, in order to reduce fuel price risks there is a hedge program in place with different derivative instruments such as call options and put options to hedge the remaining exposure, if necessary.

In Peru, the cost of natural gas has a lower dependence to international prices due to an important domestic offering of this hydrocarbon, limiting its exposure to this risk. Like Chile, the proportion exposed to variations in international prices is mitigated by indexed formulas in energy sales contracts.

Due to the above, exposure to the risk of changes in fuel prices is largely mitigated.

c. Fuel supply risks

For liquid fuel supply in Chile, the Company has agreements with suppliers and its own storage capacity to ensure adequate reliability in respect to the availability of this type of fuel.

Regarding natural gas supply, in Chile Colbún has medium-term contracts with ENAP and Metrogas and in Peru the Fenix plant has long-term contracts with the ECL88 Consortium (Pluspetrol, Pluspetrol Camisea, Hunt, SK, Sonatrach, Tecpetrol and Repsol) and gas transportation agreements with TGP.

New tenders have been undertaken inviting important international suppliers to bid on coal purchases for Santa María unit I power plant, awarding the supply contract to well supported competitive companies. This is in line with an early purchasing policy in order to substantially mitigate any risk of not having this fuel available.

d. Equipment failure and maintenance risks

The availability and reliability of Colbún's generating units and transmission facilities are essential to the Company's business. This is why Colbún has a policy to conduct regular maintenance on its equipment according to the recommendations of its suppliers and also to maintain a policy to cover such risks through insurances for its physical assets, including coverage for physical damage and/or other loss of profit.

e. Project construction risks

The development of new generation and transmission projects can be affected by factors such as delays in obtaining environmental approvals, regulatory framework changes, prosecutions, increase in equipment price, opposition from local and international stakeholders, and adverse geographical conditions, natural disasters, accidents or other unforeseen events.

The Company's exposure to such risks is managed through a commercial policy that considers the effects of potential project delays. Alternatively we incorporate clearance levels with respect to the time and cost of construction estimates. Additionally, the Company's exposure to this risk is partially covered with the “All Construction Risk” insurance policies covering both physical damage and loss of profit as a result of delay in service resulting from a disaster, both with standard deductibles for this type of insurance.

We face a very challenging electricity market, with a lot of activity from different interest groups, mainly from local communities and ONGs, which are legitimately looking for more participation and prominence. As part of this complexity, the times of environmental processing have become more uncertain, which occasionally are also followed by long prosecuting processes. This has resulted in less construction of significant size projects.

Colbún also has a policy to integrate with excellence, social and environmental development dimensions of their projects. Meanwhile, the company has developed a model of social link that allows you to work with neighboring communities and society in general, starting a transparent process of public participation and confidence-building in the early stages of projects and throughout the life cycle thereof.

f. Regulatory risks

Regulatory stability is fundamental for the generation sector, due to the long-term nature of the development, execution and return on investment of its projects. Colbún believes that regulatory changes must be made taking into consideration the complexities of the electrical system and maintaining adequate investment incentives. It is important to have a regulation that provides clear and transparent rules that consolidate the trust of the agents in the sector.

In Chile, the energy agenda promoted by the government considers different regulatory changes which, depending on the form in which they are implemented, could represent an opportunity or risk for the Company. Changes that are currently being discussed in the Congress regarding (i) the new Transfer Law that will redefine fundamental aspects of this segment and a new organization of the CDECs that considers CDEC-SIC and CDEC-SING merger, (ii) the reformation of the Water Code, and (iii) the Fair Tariff Act that seeks a certain tariff equivalence in the country in order to facilitate the development of new electricity projects at a local level; are particularly relevant. Relevant regulatory initiatives also include: (i) the definition of the country’s long-term Energy Policy (2050) and (ii) the Law on Biodiversity and Protected Areas, which is currently being discussed in the Congress, among others.

In Peru, the authority is driving some modifications in energy. Within the regulatory changes we can mention: (i) Motion for Resolution that eliminates the Exchange Rate of the indexation formula of bar tariffs, (ii) Motion for Resolution that modifies the criteria to distribute the payments for the Secondary and Complementary Transmission System, and (iii) Motion of Short Term market regulation that allows the Distributors and Large Consumers to buy in the spot market up to 10% of their demand.

The necessary and balanced development of the electricity market during the next few years depends greatly on the quality of these new regulations and the indications provided by the authorities

g. Risk of change in demand and selling price of electric energy

The projection of future electricity consumption demand is information that is very relevant to the determination of its market price.

In Chile, the medium term, lower-than-projected growth in demand would produce an imbalance between supply and demand, thus affecting energy prices. On the other hand, there is a higher development of NCRE projects at more competitive rates that also contribute efficient supplies.

In Peru there is also a scenario of a temporary imbalance between supply and demand, mainly due to the increase of efficient supply (hydroelectric and natural gas plants) and involving a decrease of energy prices in recent months.

4.2.2 Financial risks

The risks associated with the inability to perform transactions or the breach of obligations from the activities for lack of funds, as well as variations in interest rates, exchanges rates, counterparty bankruptcy or other financial market variables that may materially affect Colbún.

a. Foreign Exchange rate risk

The exchange rate risk is mainly due to currency fluctuations that come from two sources. The first source of exposure comes from cash flows corresponding to revenue, costs and disbursements of investments denominated in currencies other than the functional currency (U.S. dollar). The second source of risk corresponds to the accounting mismatch between assets and liabilities of the statement of financial position denominated in currencies other than the functional currency.

Exposure to cash flows in currencies other than dollar is limited because virtually all sales of the company are denominated directly in or indexed to dollar. Similarly, the main costs relate to the purchases of diesel oil, natural gas and coal, incorporating pricing formulas based on international prices denominated in dollars. Regarding disbursements of investment projects, the company incorporates indexers in its contracts with suppliers and resorts to the use of derivatives to fix the expenses in currencies other than the dollar.

Exposure to the mismatching of accounts is mitigated by applying a policy of maximum mismatch between assets and liabilities for those structural items denominated in currencies other than dollar. For purposes of the above, Colbún maintains a significant proportion of its cash surpluses in dollars and additionally resorts to the use of derivatives mainly using currency swaps and forwards.

Given the above, as of March 31, 2016, the company's exposure to this risk is quite restricted, resulting in an exchange difference of approximately US$2.0 million on a quarterly basis based on a sensitivity analysis with 95% confidence.

b. Interest rate risk

Refers to changes in interest rates that affect the value of future cash flows tied to a floating interest rate, and changes in the fair value of assets and liabilities linked to fixed interest rate that are measured at fair value. In order to mitigate these risks fixed interest rate swaps are used.

The Company's financial debt, including the effect of the contracted interest rate derivatives, has the following profile:

Interest rate	03.31.2016	03.31.2015	12.31.2015
Fixed	84%	100%	100%
Variable	16%	0%	0%
Total	**100%**	**100%**	**100%**

As of March 31, 2016, an 84% of the financial debt of the company is denominated at fixed rate, except for the credit recently refinanced in Fénix Power Perú, whose hedge plan is already in the implementation stage.

Therefore, as of March 31, 2016, the exposure of the Company to variable interest rates is delimited, which results in an income of approximately US$1.1 million in quarterly terms based on a sensitivity analysis at the 95% of reliability.

c. Credit risk

The Company is exposed to the risk arising from the possibility that a counterpart fails to meet its contractual obligations and produces economic or financial loss. Historically, all of Colbún's counterparties with which it has maintained supply energy contracts have made the corresponding payments correctly.

With respect to cash and derivatives statements, Colbún has entered into these transactions with entities with high credit ratings. Additionally, the Company has established limits by counterparty, which are approved by the Board of Directors and periodically reviewed.

As of March 31, 2016, cash surpluses are invested in mutual funds of subsidiaries of banks and in fixed-time deposits in local and international banks. The former correspond to short-term mutual funds with maturities of less than 90 days, and known as "money market". In the case of fixed-time deposits, these are made in local banks have with credit rating equal or superior to AA- and in foreign banks with investment grade credit rating. At the end of the period, the financial institution that concentrates the highest share reaches 15%. Regarding existing derivatives, the Company's international counterparts have a credit rating equivalent to A- or higher and national counterparts have local credit rating of AA+ or higher. It should be noted that no counterpart concentrates more than 16% in notional terms.

d. Liquidity risk

This risk results from different funding requirements to meet investment commitments and business expenses, debt payments, among others. The funds needed to meet these cash flow outputs are obtained from our own resources generated by the ordinary activity of Colbún and by contracting credit lines to ensure sufficient funds to cover projected needs for a given period.

As of March 31, 2016, Colbún has cash in excess for an amount of US$ 1.062,6 million, invested in mutual funds and time deposits with a maturity of less than 90 days. The Company also has as additional liquidity sources available to date: (i) a committed line with local banks for UF 4 million, (ii) two lines of bonds registered in the local market for a total amount of UF 7 million, (iii) a line of trade notes in the local market for UF 2.5 million and (iv) uncommitted bank lines of approximately US$ 150 million.

In the next 12 months, the Company must disburse approximately US$164 million in interests and amortization of principal. This last credit, with the remaining interest and lower amortization, is expected to be covered with the Company's own cash flow generation.

As of March 31, 2016, Colbún has a national risk rating of A+ by Fitch Ratings and AA- by Humphreys, both with stable perspectives. At the international level, the Company's rating is BBB by Fitch Ratings and BBB- by Standard & Poor's (S&P), both with stable perspectives.

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

4.3 Risk measurement

The Company periodically analyzes and measures its exposure to the different risk variables, in accordance with the previous paragraphs. Risk management is performed by a Risk Committee with the support of the Corporate Risk Management and in coordination with the rest of the divisions of the Company.

Regarding business risks, specifically those related to changes in commodity prices, Colbún has implemented mitigation measures consistent of indexers in contracts for sale of energy and of hedges with derivative instruments to cover any possible remaining exposure. It is for this reason that it does not present a sensitivity analysis.

To mitigate the risk of equipment failure or construction projects, the Company has insurance coverage for damage to its physical property, business interruption damages and loss of profit for delay in the commissioning of a project. This risk is considered to be fairly limited.

With regard to financial risks, for purposes of measuring exposure, Colbún prepares a sensitivity analysis and Value at Risk in order to monitor potential losses assumed by the Company in the event that exposure exists.

Credit risk is limited because Colbún works only with local and international banking counterparties with high credit ratings and has established policies of maximum exposure per counterparty that limits the specific concentration with these institutions.

Liquidity risk is regarded as low considering the relevant cash position of the company, the amount of financial obligations over the next twelve months and access to additional sources of funding, including committed and uncommitted financing lines.

The risk of variation in interest rates is largely mitigated, since the 84% of the financial debt is hired at fixed rate (directly and using derivatives). This risk is translated into an income of approximately US$1.1 million in quarterly terms based on a sensitivity analysis at the 95% of reliability.

Exchange rate risk is also considered to be limited because the main cash flows of the Company (revenue, costs and disbursements of projects) are directly denominated in or indexed to dollar. Exposure to mismatching of accounts is mitigated by applying a policy of maximum mismatch between assets and liabilities for those structural items denominated in currencies other than dollar.

Given the above, as of March 31, 2016, the Company's exposure to this risk is quite restricted, resulting in an exchange rate difference of approximately US$ 1.8 million on a quarterly basis based on a sensitivity analysis with 95% confidence.

5. Critical accounting criteria

Management must necessarily use its judgment and make estimates that have a significant effect on the figures presented in financial statements. Changes in assumptions and estimates might have a significant impact on the consolidated financial statements. Critical estimates and judgments used by management to prepare these interim consolidated financial statements are detailed as follows:

a. Calculation of depreciation, amortization and estimate of associated useful lives:

Property, plant and equipment and intangible assets other than goodwill with a defined useful life, are depreciated and amortized linearly based on their estimated useful lives. Useful lives have been estimated and determined considering technical aspects, the nature of the assets and their condition.

Estimated useful lives as of the dates of the Balances of Financial Position are detailed as follows:

(i) Useful lives of property, plant and equipment:

The useful lives of the main property, plant and equipment items are detailed as follows:

Classes of property, plant & equipment	Range of estimated useful lives	Average remaining useful life
Buildings and infrastructure	30 - 50	25
Machinery and equipment	20 - 50	27
Transport equipment	5 - 15	10
Office equipment	5 - 30	29
IT equipment	3 - 10	4
Other property, plant & equipment	30 - 50	32

The following provides additional detailed subdivided by type of plant:

Classes of plants	Range of estimated useful lives	Average remaining useful life
Generating facilities		
Hydraulic power plants		
Civil works	30 - 50	34
Electromechanical equipment	20 - 50	37
Thermoelectric power plants		
Civil works	20 - 50	27
Electromechanical equipment	20 - 35	20

(ii) Useful lives of intangible assets other than goodwill (with definite useful lives)

Intangible assets of a contractual relationship with customers relate mainly to energy supply contracts associated with our subsidiary Fenix Power Perú S.A.

Other material intangible assets correspond to software, rights, concessions and other easements with finite useful lives. These assets are amortized over their expected useful lives.

Intangible Assets	Interval of years estimated useful life
Contractual relations of clients.	2 - 12
Software	1 - 15
Rights and concessions	2 - 10

At the close of each fiscal year, it is assessed whether there is any indication that an asset might have suffered an impairment loss. If there is, an estimate is made of the recoverable amount of the asset to determine, if applicable, the amount of impairment.

(iii) Useful lives of intangible assets other than goodwill (with indefinite useful lives)

The Company analyzed the useful lives of intangible assets other than goodwill, easements and water rights, among other items, concluding that there is no foreseeable limit to the period, in which the asset will generate net cash inflows. For these intangible assets it was determined that their useful lives are of an indefinite nature.

b. Impairment of non-financial assets (tangible and intangible assets, excluding goodwill)

As of each year end or on the dates considered necessary, the value of assets is analyzed to determine whether there is any indication that those assets have suffered an impairment loss. Should there be any indicator; an estimate of the recoverable amount of that asset is made to determine the necessary write-down. In the case of identifiable assets that do not generate cash flows in an independent manner, the recoverability is tested at the level of the Cash Generating Unit ("CGU") to which the asset belongs. For this purpose, it has been determined that all assets located in Chile make up a single cash-generating unit (CGU), while assets located in Peru make another CGU.

In the case of Cash Generating Units to which intangible assets with indefinite useful lives have been allocated, the analysis of their recoverability is performed systematically as of each year-end or under circumstances considered necessary to perform such analysis, except when it is considered that the most recent calculations of the recoverable amount, made in the previous year, can be used in the current year, provided that all of the following criteria is met:

(a) the assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation;

(b) the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and

(c) based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.

The recoverable amount is the higher between the market value discounting the cost necessary for its sale and value in use, understanding this to be the current value of estimated future cash flows. For the calculation of the recoverable value of tangible and intangible assets, the value in use is the criteria used by the Company.

In order to estimate value in use, the Company prepares future cash flows provisions before taxes using the most recent budgets approved by the Company's management. These budgets incorporate the best estimates available of income and costs of CGU using the best information available as of that date, past experience and future expectations.

These cash flows are discounted to calculate their current value at a rate, before taxes, which covers the cost of capital of the business in which it operates. To calculate it, current cost of money and risk premiums used in a general manner for the business are taken into account.

Should the recoverable amount be less than the net book value of the asset, the corresponding impairment loss provision is recorded for the difference with a charge to the "depreciation and amortization expenses" account in the statement of income.

Impairment losses, recognized on an asset in previous years, are reverted when there is a change in the estimates of the recoverable amount increasing the value of the asset with a credit to income with the limit of the book value that the asset would have had, had no write-down been recognized.

As of March 31, 2016, the Company considers that there are no impairment indicators of fixed and intangible assets as well as intangibles with indefinite useful life.

c. Fair value of derivatives and other financial instruments

As described in Note 4.3, Management uses its criteria to select an appropriate valuation technique for financial instruments that are not traded in an active market using valuation techniques commonly used by market professionals. In the case of derivative financial instruments, assumptions are formed on the basis of quoted market rates, adjusted in accordance with the specific characteristics of the instrument. Other financial instruments are valued using an analysis of the restatement of cash flows based on support assumptions, whenever possible, by observable market prices or rates.

6. Business combinations

On December 18, 2015, Inversiones Las Canteras S.A., a subsidiary of the Company, acquired 100% of the shares with voting rights of Fenix Power Perú S.A. ("Fenix"), a closed corporation organized under the laws of the Republic of Peru.

Fenix has a 570 MW thermoelectric generation plant located in the town of Las Salinas, south of Lima, in the Chilca district of Cañete province. The construction of the power plant was completed in 2014 and began commercial operations in December 2014.

According to IFRS 3, the measurement period is that after the acquisition date during which the acquirer may adjust the provisional amounts recognized for a business combination. This period shall not exceed more than one year from the date of acquisition.

Considering the nature of Fenix business and assets, the measurement of the assets acquired and liabilities assumed was made using the fair value criteria and there were no significant differences with the carrying amounts of such assets and liabilities. Regarding property, plant and equipment, it has recently been constructed and in operation (about 1 to 2 years), which shows no significant differences with respect to the book value.

Intangible assets, mainly customer contracts, are valued by focusing on Excess Earnings, which is based on the theory that economic returns, beyond those attributable to tangible assets, are derived from certain intangible assets, discounted in the case of Fenix Power Peru at an approximate rate between 7% and 8%.

Assets acquired and liabilities assumed

The fair values of the identifiable assets acquired and liabilities assumed from Fenix Power Perú S.A. at the date of acquisition were:

Assets acquired and liabilities assumed	**Fair value recorded in the acquisition** ThUS$
Assets	
Cash and cash equivalent	11,378
Trade receivables and other receivable accounts	29,464
Other non financial assets, current	14,424
Inventories	3,896
Other non financial assets, non current	17,035
Property, plant and equipment	735,538
Intangible assets other than goodwill	3,541
Deferred tax assets	2,743
Total Assets	818,019
Liabilities	
Other financial liabilities, current	15,684
Trade payables and other payables, current	3,184
Accounts payable to related entities	224,095
Other provisions	2,232
Other liabilities non financial, non current	361,929
Trade payables and other payables, non current	25,186
Provisions for employee benefits, non current	890
Other non financial, non current liabilities	6,046
Total Liabilities	639,246
Total net identifiable assets at fair value	**178,773**
Gain from business combination	1,672
consideration transferred	**177,101**

7. Operations by segments

Colbún’s business is the generation and sale of electric energy. For this it has assets that produce that energy which is sold to various clients, which either have supply contracts or do not have contracts, in accordance with what is stipulated by Law.

Colbún's management control system analyzes the business from a perspective of a mix of hydraulic /thermoelectric assets that produce electric energy to serve a portfolio of customers. Consequently, the allocation of resources and performance measurements will be analyzed in aggregate terms.

Notwithstanding the above, the internal management considers classification criteria for assets and clients, for merely descriptive purposes but at no time the business segmentation according to the criteria established by IAS 8.

Some of these classification criteria are, for example production technology: hydroelectric plants (which in turn can be run-of-the-river or reservoir type) and thermoelectric plants (which in their turn can be coal, combined cycle, open cycle, etc.). Customers, in turn, are classified following concepts contained in the Chilean electric regulation into free clients, regulated clients and the spot market, and regulated clients and unregulated clients according to the Peruvian electric regulations (see note 2).

In general, there is no direct relation between each of the generator plants and the supply contracts, but these are established according to the total capacity of Colbún, always supplied by the Company’s and third parties’ most efficient generation, purchasing energy in the spot market from other generation companies. One exception is the case of Codelco in Chile, which has two supply contracts signed with the Company. One of these contracts is covered with Colbún’s entire power generating matrix and the other’s supply is preferentially based on the production of Santa Maria I.

Colbún is part of the SIC dispatch system in Chile and SEIN dispatch system in Peru; therefore the generation of each of the plants is defined by this dispatch system, in accordance with the definition of economic optimum in the case of both systems.

Electrical regulation in both systems contemplates a conceptual distinction between energy and power capacity, not because they are different physical elements, but rather for the purpose of an economically efficient pricing. Hence, the energy is valued in monetary units per unit of energy (KWh, MWh, etc.) and power capacity is valued in monetary units per unit of power – unit of time (KW-month).

Consequently, for the purpose of application of IFRS 8, the entire aforementioned business is defined as the only operating segment for Colbún S.A.

Since Colbún S.A. operates in two electrical systems, in the Central Interconnected System in Chile, and the National Interconnected System in Peru, the information by segment is structured according to the geographic distribution by country.

The following table presents information by geographic area:

Disclosure about segments of operation	Country		Segments that must be reported	Operating segments	Elimination s	Material reconcilling items	Total of the entity by segments of operation
	03.31.2016						
	Chile	Perú					
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	MUS$	ThUS$
Statement of financial situation							
Current Assets							
Cash and cash equivalent	700,726	20,712	721,438	721,438	-	0	721,438
Other financial assets, current	341,137	-	341,137	341,137	-	0	341,137
Other non financial assets, current	26,330	3,402	29,732	29,732	-	0	29,732
Trade receivables and other receivable accounts	179,377	56,805	236,182	236,182	-	0	236,182
Trade receivables to related entities, current	8,846	-	8,846	8,846	-	0	8,846
Inventories	35,322	4,074	39,396	39,396	-	0	39,396
Tax assets	9,098	5,700	14,798	14,798	-	0	14,798
Total current assets	**1,360,836**	**90,693**	**1,451,529**	**1,451,529**	**-**	**0**	**1,451,529**
Non-current assets							
Other financial assets, non current	224	-	224	224	-	0	224
Other non financial assets, non current	38,077	-	38,077	38,077	-	0	38,077
Trade receivables and other receivables	-	15,659	15,659	15,659	-		15,659
Accounts receivable to related entities, non current	276	-	276	276	-	0	276
Investments accounted for using the equity method	251,299	-	251,299	251,299	(215,911)	-215,911	35,388
Goodwill	0	-	0	0	-	0	0
Intangible assets other than goodwill	87,616	3,510	91,126	91,126	-	0	91,126
Properties, plant and equipment	4,852,494	726,609	5,579,103	5,579,103	-	0	5,579,103
Deferred tax assets	4,437	7,381	11,818	11,818	-	0	11,818
Total non-current assets	**5,234,423**	**753,159**	**5,987,582**	**5,987,582**	**(215,911)**	**-215,911**	**5,771,671**
TOTAL ASSETS	**6,595,259**	**843,852**	**7,439,112**	**7,439,112**	**(215,911)**	**(215,911)**	**7,223,201**
Current Liabilities							
Other financial, current liabilities	86,613	1,692	88,305	88,305	-	-	88,305
Payables trade and other payables, current	124,177	32,380	156,557	156,557	-	-	156,557
Accounts payable to related entities	11,029	-	11,029	11,029	-	-	11,029
Other provisions	13,273	2,232	15,505	15,505	-	-	15,505
Tax liabilities	42,800	2,031	44,831	44,831	-	-	44,831
Provisions for employee benefits, current	4,493	1,043	5,536	5,536	-	-	5,536
Other non financial liabilities, current	9,541	430	9,971	9,971	-	-	9,971
Total current liabilities	**291,926**	**39,808**	**331,734**	**331,734**	**-**	**-**	**331,734**
Non-current liabilities							
Other financial liabilities, non current	1,779,169	376,549	2,155,718	2,155,718	-	-	2,155,718
Payables trade and other payables, non current liabilities	3,217	3,300	6,517	6,517	-	-	6,517
Deferred tax liabilities.	951,639	862	952,501	952,501	-	-	952,501
Provisions for employee benefits, non current	25,684	-	25,684	25,684	-	-	25,684
Other non financial, non current liabilities	10,804	-	10,804	10,804	-	-	10,804
Total non-current liabilities	**2,770,513**	**380,711**	**3,151,224**	**3,151,224**	**-**	**-**	**3,151,224**
Equity							
Issued capital	1,282,793	213,600	1,496,393	1,496,393	(213,600)	(213,600)	1,282,793
Retained earnings	1,484,117	39,359	1,523,476	1,523,476	(39,359)	(39,359)	1,484,117
Share premiums	52,595	-	52,595	52,595	-	-	52,595
Other reserves	713,315	(45,056)	668,259	668,259	45,056	45,056	713,315
Net Equity attributable to equity holders of the parent	**3,532,820**	**207,903**	**3,740,723**	**3,740,723**	**(207,903)**	**(207,903)**	**3,532,820**
Not controlled shares	-	207,423	207,423	207,423	-	-	207,423
Total net equity	**3,532,820**	**415,326**	**3,948,146**	**3,948,146**	**(207,903)**	**(207,903)**	**3,740,243**
TOTAL LIABILITIES AND NET EQUITY	**6,595,259**	**835,845**	**7,431,104**	**7,431,104**	**(207,903)**	**(207,903)**	**7,223,201**

Continuation

	03.31.2016						
	País		Segments that must be reported	Operating segments	Eliminations	Material reconcilling items	Total of the entity by segments of operation
	Chile	Perú					
	MUS$	MUS$	MUS$	MUS$	MUS$	MUS$	MUS$
Statement of comprehensive result							
Net income from ordinary activities							
Net income from ordinary activities	306,961	55,584	362,545	362,545	-	-	362,545
Whole income of ordinary activities proceeding from external clients and deals with other segments of operation of the same entity.	**306,961**	**55,584**	**362,545**	**362,545**	**-**	**-**	**362,545**
Raw materials and consumables used							
Raw materials and consumables used	(132,286)	(32,778)	(165,064)	(165,064)	-	-	(165,064)
Expenses for benefit to employees	(14,194)	(1,903)	(16,097)	(16,097)	-	-	(16,097)
Depreciation and amortization expenses	(47,859)	(7,985)	(55,844)	(55,844)	-	-	(55,844)
Other expenses, by nature	(6,975)	(4,181)	(11,156)	(11,156)	-	-	(11,156)
Other profit (losses)	(580)	83	(497)	(497)	-	-	(497)
Financial income	2,524	167	2,691	2,691	-	-	2,691
Financial costs	(21,995)	(5,430)	(27,425)	(27,425)	-	-	(27,425)
Share of profit of associated and joint ventures accounted for using the equity method	1,396	-	1,396	1,396	-	-	1,396
Exchange rate differences	1,678	1,370	3,048	3,048	-	-	3,048
Readjustment profit (loss)	-	-	-	-	-	-	-
						0	0
Profit (loss) of continuing operations	**88,669**	**4,928**	**93,597**	**93,597**	**-**	**-**	**93,597**
Income tax expense	(20,476)	2,922	(17,554)	(17,554)	-	-	(17,554)
Profit (loss)	**68,193**	**7,850**	**76,043**	**76,043**	**-**	**-**	**76,043**
Attributable to:							
Profit attributable to the owners of the controller	68,194	4,003	72,197	72,197	-	-	72,197
Profit attributable to non-controlling stakes	-	3,846	3,846	3,846	-	-	3,846
Profit	**68,194**	**7,849**	**76,043**	**76,043**	**-**	**-**	**76,043**
Statements of cash flow							
Cash flows from (used in) operating activities.	96,902	7,240	104,142	104,142	-	-	104,142
Cash flows from (used in) investment activities.	(183,145)	(135)	(183,280)	(183,280)	-	-	(183,280)
Cash flows from (used in) financing activities	(81,998)	(169)	(82,167)	(82,167)	-	-	(82,167)

Disclosure about segments of operation	12.31.2015						
	Country		Segments that must be reported	Operating segments	Eliminations	Material reconcilling items	Total of the entity by segments of operation
	Chile	Perú					
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	MUS$	ThUS$
Statement of financial situation							
Current Assets							
Cash and cash equivalent	851,587	24,543	876,130	876,130	-	0	876,130
Other financial assets, current	185,393	-	185,393	185,393	-	0	185,393
Other non financial assets, current	27,838	538	28,376	28,376	-	0	28,376
Trade receivables and other receivable accounts	117,256	49,346	166,602	166,602	-	0	166,602
Trade receivables to related entities, current	2,590	-	2,590	2,590	-	0	2,590
Inventories	94,199	3,861	98,060	98,060	-	0	98,060
Tax assets	8,634	-	8,634	8,634	-	0	8,634
Total current assets	**1,287,497**	**78,288**	**1,365,785**	**1,365,785**	**-**	**0**	**1,365,785**
Other financial assets, non current	212	-	212	212	-	0	212
Other non financial assets, non current	32,262	-	32,262	32,262	-	0	32,262
Trade receivables and other receivables	0	17,722	17,722	17,722			17,722
Accounts receivable to related entities, non current	280	-	280	280	-	0	280
Investments accounted for using the equity method	247,919	-	247,919	247,919	(211,907)	-211,907	36,012
Goodwill	0	-	0	0	-	0	0
Intangible assets other than goodwill	87,803	3,537	91,340	91,340	-	0	91,340
Properties, plant and equipment	4,868,230	734,392	5,602,622	5,602,622	-	0	,602,622
Deferred tax assets	4,409	2,513	6,922	6,922	-	0	6,922
Total non-current assets	**5,241,115**	**758,164**	**5,999,279**	**5,999,279**	**(211,907)**	**(211,907)**	**5,787,372**
TOTAL ASSETS	**6,528,612**	**836,452**	**7,365,064**	**7,365,064**	**(211,907)**	**(211,907)**	**7,153,157**
Current Liabilities							
Other financial, current liabilities	91,371	362,014	453,385	453,385	-	-	453,385
Payables trade and other payables, current	133,290	35,471	168,761	168,761	-	-	168,761
Accounts payable to related entities	30,252	-	30,252	30,252	-	-	30,252
Other provisions	13,269	2,232	15,501	15,501	-	-	15,501
Tax liabilities	23,878	167	24,045	24,045	-	-	24,045
Provisions for employee benefits, current	10,236	1,001	11,237	11,237	-	-	11,237
Other non financial liabilities, current	4,302	346	4,648	4,648	-	-	4,648
Total current liabilities	**306,598**	**401,231**	**707,829**	**707,829**	**-**	**-**	**707,829**
Other financial liabilities, non current	1,766,573	15,683	1,782,256	1,782,256	-	-	1,782,256
Payables trade and other payables, non current liabilities	3,217	3,205	6,422	6,422	-	-	6,422
Deferred tax liabilities.	955,107	849	955,956	955,956	-	-	955,956
Provisions for employee benefits, non current	23,001	-	23,001	23,001	-	-	23,001
Other non financial, non current liabilities	10,603	-	10,603	10,603	-	-	10,603
Total non-current liabilities	**2,758,501**	**19,737**	**2,778,238**	**2,778,238**	**-**	**-**	**2,778,238**
Equity							
Issued capital	1,282,793	213,600	1,496,393	1,496,393	(213,600)	(213,600)	1,282,793
Retained earnings	1,412,537	(1,693)	1,410,844	1,410,844	1,693	1,693	1,412,537
Share premiums	52,595	-	52,595	52,595	-	-	52,595
Other reserves	715,588	-	715,588	715,588	-	-	715,588
Net Equity attributable to equity holders of the parent	**3,463,513**	**211,907**	**3,675,420**	**3,675,420**	**(211,907)**	**(211,907)**	**3,463,513**
Not controlled shares	-	203,577	203,576.54	203,577	-	-	203,577
Total net equity	**3,463,513**	**415,483**	**3,878,996**	**3,878,996**	**(211,907)**	**(211,907)**	**3,667,090**
TOTAL LIABILITIES AND NET EQUITY	**6,528,612**	**836,451**	**7,365,063**	**7,365,063**	**(211,907)**	**(211,907)**	**7,153,157**

Continuation

Disclosure about segments of operation	12.31.2015						
	Country		Segments that must be reported	Operating segments	Eliminations	Material reconcilling items	Total of the entity by segments of operation
	Chile	Perú					
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	MUS$	ThUS$
Net income from ordinary activities	1,307,633	6,223	1,313,856	1,313,856	-	-	1,313,856
Whole income of ordinary activities proceeding from external clients and deals with other segments of operation of the same entity.	**1,307,633**	**6,223**	**1,313,856**	**1,313,856**	-	**0**	**1,313,856**
Raw materials and consumables used							
Raw materials and consumables used	(641,146)	(4,788)	(645,934)	(645,934)	-	-	(645,934)
Expenses for benefit to employees	(55,911)	(171)	(56,082)	(56,082)	-	-	(56,082)
Depreciation and amortization expenses	(193,730)	(1,217)	(194,947)	(194,947)	-	-	(194,947)
Other expenses, by nature	(28,525)	22	(28,503)	(28,503)	-	-	(28,503)
Other profit (losses)	(2,159)	2,611	452	452	-	-	452
Financial income	5,474	43	5,517	5,517	-	-	5,517
Financial costs	(85,170)	(5,366)	(90,536)	(90,536)	-	-	(90,536)
Share of profit of associated and joint ventures accounted for using the equity method	4,927	-	4,927	4,927	1,693	1,693	6,620
Exchange rate differences	(10,658)	(502)	(11,160)	(11,160)	-	-	(11,160)
Readjustment profit (loss)	2,425	-	2,425	2,425	-	-	2,425
Profit (loss) of continuing operations	**303,160**	**(3,145)**	**300,015**	**300,015**	**1,693**	1,693	**301,708**
Income tax expense	(98,500)	(1,103)	(99,603)	(99,603)	-	-	(99,603)
Profit (loss)	**204,660**	**(4,248)**	**200,412**	**200,412**	**1,693**	**1,693**	**202,105**
Attributable to:							
Profit attributable to the owners of the controller	204,659	(1,693)	202,966	202,966	1,693	1,693	204,659
Profit attributable to non-controlling stakes	-	(2,554)	(2,554)	(2,554)	-	-	(2,554)
Profit	**204,659**	**(4,247)**	**200,412**	**200,412**	**1,693**	**1,693**	**202,105**
Statements of cash flow							
Cash flows from (used in) operating activities.	682,470	16,241	698,711	698,711	-	-	698,711
Cash flows from (used in) investment activities.	99,675	(66)	99,609	99,609	-	-	99,609
Cash flows from (used in) financing activities	(166,560)	(3,010)	(169,570)	(169,570)	-	-	(169,570)

As of March 31, 2015, for purposes of the application of IFRS 8, the electricity business in Chile existed as the only, single operating and geographical segment for Colbún S.A.

Information on sales to main clients

Main clients	January - March			
	2016		2015	
	ThUS$	%	ThUS$	%
Chile				
CGE Distribución S.A.	87,564	29%	83,368	26%
Corporación Nacional del Cobre Chile	75,268	25%	57,459	18%
Chilectra S.A.	50,607	16%	49,871	16%
Sociedad Austral del Sur S.A.	25,406	8%	24,502	8%
Anglo American S.A.	21,048	7%	22,076	7%
Otros	47,068	15%	79,734	25%
Subtotal	**306,961**	**100%**	**317,010**	**100%**
Perú				
Luz del Sur	27,924	50%		
Empresa de Distribución Electrica de Lima Norte S.A.	6,013	11%		
Compañía Eléctrica El Platanal S.A.	5,574	10%		
Otros	16,073	29%		
Subtotal	**55,584**	**100%**		
Total ventas	**362,545**			

8. Classes of cash and cash equivalents

a. Account composition

Cash and cash equivalents are detailed as follows:

Cash and cash equivalent	03.31.2016 ThUS$	12.31.2015 ThUS$
Cash	62	52
Banks balances	14,162	25,465
Time deposits	633,596	770,796
Other fixed-income instruments	73,618	79,817
Total	**721,438**	**876,130**

Time deposits have a maturity in a term of less than three months and accrue market interest for this type of current investment.

The Other Net Instruments correspond to fixed income funds in Chilean pesos, Euros and in US dollars, of very low risk, which are recorded at the value of the respective unit as of the closing date of these interim consolidated financial statements.

In addition to these instruments, as of March 31, 2016 and 2015, the Company has other time deposits which matured more than three months from their acquisition, which are presented in Note 9.

b. Detail by type of currency

Cash and cash equivalents, organized by type of currency, considering the effect of derivatives are detailed as follows:

Currency	03.31.2016		12.31.2015	
	Original currency ThUS$	Currency with derivative (1) ThUS$	Original currency ThUS$	Currency with derivative (1) ThUS$
EUR	863	863	440	440
CLP	218,513	130,521	220,942	134,145
PEN	10,999	10,999	5,815	5,815
USD	491,063	579,055	648,933	735,730
Total	**721,438**	**721,438**	**876,130**	**876,130**

(1) Considers the effect of the mark-to-market of foreign exchange forwards signed to re-denominate certain time deposits in Chilean Pesos to US dollars or Euros.

c. Acquisition of subsidiaries

Acquisition of subsidiaries	12.31.2015 ThUS$
Cash and cash equivalents cash paid by entities acquired	(213,600)
Cash and cash equivalents received from entities acquired (*)	11,378
Total Net	**(202,222)**

(*) Corresponds to the cash flow of Fenix Power Perú (see note 6).

9. Other financial assets

Other financial assets are detailed as follows:

Description	Current		Non-current	
	03.31.2016 ThUS$	12.31.2015 ThUS$	03.31.2016 ThUS$	12.31.2015 ThUS$
Time Deposits (1)	341,137	185,269	-	-
Hedge derivate instruments (2) (See Note 14.1)	-	124	-	-
Investment in the CDEC	-	-	224	212
Total	**341,137**	**185,393**	**224**	**212**

(1) As of March 31, 2016 and December 31, 2015 investments in time deposits that were classified in this category have an original investment within less than six months and the remaining maturity period is 60 days on average. These investments are presented under Cash Flows as investment activities in other cash inflows (outflows).

(2) Corresponds to current positive mark-to-market of hedging derivatives effective at the close of each period.

10. Trade and other accounts receivable

Trade and other accounts receivable are detailed as follows:

Description	Corriente		No corriente	
	03.31.2016 ThUS$	12.31.2015 ThUS$	03.31.2016 ThUS$	12.31.2015 ThUS$
Trade receivables with contract	147,262	123,967	-	-
Other receivables (1)	88,920	42,635	15,659	17,722
Total	**236,182**	**166,602**	**15,659**	**17,722**

(1) As of March 31, 2016, current balance includes the recoverable taxes (VAT, tax on general sales (IGV) and specific tax) for ThUS$ 8,619. While as of December 31, 2015, the corresponding balance of recoverable taxes was ThUS$ 18,591. The Company estimates that the recovery period of these assets is 12 months. The non-current balance corresponds to IGV estimated to be recovered in the long term.

The average client collection period is 30 days.

Colbún's commercial counterparts are first level companies in terms of credit quality and distribution companies which due to their regulation and/or historical behavior do not show signs of significant impairment or delay in payment terms.

Considering the solvency of the debtors, the quality of the accounts receivable and the current regulations in accordance with the policy on allowance for doubtful accounts declared in our accounting policies (see Note 3.h.1.6); The Company has estimated that there is only evidence of impairment in the subsidiary Fénix Power Perú S.A., this amount corresponds to MUS$ 0.9 which in the Management's opinion properly covers the risk of impairment loss of these accounts receivable.

Fair values of trade accounts receivable and other accounts receivable are the same as their commercial values.

As of March 31, 2016 and December 31, 2015, the analysis of Trade Accounts Receivable is as follows:

a) Portfolio distribution by profit, overdue but not impaired.

Trade accounts receivable invoiced	Balance as 03.31.2016					
	Current ThUS$	1-30 days ThUS$	31-60 ThUS$	61-90 ThUS$	91-more ThUS$	Total ThUS$
Regulated customers	-	1,247	19	2	117	1,385
Unregulated customers	-	1,183	18	1,283	-	2,484
Other receivables	-	11,799	78	31	6	11,914
Subtotal	**-**	**14,229**	**115**	**1,316**	**123**	**15,783**
Trade accounts receivable to be invoiced	**Balance as 03.31.2016**					
	Current ThUS$	**1-30 days ThUS$**	**31-60 ThUS$**	**61-90 ThUS$**	**91-more ThUS$**	**Total ThUS$**
Regulated customers	-	72,539	7,633	-	8,770	88,942
Unregulated customers	-	32,085	3,806	-	-	35,891
Other receivables	-	3,235	29	-	3,382	6,646
Subtotal	**-**	**107,859**	**11,468**	**-**	**12,152**	**131,479**
Total trade accounts receivable	**-**	**122,088**	**11,583**	**1,316**	**12,275**	**147,262**
Nunber of clientes (not audited)	**-**	**194**	**109**	**59**	**69**	

Trade accounts receivable invoiced	Balance as 12.31.2015					
	Current ThUS$	1-30 days ThUS$	31-60 ThUS$	61-90 ThUS$	91-more ThUS$	Total ThUS$
Regulated customers	-	1,656	5	2	122	1,785
Unregulated customers	-	-	-	-	-	-
Other receivables	-	774	237	17	-	1,028
Subtotal	**-**	**2,430**	**242**	**19**	**122**	**2,813**
Trade accounts receivable to be invoiced	**Balance as 12.31.2015**					
	Current ThUS$	**1-30 days ThUS$**	**31-60 ThUS$**	**61-90 ThUS$**	**91-more ThUS$**	**Total ThUS$**
Regulated customers	15,944	51,347	5,989	22	6,305	79,607
Unregulated customers	-	34,942	225	-	-	35,167
Other receivables	-	2,079	1,341	-	2,960	6,380
Subtotal	**15,944**	**88,368**	**7,555**	**22**	**9,265**	**121,154**
Total trade accounts receivable	**15,944**	**90,798**	**7,797**	**41**	**9,387**	**123,967**
Number of clients (not audited)	**6**	**156**	**56**	**78**	**22**	

b) Accounts Receivable in judicial collection

There are no trade accounts receivables or other accounts receivable recorded in the accounting in judicial collection.

11. Financial instruments

a. Financial instruments by category

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

a.1 Assets

March 31, 2016	Cash and cash equivalent ThUS$	Held at maturity ThUS$	Loans and receivables [1] ThUS$	Assets at fair value with changes in result ThUS$	Hedging derivates ThUS$	Total ThUS$
Cash on hand and bank balance (see note 8)	14,224	-	-	-	-	14,224
Term Deposits and other liquid instruments (see note 8)	-	633,596	-	73,618	-	707,214
Trade and other accounts receivable (see Note 10)	-	-	227,563	-	-	227,563
Accounts receivable from related parties (see Note 12.b.1)	-	-	9,122	-	-	9,122
Other financial assets (see Note 9)	-	341,361	-	-	-	341,361
Total	**14,224**	**974,957**	**236,685**	**73,618**	**-**	**1,299,484**

December 31, 2015	Cash and cash equivalent ThUS$	Held at maturity ThUS$	Loans and receivables (1) ThUS$	Assets at fair value with changes in result ThUS$	Hedging derivates ThUS$	Total ThUS$
Cash on hand and bank balance (see note 8)	25,517	-	-	-	-	25,517
Term Deposits and other liquid instruments (see note 8)	-	770,796	-	79,817	-	850,613
Trade and other accounts receivable (see Note 10)	-	-	148,011	-	-	148,011
Accounts receivable from related parties (see Note 12.b.1)	-	-	2,870	-	-	2,870
Financial derivative instruments (see Note 14.1)	-	-	-	-	124	124
Other financial assets (see Note 9)	-	185,481	-	-	-	185,481
Total	**25,517**	**956,277**	**150,881**	**79,817**	**124**	**1,212,616**

As of March 31, 2016, it does not consider the current recoverable taxes of ThUS$ 8,619 and non-current taxes of ThUS$ 15,659. While as of December 31, 2015, it does not consider the current recoverable taxes of ThUS$ 18,591 and non-current taxes of ThUS$ 17,722.

a.2 Liabilities

march 31, 2016	Other financial liabilities ThUS$	Hedge derivatives ThUS$	Total ThUS$
Loans that accrue interest (see note 22.a)	2,195,448	-	2,195,448
Liabilities from leasing (see note 22)	15,943	-	15,943
Financial derivative instruments (see note 14.1)	-	32,632	32,632
Trade accounts payables (see note 23)	163,074	-	163,074
Accounts payable to related parties (see Note 12.b.2)	11,029	-	11,029
Total	**2,385,494**	**32,632**	**2,418,126**

December 31, 2015	Other financial liabilities ThUS$	Hedge derivatives ThUS$	Total ThUS$
Loans that accrue interest (see note 22.a)	2,177,968	-	2,177,968
Liabilities from leasing (see note 22)	16,025	-	16,025
Financial derivative instruments (see note 14.1)	-	41,648	41,648
Trade accounts payables (see note 23)	175,183	-	175,183
Accounts payable to related parties (see Note 12.b.2)	30,252	-	30,252
Total	**2,399,428**	**41,648**	**2,441,076**

b. Financial assets credit rating

The credit rating of financial assets that have not matured yet and which have not suffered impairment losses can be evaluated on the basis of the credit rating granted to the counterparts of the Company by risk rating agencies with renowned national and international prestige.

Credit rating of financial assets	03.31.2016 ThUS$	12.31.2015 ThUS$
Customers with local credit rating		
AAA	24,563	27,377
AA+	-	1
AA	37,374	23,685
AA-	-	-
A+	51,043	50,067
A	3	26
Total	**112,983**	**101,156**
Customer without local credit rating		
Total	**34,279**	**22,811**
Banks balances and short-term time deposits - local market		
AAA	265,422	239,061
AA+	43,307	32,679
AA	50,233	100,297
AA-	15,061	80
A+o Smallets	20,711	6,907
Total	**394,734**	**379,024**
Banks balances and short-term time deposits - international market (*)		
BBB- o higher	594,223	602,558
Total	**594,223**	**602,558**
Financial assets derivatives with international counterpart (*)		
A o higher	-	124
Total	**-**	**124**

(*) International risk rating

12. Related party information

Operations between the Parent Company and its dependent subsidiaries, which are related parties form part of the Company's regular transactions related to their line of business and conditions and have been eliminated in the process of consolidation. The connection between the Controller, subsidiary and associates is detailed in note 3 3.1.b and c.

a. Controlling shareholders

The distribution of the Parent Company's shareholders, as of March 31, 2016, is detailed as follows:

Shareholders name	Participation %
Minera Valparaíso S.A. (*)	35.17
Forestal Cominco S.A. (*)	14.00
Antarchile S.A.	9.58
AFP Habitat S.A. (**)	4.85
AFP Provida S.A. (**)	4.61
Banco de Chile por cuenta de terceros	4.41
AFP Cuprum S.A. (**)	4.07
AFP Capital S.A. (**)	3.73
Banco Itaú por cuenta de inversionistas	3.55
Banco Santander - JP Morgan	1.99
Other shareholders	14.04
Total	**100**

(*) Companies belonging to the controlling group (Matte Group).
(**) Correspond to the total participation of each pension fund administrator.

b. Balances and transactions with related entities

Operations receivable, payable and transactions with entities were conducted under terms and market conditions and according to the provisions of Article No. 44 of Law No. 18,046 on Corporations. The Company did not register a provision for doubtful accounts receivable, since such obligations are paid within the prescribed time limits or relate to payments of dividends which related entities have provisioned (this is the case of Electrogas S.A.)

b.1. Accounts receivable from related entities

Taxpayer nunmber	Company	Country	Relationship	Currency	Current 03.31.2016 ThUS$	Current 12.31.2015 ThUS$	Non Current 03.31.2016 ThUS$	Non Current 12.31.2015 ThUS$
96.806.130-5	Electrogas S.A.	Chile	Associate	US Dollar	8,682	2,527	-	-
96.853.150-6	Papeles Cordillera S.A.	Chile	Business group	Chilean peso	40	40	276	280
96.529.310-8	CMPC Tissue S.A.	Chile	Business group	Chilean peso	13	13	-	-
77.017.930-0	Transmisora Eléctrica de Quillota	Chile	Joint venture	Chilean peso	-	10	-	-
96.731.890-6	Cartulinas CMPC S.A.	Chile	Business group	Chilean peso	111	-	-	-
				Total	**8,846**	**2,590**	**276**	**280**

b.2. Accounts payable to related entities

Taxpayer nunmber	Company	Country	Relationship	Currency	Current	
					03.31.2016 ThUS$	12.31.2015 ThUS$
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint Venture	Chilean Pesos	375	-
96.565.580-8	Cía. Leasing Tattersall S.A.	Chile	Common director	Chilean Pesos	124	56
99.520.000-7	Compañía de Petróleos de Chile Copec	Chile	Common director	Chilean Pesos	4	227
96.806.980-2	Entel PCS Comunicaciones S.A.	Chile	Common director	Chilean Pesos	58	24
90.412.000-6	Minera Valparaíso S.A.	Chile	Major Shareholder	US Dollar	7,482	21,419
79.621.850-9	Forestal Cominco S.A.	Chile	Major Shareholder	US Dollar	2,978	8,526
96.806.130-5	Electrogas S.A.	Chile	associated	US Dollar	8	-
				Total	**11,029**	**30,252**

There are no guarantees, given or received, for transactions with related parties.

b.3 Most significant transactions and their effects on income

Taxpayer nunmber	Company	Country	Relationship	Currency	Description	January - March 2016 Amount ThUS$	2016 Effect on result (charge) ThUS$	2015 Amount ThUS$	2015 Effect in income (expense) ThUS$
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint - Venture	Chilean pesos	Transmission line tolls	761	(640)	616	(517)
				UF	Services rendered	31	26	33	28
76.652.400-1	Centrales Hidroeléctricas de Aysén S.A.	Chile	Joint - Venture	Chilean pesos	Capital contributions (1)	2,660	-	2,753	-
96.806.130-5	Electrogas S.A.	Chile	Asociated	US Dollar	Gas transportation service	2,295	(1,929)	2,441	(2,051)
				US Dollar	Diesel transportation service	262	(220)	269	(226)
				US Dollar	Dividend received (2)	6,079	-	7,550	-
96.853.150-6	Papeles Cordillera S.A.	Chile	Common group	Chilean pesos	Other minor leases	415	349	121	102
97.080.000-K	Banco Bice	Chile	Common director	Chilean pesos	Expenses for services received	8	(7)	9	(8)
96.620.900-3	Empresa Chilena de Gas Natural S.A.	Chile	Common director	Chilean pesos	Purchases of natural gas	22,846	(19,198)	30,313	(25,473)
96.731.890-6	Cartulinas CMPC S.A.	Chile	Common group	Chilean pesos	Sale of energy, power and energy transport	18	15	296	249
79.621.850-9	Forestal Cominco S.A.	Chile	Major shareholder	US Dollar	Interim dividens (3)	5,548	-	5,916	-
90.412.000-6	Minera Valparaíso S.A.	Chile	Major shareholder	US Dollar	Interim dividens (3)	13,937	-	14,862	-
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Common director	Chilean pesos	Diesel supply service	1,352	(1,123)	22,038	(16,709)
96.565.580-8	Cía. Leasing Tattersall S.A.	Chile	Common director	Chilean pesos	Car leasings	318	(267)	325	(273)
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Common director	Chilean pesos	Phone service	110	(92)	113	(95)
96.697.410-9	Entel Telefonía Local S.A.	Chile	Common director	Chilean pesos	Phone service	12	(10)	1	-
96.722.460-k	Metrogas S.A.	Chile	Common director	US Dollar	Purchases of natural gas	1,023	(860)	-	-

(1) Contributions to Centrales Hidroeléctricas de Aysén S.A.
- On March 08, 2016 Colbún carried out a capital contribution to Centrales Hidroelectricas de Aysen S.A for MCh$ 1,813 (ThUS$2,660), as agreed upon at the Extraordinary Shareholders' Meeting of Hidroaysén held on December 04, 2015.
- On March 2, 2015 Colbún carried out a capital contribution for MCh$ 1,715 (ThUS$2,753), as agreed upon at the 18th Extraordinary Shareholders' Meeting of Hidroaysén held on October 22, 2014.

(2) Dividends declared and received by Electrogas S.A.
- On March 2016, Electrogas S.A. declared a provisional dividend with charge to profits for 2015, of MUS$ 14.3, 42.5% of which correspond to Colbún.
- On March 2015, Electrogas S.A. declared a provisional dividend with charge to profits for 2014, of MUS for MUS$12.5, 42.5% of which correspond to Colbún.

(3) Dividends declared and paid to Minera Valparaíso S.A and Forestal Cominco S.A.
- Correspond to the interim dividend agreed at Board Meeting dated December 22, 2015 and paid dated on January 12, 2016.
- Correspond to the interim dividend agreed at Board Meeting dated December 25, 2014 and paid dated on January 6, 2015.

c. Administration and Senior Management

Senior management and other people that assume the management of the Company, as well as the shareholders, individuals or companies, which they represent, have not participated in any unusual and/or relevant transactions, as of March 31, 2016 and December 31, 2015.

The Company is managed by a Board of Directors composed of 9 members, who serve for a 3-year term with possibility of reelection.

At an Ordinary Shareholders' Meeting held on April 22, 2015, the Company's Board of Directors was renewed, electing Ms. Vivianne Blanlot Soza and Ms. Luz Granier Bulnes, both as independent directors and Mr. Bernardo Larraín Matte, Mr. Luis Felipe Gazitúa Achondo, Mr. Arturo Mackenna Iñiguez, Mr. Eliodoro Matte Larraín, Mr. Juan Hurtado Vicuña, Mr. Eduardo Navarro Beltrán and Mr. Juan Eduardo Correa García.

In an Extraordinary Session of the Board of Directors held on March 22, 2016, the Board of Directors was informed of the resignation presented by Ms. Vivianne Blanlot S., which became effective as of the same date.

d. Directors Committee

In conformity with Article 50 bis of Companies Law 18,046, Colbún and its subsidiaries have a Directors Committee composed of 3 members, with the faculties contemplated in that article.

On April 28, 2015, at a Board of Directors' Meeting, Mr. Luis Felipe Gazitúa Achondo, Ms. Vivianne Blanlot Soza and Ms. Luz Granier Bulnes were designated as members of the Directors' Committee.

e. Compensation and other services

In conformity with Article 33 of Companies Law 18,046, the remuneration of the Board is determined at the Company's Ordinary Shareholders' Meeting.

Amounts paid during the periods ended as of March 31, 2016 and 2015; include the members of the Directors Committee are detailed as follows:

e.1 Board's remuneration

Name	Tittle	January - March			
		2016		2015	
		Colbún Board ThUS$	Directors Committee ThUS$	Colbún Board ThUS$	Directors Committee ThUS$
Bernardo Larraín Matte (1)	President	22	-	24	-
Luis Felipe Gazitúa Achondo (1)	Vice-president	11	4	12	4
Arturo Mackenna Iñiguez (1)	Director	11	-	12	-
Eduardo Navarro Beltrán (1)	Director	11	-	12	-
Eliodoro Matte Larraín (1)	Director	11	-	12	-
Juan Eduardo Correa García (1)	Director	11	-	12	-
Juan Hurtado Vicuña (1)	Director	11	-	12	-
Sergio Undurraga Saavedra	Director	-	-	12	4
Vivianne Blanlot Soza (2)	Director	11	4	12	4
Luz Granier Bulnes (1)	Director	11	4	-	-
		110	**12**	**120**	**12**

(1) Current directors as of March 31, 2016
(2) Worked as a Director until March 22, 2016

As of December 31, 2015, an amount of ThUS$ 611 was provisioned for variable compensation for the Board.

e.2 Board advisory expenses

Periods ended March 31, 2015 and 2014, the Board of Directors had no advisory expenses

e.3 Remuneration of members of Senior Management who are not Directors

Name	Position
Thomas Keller Lippold	General manager
Juan Eduardo Vásquez Moya	Business and energy management division manager
Carlos Luna Cabrera	Generation manager
Sebastián Moraga Zúñiga	Finance and administration manager
Eduardo Lauer Rodríguez	Engineering & projects division manager
Juan Pablo Schaeffer Fabres	Sustainable development division manager
Rodrigo Pérez Stiepovic	Legal counsel
Paula Martínez Osorio	Organization and people manager
Sebastián Fernández Cox	Development manager
Heraldo Alvarez Arenas	Internal audit manager

Remunerations accrued for key management employees are detailed as follows:

Type	January-March 2016 MUS$	January-March 2015 MUS$
Current employee benefits	1,176	1,055
Termination benefits	32	(23)
Total	**1,208**	**1,032**

e.4 Accounts Receivable, payable and other transactions

There are no other transactions between the Company and its Directors and the Company's Management.

e.5 Other transactions

As of March 31, 2016 there is an Advisory Services Delivery Contract, between Colbún S.A. and MR Consult Limitada, for the development, planning, management, direction and control of projects in current execution or future projects developed by the company, either transmission line projects, electric substations, hydroelectric or thermoelectric plants and other industrial facilities of Colbún S.A. or its subsidiaries.

The contract has a cost of $ 7 million per month for a period of 12 months, counted from September 1, 2015. MR Consult Limited is a company related to Director Arturo Mackenna I., who is a principal partner of the same.

e.6 Guarantees established by the Company in favor of Directors

During the periods ended as of March 31, 2016 and 2014, the Company has not undertaken this type of transaction.

e.7 Incentive plans for executives and managers

The Company has established bonuses for its entire executive staff on the basis of evaluation of their individual performance and achievement of goals at the company level as well as the Company and individual performance of each executive.

e.8 Indemnities paid to executives and managers

During the periods ending March 31, 2016 were don't paid compensation, while in March 31, 2015, payments were ThUS$93.

e.9 Guarantee clauses: Company Board of Directors and Management

The Company has not agreed upon guarantee clauses with its directors and management.

e.10 Retribution plans associated with shares traded

The Company does not engage in this type of operation.

13. Inventory

Inventory is detailed as follows:

Classes of inventory	03.31.2016 ThUS$	12.31.2015 ThUS$
Spare parts	81,223	77,536
Provision for obsolescence [1]	(2,660)	(2,660)
Coal	13,581	15,750
Petroleum	5,778	5,927
Gas Line Pack	274	274
Inventory in transit [2]	1,200	1,233
Total	**99,396**	**98,060**

[1] Corresponds to the obsolescence allowance of spare parts (Note 3 3.1.j.1).
[2] Corresponds to coal inventory to be used by Unit 1 of Santa María Complex power plant.

No inventory items are pledge as debt guarantees.

Cost of inventory recognized as expense

Consumption recognized as expense during the periods ended are as follows:

Cost of inventory	January - March	
	2016 ThUS$	2015 ThUS$
Warehouse supplies	1,790	1,522
Petroleum (see note 28)	2,090	22,497
Gas Line Pack (see note 28)	72,356	95,078
Coal (see note 28)	18,666	26,611
Total	**94,902**	**145,708**

14. Derivative instruments

Following the financial risk management policy described in Note 4, the Company enters into financial derivatives to hedge its exposure to changes in interest rate, currency (exchange rate) and fuel prices.

Interest rate derivatives are used to establish or limit the variable interest rate of financial obligations and correspond to interest rate swaps.

Currency derivatives are used to set the exchange rates of the US dollar in respect to Peso (CLP), Unidad de Fomento (UF), Peruvian Soles (PEN) and Euro (EUR), among others, due to existing obligations or investments in these currencies. These instruments correspond mainly to Forwards and Cross Currency Swaps.

Derivatives related to fuel prices are used to mitigate the risk of variation in revenues from sales and the Company's energy production costs due to a change in the price of fuels used for such purposes. The instruments used mainly correspond to options and forwards.

As of March 31, 2016, the Company classifies all its hedges as “Cash Flow Hedges”.

14.1 Hedging instruments

The detail of this caption that includes the fair value of the financial instruments, by each risk hedged is as follows:

Hedge Assets		Current		Non-current	
		03.31.2016 ThUS$	12.31.2015 ThUS$	03.31.2016 ThUS$	12.31.2015 ThUS$
Fuel price hedge	Cash flows hedge	-	124	-	-
	Total (see note 9)	-	**124**	-	-

Hedge Liabilities		Current		Non-current	
		03.31.2016 ThUS$	12.31.2015 ThUS$	03.31.2016 ThUS$	12.31.2015 ThUS$
Exchange rate hedge	Cash flows hedge	2,042	3,604	20,462	34,256
Interest rate hedge	Cash flows hedge	3,182	1,179	6,946	2,609
	Total (see note 22.a)	**5,224**	**4,783**	**27,408**	**36,865**

The hedging instrument portfolio of Colbún S.A. is detailed as follows:

Hedging Instrument	Fair value Hedging instrument		Hedged item	Hedged Risk	Type of hedge
	31.03.2016 ThUS$	31.12.2015 ThUS$			
Currency forwards	(215)	(1,401)	Future Disbursements Project.	Exchange rate	Cash flow
Currency forwards	-	353	Dividends	Exchange rate	Cash flow
Currency forwards	(468)	(217)	Financial investment	Exchange rate	Cash flow
Interest rate swaps	(6,002)	(1,079)	Bank loans	Interest rate	Cash flow
Interest rate swaps	(3,006)	(2,215)	Obligations with the public (Bonds)	Interest rate	Cash flow
Cross Currency Swaps	(22,941)	(37,089)	Obligations with the public (Bonds)	Exchange rate	Cash flow
Oil options	-	124	Oil purchases	Oil price	Cash flow
	(32,632)	**(41,524)**			

During the periods ended as of March 31, 2016, the Company did not recognize profits or losses due to hedge ineffectiveness on the cash flow hedges.

14.2 Fair value hierarchy

Fair value of financial instruments recognized in the statement of financial position has been determined using the following hierarchy, according to the entry data used to perform the valuation:

Level 1: Prices quoted in active markets for identical instruments.

Level 2: Prices quoted in active markets for similar assets or liabilities or other valuation techniques, for which all significant inputs are based on observable market data.

Level 3: Valuation techniques using all relevant inputs are not based on observable market data.

As of March 31, 2016, the calculation of fair value of all financial instruments subject to valuation has been determined on the basis of Level 2 of the aforementioned hierarchy.

15. Investments in subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and controlled companies. The following table includes detailed information of subsidiaries as of March 31, 2016 and December 31, 2015:

Subsidiary	31.03.2016						
	Current assets ThUS$	Non-current assets ThUS$	Current liabilities ThUS$	Non-current liabilities ThUS$	Equity ThUS$	Revenue ThUS$	Net profit (loss) ThUS$
Empresa Eléctrica Industrial S.A.	637	14,819	3,220	9,661	2,575	1,589	771
Sociedad Hidroeléctrica Melocotón Ltda.	3	9,936	555	4,686	4,698	876	759
Río Tranquilo S.A.	1,437	115,707	4,974	62,548	49,622	8,446	5,104
Termoeléctrica Nehuenco S.A.	193	19,648	1,100	36,245	(17,504)	1,847	(70)
Termoeléctrica Antilhue S.A.	99	67,189	1,800	41,309	24,179	1,200	434
Colbún Transmisión S.A.	2,495	118,960	1,508	23,542	96,405	5,506	3,218
Colbún Desarrollo S.P.A.	160	-	-	-	160	-	-
Inversiones SUD S.P.A.	10	-	-	-	10	-	-
Inversiones Andinas S.P.A.	10	-	-	-	10	-	-
Colbún Perú S.A.	15	211,893	1	-	211,907	-	-
Inversiones Las Canteras S.A.	6,267	421,613	11,556	862	415,462	-	-
Fenix Power Perú S.A.	90,614	749,824	34,454	379,849	426,135	55,584	7,850

Subsidiary	31.12.2015						
	Current assets ThUS$	Non current assets ThUS$	Current liabilities ThUS$	Non current liabilities ThUS$	Equity ThUS$	Revenue ThUS$	Net profis (loss) ThUS$
Empresa Eléctrica Industrial S.A.	622	12,742	2,962	8,507	1,895	4,689	(2,799)
Sociedad Hidroeléctrica Melocotón Ltda.	3	4,557	478	144	3,938	3,504	1,788
Río Tranquilo S.A.	1,612	58,088	3,427	11,754	44,519	14,633	(1,060)
Termoeléctrica Nehuenco S.A.	225	4,409	1,750	20,488	(17,604)	7,693	(4,384)
Termoeléctrica Antilhue S.A.	90	43,455	1,735	18,065	23,745	4,800	(308)
Colbún Transmisión S.A.	2,787	113,452	1,201	21,851	93,187	26,084	8,841
Colbún Desarrollo S.P.A.	160	-	-	-	160	-	-
Inversiones SUD S.P.A.	10	-	-	-	10	-	-
Inversiones Andinas S.P.A.	10	-	-	-	10	-	-
Colbún Perú S.A.	15	211,893	1	-	211,907	-	(1,693)
Inversiones Las Canteras S.A.	7,908	421,613	13,197	862	415,462	-	(5,212)
Fenix Power Perú S.A. (*)	94,289	781,884	394,236	63,652	418,285	6,224	(6,855)

(*) Considers revenues and net profit (loss) for the 12 days of December 2015.
See note 3.b.

16. Investments accounted for using the equity method

a. Equity method

As of March 31, 2016 and December 31, 2015, the associates and joint controlled companies accounted for using the equity method and their movements are detailed as follows:

Type of relation	Company	Number of shares	Participation 03.31.2016 %	Balance as 01.01.2016 ThUS$	Additions ThUS$	Result of the period ThUS$	Dividends ThUS$	Equity reserves: Exchange conversion difference ThUS$	Equity reserves: Hedging derivates reserve ThUS$	Equity reserves: Adjustment of equity at associate ThUS$	Total 03.31.2016 ThUS$
Associated	Electrogas S.A.	175,076	42.50%	16,968	-	1,917	(6,079)	-	-	-	12,806
Joint ventures	Centrales Hidroeléctricas de Aysén S.A.	8,731,996	49.00%	8,201	2,660	(733)	-	856	-	-	10,984
Joint ventures	Transmisora Eléctrica de Quillota Ltda.	-	50.00%	10,843	-	212	-	544	-	-	11,599
			Totals	36,012	2,660	1,396	(6,079)	1,400	-	-	35,389

Type of relation	Company	Number of shares	Participation 12.31.2015 %	Balance as 01.01.2015 ThUS$	Additions ThUS$	Result of the period ThUS$	Dividends ThUS$	Equity reserves: Exchange conversion difference ThUS$	Equity reserves: Hedging derivates reserve ThUS$	Equity reserves: Adjustment of equity at associate ThUS$	Total 12.31.2015 ThUS$
Associated	Electrogas S.A.	175,076	42.50%	17,351	-	8,388	(7,889)	-	(882)	-	16,968
Joint ventures	Centrales Hidroeléctricas de Aysén S.A.	8,731,996	49.00%	12,120	3,906	(3,563)	-	(2,725)	-	(1,537)	8,201
Joint ventures	Transmisora Eléctrica de Quillota Ltda.	-	50.00%	10,644	-	1,795	-	(1,596)	-	-	10,843
			Totals	40,115	3,906	6,620	(7,889)	(4,321)	(882)	(1,537)	36,012

b. Financial information of associates and companies under joint control

The following table includes information as of March 31, 2016 and December 31, 2015, from the financial statements of associates and companies under joint control in which the Company has an interest:

Type of relation	Company	Current Assets ThUS$	Non-current assets ThUS$	Current liabilities ThUS$	Non-current Liabilities ThUS$	Revenue ThUS$	Ordinary expenses ThUS$	Profit (losses) ThUS$
Associated	Electrogas S.A.	18,998	64,981	31,132	22,714	8,089	(2,218)	4,510
Joint ventures	Centrales Hidroeléctricas de Aysén S.A.	1,288	22,632	1,491	85	3	(1,448)	(1,525)
Joint ventures	Transmisora Eléctrica de Quillota Ltda.	8,512	18,056	723	2,627	1,054	499	445

Type of relation	Company	Current Assets ThUS$	Non-current assets ThUS$	Current liabilities ThUS$	Non-current Liabilities ThUS$	Revenue ThUS$	Ordinary expenses ThUS$	Profit (losses) ThUS$
Associated	Electrogas S.A.	13,808	65,959	17,177	22,667	35,964	(2,949)	19,737
Joint ventures	Centrales Hidroeléctricas de Aysén S.A.	708	21,346	4,633	80	9	(5,820)	(7,271)
Joint ventures	Transmisora Eléctrica de Quillota Ltda.	7,471	17,151	650	2,492	4,017	(919)	3,590

Additional information

i) <u>Electrogas S.A.:</u>

Company dedicated to the transportation of natural gas. It has a gas pipeline going from "City Gate III" located in the community of San Bernardo in the Metropolitan Region to "Plant Gate" located in the community of Quillota in the V Region, and a gas pipeline that goes from "Plant Gate" to the Colmo zone, in the community of Concón. Its main customers are Compañía Eléctrica San Isidro S.A., Colbún S.A., Empresa de Gas Quinta Región (Gasvalpo), Energas S.A. and Refinería de Petróleos de Concón (RPC). Colbún has a 42.5% direct ownership interest in this Company.

ii) <u>Centrales Hidroeléctricas de Aysén S.A. (HidroAysén S.A.):</u>

Colbún has a 49% share of HidroAysén S.A.

Notwithstanding the natural uncertainty regarding the deadlines and contents of the resolutions of judicial instances to which HidroAysén has resorted, as well as the guidelines, conditions or possible reformulations that the processes that are being carried out by the government on long-term energy policy and territorial planning of basins may determine in relation to the development of Aysén's hydroelectric potential, Colbún S.A. reiterates its conviction that current water rights, requests for additional water rights, the environmental qualification resolution, concessions, soil studies, engineering, authorizations and real estate of the project are assets that have been acquired and developed by the company during the last 8 years, in accordance with current institutional arrangements and international technical and environmental standards.

Colbún S.A. has ratified that the development of the aforementioned hydroelectric potential presents benefits for the country's growth and that the option of participation in it would be a potential source of long-term value generation for the company.

iii) <u>Transmisora Eléctrica de Quillota Ltda.:</u>

Company created by Colbún S.A. and San Isidro S.A. (now Compañía Eléctrica de Tarapacá S.A.), in June 1997, with the purpose of jointly developing and operating the necessary facilities to evacuate the power and energy generated by their respective power stations to the Quillota Substation owned by Transelec S.A.

Transmisora Eléctrica de Quillota Ltda. owns San Luis substation, located close to the combined cycle Nehuenco and San Isidro plants, in addition to the 220 KV high voltage line which joins that substation to the SIC's Quillota Substation.

Colbún has a 50% share of Transmisora Eléctrica de Quillota Ltda.

17. Intangible assets other than goodwill

a. Detail by class of intangibles

The detail as of the dates of the balances of financial position is as follows:

Intangible assets, net		03.31.2016 ThUS$	12.31.2015 ThUS$
Rights not internally generated	Particulate material emission rights	7,701	7,701
	Concessions	87	87
	Water rights	18,513	18,418
	Easements	57,858	57,844
	Customer relationships	3,315	3,315
Licenses	Software	3,652	3,975
	Total	**91,126**	**91,340**

Intangible assets, gross		03.31.2016 ThUS$	12.31.2015 ThUS$
Rights not internally generated	Particulate material emission rights	7,701	7,701
	Concessions	98	98
	Water rights	18,522	18,426
	Easements	58,882	58,796
	Customer relationships	3,315	3,315
Licenses	Software	10,326	10,347
	Total	**98,844**	**98,683**

Accumulated amortization		03.31.2016 ThUS$	12.31.2015 ThUS$
Rights not internally generated	Concessions	(11)	(11)
	Water rights	(9)	(8)
	Easements	(1,024)	(952)
Licenses	Software	(6,674)	(6,372)
	Total	**(7,718)**	**(7,343)**

b. Movement of intangibles during the period

Movements during the periods are detailed as follows**:**

Movements in 2016	Not generated internally					Licenses	Net intangibles
	Rights emission particulate material	Concessions	Water rights	Easements	Customer relationships	Software	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Beginning balance as of 01.01.2016	7,701	87	18,418	57,844	3,315	3,975	91,340
Additions	-	-	96	1,404	-	7	1,507
Expropiations	-	-	-	(1,346)	-	-	(1,346)
Transfers.	-	-	-	28	-	(28)	-
Transfer of accumulated amortization	-	-	-	(28)	-	28	-
Amortization expenses (see note 30)	-	-	(1)	(44)	-	(330)	(375)
Final balance at the 03.31.2016	**7,701**	**87**	**18,513**	**57,858**	**3,315**	**3,652**	**91,126**

Movements in 2015	Not generated internally					Licenses	Net intangibles
	Rights emission particulate material	Concessions	Water rights	Easements	Customer relationships	Software	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Beginning balance as of 01.01.2015	7,701	2	17,647	55,880	-	4,158	85,388
Additions	-	87	775	477	-	658	1,997
Acquisitions through business combinations (see note 6)	-	-	-	-	3,315	226	3,541
Current additions	-	-	-	1,662	-	-	1,662
Amortization expenses	-	(2)	(4)	(175)	-	(1,067)	(1,248)
Final balance at the 12.31.2015	**7,701**	**87**	**18,418**	**57,844**	**3,315**	**3,975**	**91,340**

In accordance with what was explained in Note 5.b) the Company management considers that there is no impairment of the carrying amount of intangible assets. The Company does not have intangible assets that guarantee compliance with these obligations.

18. Classes of property, plant and equipment

a. Detail by classes of property, plant and equipment

Property, plant and equipment by class as of the dates of the balances of financial position are as follows:

Classes of Property, Plant & Equipment, net	03.31.2016 ThUS$	12.31.2015 ThUS$
Land	295,680	288,398
Buildings and infrastructure	235,479	251,672
Machinery and equipment	2,286,550	2,300,513
Transport equipment	447	511
Office Equipment	3,554	3,660
Computer equipment	1,129	1,236
Construction in progress	462,622	438,221
Finances leases	12,813	14,739
Other property, plant & equipment	2,280,829	2,303,672
Total	**5,579,103**	**5,602,622**
Classes of Property, Plant & Equipment, gross	**03.31.2016 ThUS$**	**12.31.2015 ThUS$**
Land	295,680	288,398
Buildings and infrastructure	277,139	290,911
Machinery and equipment	2,865,615	2,848,746
Transport equipment	1,481	1,507
Office Equipment	8,540	8,560
Computer equipment	6,963	6,913
Construction in progress	464,181	439,780
Finances leases	15,376	17,103
Other property, plant & equipment	2,842,529	2,843,636
Total	**6,777,504**	**6,745,554**
Classes of Property, Plant & Equipment, accumulated depreciation and impairment	**03.31.2016 ThUS$**	**12.31.2015 ThUS$**
Buildings and infrastructure	(41,660)	(39,239)
Machinery and equipment	(579,065)	(548,233)
Transport equipment	(1,034)	(996)
Office Equipment	(4,986)	(4,900)
Computer equipment	(5,834)	(5,677)
Construction in progress	(1,559)	(1,559)
Finances leases	(2,563)	(2,364)
Other property, plant & equipment	(561,700)	(539,964)
Total	**(1,198,401)**	**(1,142,932)**

b. Movements of property, plant and equipment

Movements in property, plant and equipment were as follows:

Movements in 2016	Land ThUS$	Buildings and infrastructure ThUS$	Machinery and equipment ThUS$	Transpot equipment ThUS$	Office equipment ThUS$	IT equipment ThUS$	Construction in progress ThUS$	Finance leases ThUS$	Other Property, plant & equipment ThUS$	Property, plant & equipment, net ThUS$
Beginning balance as of 01.01.2016	288,398	251,672	2,300,513	511	3,660	1,236	438,221	14,739	2,303,672	5,602,622
Additions	7,645	-	-	-	-	59	24,590	-	14	32,308
Current additions	108	-	-	-	-	-	-	-	-	108
Expropiations	(466)	-	-	(33)	-	-	-	-	-	(499)
Accumulated depretiations expropiations	-	-	-	33	-	-	-	-	-	33
Transfers.	(5)	(13,772)	16,869	(26)	(20)	(9)	(189)	(1,727)	(1,121)	-
Amortization expenses (see note 30)	-	(2,421)	(30,832)	(38)	(86)	(157)	-	(199)	(21,736)	(55,469)
Total Movement	**7,282**	**(16,193)**	**(13,963)**	**(64)**	**(106)**	**(107)**	**24,401**	**(1,926)**	**(22,843)**	**(23,519)**
Final Balance at the 03.31.16	**295,680**	**235,479**	**2,286,550**	**447**	**3,554**	**1,129**	**462,622**	**12,813**	**2,280,829**	**5,579,103**

Movements in 2015	Land ThUS$	Buildings and infrastructure ThUS$	Machinery and equipment ThUS$	Transpot equipment ThUS$	Office equipment ThUS$	IT equipment ThUS$	Construction in progress ThUS$	Finance leases ThUS$	Other Property, plant & equipment ThUS$	Property, plant & equipment, net ThUS$
Beginning balance as of 01.01.2015	288,068	141,577	1,782,798	346	3,896	1,091	358,925	-	2,379,505	4,956,206
Additions	-	-	3	-	17	656	105,985	-	24	106,685
Acquisitions through business combinations (see note 6)	39	115,733	591,417	213	174	83	3,574	14,768	9,537	735,538
Expropiations	(52)	(25)	(430)	-	(28)	(64)	-	-	-	(599)
Accumulated depretiations expropiations	-	2	526	-	19	62	-	-	-	609
Impairment losses recognized in the result of period.	-	-	(40)	-	-	-	(1,559)	-	(519)	(2,118)
Transfers.	343	1,394	24,953	-	1	-	(28,704)	-	2,013	-
Amortization expenses	-	(7,009)	(98,714)	(48)	(419)	(592)	-	(29)	(86,888)	(193,699)
Total Movement	**330**	**110,095**	**517,715**	**165**	**(236)**	**145**	**79,296**	**14,739**	**(75,833)**	**646,416**
Final Balance at the 12.31.15	**288,398**	**251,672**	**2,300,513**	**511**	**3,660**	**1,236**	**438,221**	**14,739**	**2,303,672**	**5,602,622**

c. Other disclosures

i) The Company does not possess property, plant and equipment that is affected as guarantees for the fulfillment of obligations, with the exception of the Fenix Power Perú subsidiary, which has guarantees granted in favor of Banco Scotiabank Peru S.A. as agent bank among other creditors under a credit contract signed in February 2016.

ii) Colbún and subsidiaries have signed insurance policies to cover possible risks, which the different elements of its tangible property, plant and equipment are exposed to, as well as possible claims that might be filed against them for carrying out its line of business, in the understanding that such policies adequately cover the risks to which they are exposed.

In addition, the loss of benefits that might occur as a consequence of a shutdown is covered through insurance.

iii) As of March 31, 2016 and 2015 the Company had commitments for the acquisition of property, plant and equipment derived from construction contracts for the amount of ThUS$ 67,052 and ThUS$50,008, respectively. The companies with which it operates are: Compañia Puerto Coronel S.A, Zublin International Gmbh Chile SPA, Power Machines Agencia en Chile, Power Machines, B. Bosch S.A., Abengoa Chile S.A., Constructora Santa María Limitada, Constructora Cn S.A. Rhona S.A., Ima Tecnologias Limitada, Instaplan Sur S.A., ENV Obras Civiles y Montajes SPA.

iv) Capitalized interest costs (IAS23) for the periods ended March 31, 2016 and 2015 amounted to:

Concept	January - March	
	2016	**2015**
Capitalized interest cost ThUS$ (see note 31)	2,117	1,811
Corporate´s average financing rate	4.34%	4.85%

v) Operating lease

As of March 31, 2016 and December 31, 2015 the Company has implicit operating leases corresponding to:

1) Transmission Line Contracts (220 KV Alto Jahuel-Candelaria and 220 KV Candelaria-Minero), signed between the Company and National Copper Corporation of Chile. Those contracts are for a term of 30 years.
2) Additional Toll contracts (Transmission Line – Substation Polpaico/ Substation Maitenes) signed between the Company and Anglo American Sur. The term of the contract is for 21 year.
3) Energy and capacity supply signed between the Company and Codelco. The term of the contract is 30 years.

Future collections derived from those contracts are detailed as follows:

March 31, 2016	Next twelve ThUS$	Between 1 and 5 ThUS$	More than 5 years ThUS$	Total ThUS$
Future collections derived from operating leases corresponding to Trasmission Line Contracts	113,641	454,563	2,570,558	3,138,762
Total	**113,641**	**454,563**	**2,570,558**	**3,138,762**

December 31, 2015	Next twelve ThUS$	Between 1 and 5 ThUS$	More than 5 years ThUS$	Total ThUS$
Future collections derived from operating leases corresponding to Trasmission Line Contracts	114,343	457,371	2,614,726	3,186,440
Total	**114,343**	**457,371**	**2,614,726**	**3,186,440**

vi) Financial lease

As of March 31, 2016, property, plant and equipment include ThUS$ 12,813, corresponding to the net book value of assets that are the subject of financial lease contracts. While as of December 31, 2015, they included ThUS$ 14,739 for this concept.

Leased assets come from the Fenix subsidiary, corresponding to a contract signed with Consorcio Transmantaro S.A. ("CTM"), in which CTM is obliged to provide the service operation and maintenance of the transmission line of approximately 8 kilometers from the Chilca substation to the Fenix thermal plant. This contract has a term of 20 years and accrues interest at an annual rate of 12%. In addition, CTM is obliged to build facilities for the provision of the transmission service.

The present value of future payments under these contracts is as follows:

March 31, 2016	Next twelve ThUS$	Between 1 and 5 ThUS$	More than 5 years ThUS$	Total ThUS$
Gross	1,765	17,955	18,140	**37,860**
Interests	1,505	13,497	6,915	**21,917**
Present Value (see note 22.a)	260	4,458	11,225	**15,943**

December 31, 2015	Next twelve ThUS$	Between 1 and 5 ThUS$	More than 5 years ThUS$	Total ThUS$
Gross	2,354	12,918	23,177	**38,449**
Interests	2,012	8,920	11,492	**22,424**
Present Value (see note 22.a)	342	3,998	11,685	**16,025**

vii) Information required by the XBRL taxonomy

1. Disbursements recognized in work in progress

Disbursements recognized in the course of its construction, gross	03.31.2016 ThUS$	12.31.2015 ThUS$
Builds in progress	17,800	82,679
Total	**17,800**	**82,679**

2. Assets completely depreciated but being used

Assets depreciated as a whole still in use, Gross	03.31.2016 ThUS$	12.31.2015 ThUS$
Buildings and infrastructure	20	20
Machinery and equipment	23,949	23,918
Transport equipment	403	403
Office Equipment	3,427	3,381
Computer equipment	4,575	4,341
Other property, plant and equipment	6,461	4,734
Total	**38,835**	**36,797**

Assets depreciated as a whole still in use, accumulated depreciation and impairment	03.31.2016 ThUS$	12.31.2015 ThUS$
Buildings and infrastructure	(20)	(20)
Machinery and equipment	(23,949)	(23,918)
Transport equipment	(403)	(403)
Office Equipment	(3,427)	(3,380)
Computer equipment	(4,575)	(4,341)
Other property, plant and equipment	(6,461)	(4,675)
Total	**(38,835)**	**(36,737)**

viii) Details of other property, plant and equipment

As of March 31, 2016 and December 31, 2015, the details of other property, plant and equipment are as follows:

Other property, plant and equipment.	03.31.2016 ThUS$	12.31.2015 ThUS$
Civil works	1,942,563	1,960,720
Substations	164,215	166,655
Transmission lines	145,054	147,955
Parts of long-term classified as fixed assets	28,328	28,328
Other fixed assets	669	14
Total other properties, plants and equipment, net	**2,280,829**	**2,303,672**

Other property, plant and equipment.	03.31.2016 ThUS$	12.31.2015 ThUS$
Civil works	2,438,904	2,438,905
Substations	204,513	204,513
Transmission lines	168,518	170,447
Parts of long-term classified as fixed assets	28,328	28,328
Other fixed assets	2,266	1,443
Total other properties, plants and equipment, gross	**2,842,529**	**2,843,636**

Depretiation other property, plant and equipment	03.31.2016 ThUS$	12.31.2015 ThUS$
Civil works	(496,341)	(478,185)
Substations	(40,298)	(37,858)
Transmission lines	(23,464)	(22,492)
Other fixed assets	(1,597)	(1,429)
Total depreciations and impairment	**(561,700)**	**(539,964)**

19. Current tax assets

Tax accounts receivable as of the dates of the Balances of Financial Position, are as follows:

	Current	
	03.31.2016 ThUS$	12.31.2015 ThUS$
Monthly provisional payments	4,229	919
Provisional payment for absorbed earnings	10,569	7,715
Total	**14,798**	**8,634**

20. Other non-financial assets

Other assets as of the dates of the Balances of Financial Position are as follows:

	Current		Non- current	
	03.31.2016 ThUS$	12.31.2015 ThUS$	03.31.2016 ThUS$	12.31.2015 ThUS$
Installations and civil insurance premiums	14,053	15,726	-	-
Prepayments	15,455	12,430	16,896	16,988
Patents on non-use of water rights (1)	-	-	10,572	7,113
GE Advance spare parts - Siemens	-	-	9,419	6,969
Other miscellaneous assets	224	220	1,190	1,192
Total	**29,732**	**28,376**	**38,077**	**32,262**

(1) Credit in accordance with Article 129 bis 20 of the Water Code DFL 1,122. As of March 31, 2016 the Company had not recognized an impairment, whereas as of December 31, 2015, an impairment of ThUS$ 1,831 was recognized. Payment of these licenses is associated to the implementation of projects that will use this water; therefore it is an economic variable that the Company evaluates on an ongoing basis. In this context, the Company adequately controls payments made and recognizes estimates for project start-ups, in order to record impairment of the asset if it projects that the use will be subsequent to the period where it can take advantage of the tax credit.

21. Income taxes

a. Income taxes

Income Tax	January - March	
	2016 ThUS$	2015 ThUS$
Current income tax (expense) income		
Current income tax	(26,343)	(2,508)
Utilization of tax losses	-	8,609
Total current tax (expense) income	**(26,343)**	**6,101**
Deferred income tax (expense) income		
Temporary differences (1)	8,789	(24,265)
Total deferred tax (expense) income	**8,789**	**(24,265)**
Total income tax (expense) income	**(17,554)**	**(18,164)**

(1) Primarily includes the effect of temporary differences related to property, plant and equipment, expenses carried to assets in Works in progress and the recognition of income for derivative operations (received and accrued).
Also recognizes the deferred tax asset for unused tax losses.

a.1 Reconciliation of current taxes

As of March 31, 2016 and 2015 current taxes can be reconciled with income as follows:

Current tax reconciliation	03.31.2016				
Company	**Current income tax result ThUS$**	**Current tax equity adjustment ThUS$**	**Provisional monthly payment ThUS$**	**Income tax ThUS$**	**Tax Liabilities ThUS$**
Colbún S.A.	(20,638)	735	1,101	(40)	(18,842)
Colbún Perú S.A.	(1,934)	-	-	-	(1,934)
Empresa Eléctrica Industrial S.A.	(234)	-	6	-	(228)
Soc. Hidroeléctrica Melocotón Ltda.	(240)	-	52	-	(188)
Termoeléctrica Antilhue S.A.	(205)	-	47	-	(158)
Río Tranquilo S.A.	(1,887)	-	47	-	(1,840)
Colbún Transmisión S.A.	(1,205)	-	595	-	(610)
Totals	**(26,343)**	**735**	**1,848**	**(40)**	**(23,800)**

Current tax reconciliation	03.31.2015				
Company	**Current income tax result ThUS$**	**Current tax equity adjustment ThUS$**	**Provisional monthly payment ThUS$**	**Income tax ThUS$**	**Tax Liabilities ThUS$**
Colbún S.A.	-	-	1,152	-	1,152
Colbún Perú S.A.	-	-	-	-	-
Empresa Eléctrica Industrial S.A.	(81)	-	5	(6)	(82)
Soc. Hidroeléctrica Melocotón Ltda.	(167)	-	3	-	(164)
Termoeléctrica Antilhue S.A.	(186)	-	-	-	(186)
Río Tranquilo S.A.	(1,090)	-	5	-	(1,085)
Colbún Transmisión S.A.	(984)	-	10	-	(974)
Totals	**(2,508)**	-	**1,175**	**(6)**	**(1,339)**

As of March 31, 2016 the company has operations in Peru.

Income tax expense	**January - March 2016** ThUS$
Profit before tax	4,928
Income tax using the legal rate (1)	**(1,380)**
Difference between financial accounting expressed in USD and tax accounting in Soles with effect in deferred taxes	4,302
Total income tax	**2,922**

(1) Tax rate of foreign operations: 28% based on legislation in force in Peru.

As of March 31, 2015, the Company did not record income abroad.

a.2 Reconciliation of Consolidated tax expenses

As of March 31, 2016 and 2015 current taxes can be reconciled with income as follows:

Results by income tax	January - March	
	2016 ThUS$	2015 ThUS$
Profit before tax	93,597	**25,133**
Income tax using the legal rate (1)	**(22,661)**	**(5,655)**
Difference in rate of imputation tax loss	-	(3,104)
Difference between financial accounting expressed in USD and tax accounting in CLP with effect in deferred taxes	5,107	(9,405)
Total income tax	**(17,554)**	**(18,164)**

(1) As of March 31, 2016 the Income Tax charge was calculated using a 24% tax rate (Law 20,780) operations in Chile and 28% tax rate in Peru. As of March 31, 2015, the Company only recorded domestic operations by calculating the tax with a tax rate of 22.5%.

(2) In accordance with IFRS, the Company records its operations in its functional currency US Dollar, as of December 31, 2015, and for tax purposes it kept the accounting in local currency. As of 2016, Colbún S.A. and its subsidiaries were authorized by the Chilean Internal Revenue Service (SII) to record all its operations in its local currency.

a.3 Effective rate calculation

Tax rate	January - March	
	2016 %	2015 %
statutory tax rate	24%	22.5%
adjustment to the legal tax rate, Total	-5.5%	49.8%
effective tax rate	**18.5%**	**72.3%**

b. Deferred taxes

Deferred tax assets and liabilities by concept are as follows:

Deferred tax assets	03.31.2016 ThUS$	12.31.2015 ThUS$
Tax losses	51,304	51,199
Others	7,358	7,891
Provisions	1,421	2,960
Obsolescence	2,084	2,084
Hedge instruments	3,848	4,745
Employees post-employment benefits	6,367	3,746
Deferred tax assets	**72,382**	**72,625**
Deferred tax liabilities	**31.03.2016** MUS$	**31.12.2015** MUS$
Depreciation	1,004,967	1,013,221
Others	8,098	8,438
Deferred tax liabilities	**1,013,065**	**1,021,659**
Deferred tax assets and liabilities, net	**(940,683)**	**(949,034)**

The deferred tax position of each company is as follows:

Net position on deferred tax per company				
Company	**Net position**			
	Assets		**Liabilities**	
	03.31.2016 ThUS$	**12.31.2015 ThUS$**	**03.31.2016 ThUS$**	**12.31.2015 ThUS$**
Empresa Eléctrica Industrial S.A.	-	-	(410)	(470)
Termoeléctrica Nehuenco S.A.	4,437	4,409	-	-
Soc. Hidroeléctrica Melocotón Ltda.	-	-	(144)	(144)
Colbún S.A.	-	-	(909,354)	(912,216)
Termoeléctrica Antilhue S.A.	-	-	(8,603)	(8,671)
Río Tranquilo S.A.	-	-	(11,478)	(11,754)
Colbún Transmisión S.A.	-	-	(21,651)	(21,851)
Colbún Perú S.A.	13	6	(861)	-
Inversiones Las Canteras S.A.	6	-	-	(850)
Fénix Power Perú S.A.	7,362	2,507	-	-
Subtotal	**11,818**	**6,922**	**(952,501)**	**(955,956)**
		Deferred tax, net	**(940,683)**	**(949,034)**

On December 14, 2015, the Internal Revenue Service (SII) decided to authorize the declaration and payment in US Dollars of the Annual Income Taxes detailed as follows: a) First Category Taxes, b) Single First Category Tax, c) Single Tax of article 21 of the Income Tax Act, d) Single Tax of article 38 bis of the Income Tax Act, e) Additional Tax that affects all the taxpayers of the article 58 No. 1, f) Specific Tax on Mining Activities of article 64 bis, which are filed through Form No. 22; and regarding the taxes declared and paid through Form No. 50, monthly declaration and simultaneous payment of taxes, those included in articles 58 No.1; 58 No.2; 14 bis; 59; 60, section 1; 61; 84, letters a), g) and h); 88 of the Income Tax Act; and the reimbursement of returns of article 97 of the Income Tax Act; as well as the Ad Valorem Tax of the Duty-Free Zone of article 11, of Law No. 18.211, regarding invoices, receipts and invoice registration application.

The granted authorization comes into effect as of the financial year 2016 for the presentation of form 22, while regarding form 50 this comes into effect from the same tax period corresponding to the date of issue of this Resolution.

c. Income taxes on other comprehensive income

	January - March	
	2016 ThUS$	**2015** ThUS$
Related to cash flow hedges	(162)	513
Related to defined benefit plans	199	371
Income tax relating to components of other comprehensive income	**37**	**884**

As of March 31, 2016, Colbún S.A. together with its subsidiaries Empresa Eléctrica Industrial S.A., Sociedad Hidroeléctrica Melocotón Ltda., Termoeléctrica Antilhue S.A. and Río Tranquilo S.A determined its tax profits. As a result, it recorded a consolidated income tax provision for ThUS$ 23,674. In turn, the subsidiary Termoeléctrica Nehuenco S.A. presented at year-end a tax loss of ThUS$ 14,012, which is expected to reverse in the future, and therefore the Company determined a deferred tax asset.

In accordance with IAS 12, the Company recognizes a deferred tax asset on tax losses when management has determined that it is probable that there will be future taxable net income to which these losses can be attributed.

22. Other financial liabilities

As of the date of the balances of financial position, other financial liabilities are detailed as follows:

a. Obligations with financial entities

Other financial liabilities	Current		Non- current	
	03.31.2016 ThUS$	12.31.2015 ThUS$	03.31.2016 ThUS$	12.31.2015 ThUS$
Loans from financial entities (1)	44,543	402,596	728,013	366,964
Leasing obligations	260	342	15,683	15,683
Negotiable instruments (Bonds, commercial papers) (1)	38,278	45,664	1,384,614	1,362,744
Hedge derivatives (2)	5,224	4,783	27,408	36,865
Total	**88,305**	**453,385**	**2,155,718**	**1,782,256**

(1) Interest accrued on loans with financial entities and obligations with the public have been determined at an effective rate.

(2) See detail in Note 14.1.

b. Financial debt by type of currency

The value of Colbún's financial debt (bank liabilities and bonds) considering only the effect of derivative instruments with a liability position is detailed as follows:

Financial debt by currency	03.31.2016 ThUS$	12.31.2015 ThUS$
US Dollars	2,123,729	2,124,600
UF	120,294	111,041
Total	**2,244,023**	**2,235,641**

c. **Maturity and currency of obligations with financial entities**

Obligations with banks

Al 03.31.2016				
Debtor's taxpayer No.	96505760-9	96505760-9	0-E	
Debtor's name	Colbún S.A.	Colbún S.A.	Fenix Power	
Debtor's country	Chile	Chile	Perú	
Creditor's taxpayer No.	0-E	0-E	0-E	
Creditor's name	The Bank of Tokyo-Mitsubishi UFJ, Ltd	Scotiabank & Trust (Cayman) Ltd	Banco Scotiabank Perú S.A.A.	
Creditor's country	USA	Cayman	Perú	
Currency or readjustment unit	US$	US$	US$	
Type of amortization	Bullet	Anual	Bullet	
Interest rate	Variable	Variable	Variable	
Base	Libor 6M	Libor 6M	Libor 6M	
Effective rate	2.30%	2.46%	3.00%	
Nominal rate	2.02%	2.22%	2.06%	
Nominal amounts		**ThUS$**		**Totales**
Up to 90 days	2,362	41,106	-	**43,468**
More than 90 days up to 1 year	-	-	1,432	**1,432**
More than 1 year up to 3	**250,000**	**40,000**	**-**	**290,000**
More than 1 year up to 2	-	40,000	-	**40,000**
More than 2 years up to 3	250,000	-	-	**250,000**
More than 3 years up to 5	-	**40,000**	**365,700**	**405,700**
More than 3 years up to 4	-	40,000	365,700	**405,700**
More than 4 years up to 5	-	-	-	**-**
More than 5 years	-	**40,000**	-	**40,000**
Subtotal nominal amounts	**252,362**	**161,106**	**367,132**	**780,600**
Accounting values	**MUS$**			**Totales**
Up to 90 days	2,362	40,750	-	**43,112**
More than 90 days up to 1 year	-	-	1,431	**1,431**
Current bank loans	**2,362**	**40,750**	**1,431**	**44,543**
More than 1 year up to 3	**248,215**	**39,644**	-	**287,859**
More than 1 year up to 2	-	39,644	-	**39,644**
More than 2 years up to 3	248,215	-	-	**248,215**
More than 3 years up to 5	-	**39,644**	**360,866**	**400,510**
More than 3 years up to 4	-	39,644	360,866	**400,510**
More than 4 years up to 5	-	-	-	**-**
More than 5 years	-	**39,644**	-	**39,644**
Non-current banks loans	**248,215**	**118,932**	**360,866**	**728,013**
Bank loans total	**250,577**	**159,682**	**362,297**	**772,556**

Obligations with banks

Al 12.31.2015				
Debtor's taxpayer No.	96505760-9	96505760-9	0-E	
Debtor's name	Colbún S.A.	Colbún S.A.	Fenix Power	
Debtor's country	Chile	Chile	Perú	
Creditor's taxpayer No.	0-E	0-E	0-E	
Creditor's name	The Bank of Tokyo-Mitsubishi UFJ, Ltd	Scotiabank & Trust (Cayman) Ltd	Banco BTG Pactual S.A.	
Creditor's country	USA	Cayman	Brasil	
Currency or readjustment unit	US$	US$	US$	
Type of amortization	Bullet	Anual	Bullet	
Interest rate	Variable	Variable	Fijo	
Base	Libor 6M	Libor 6M	-	
Effective rate	2.30%	2.46%	7.63%	
Nominal rate	2.02%	2.22%	6.25%	
Nominal amounts	**ThUS$**			**Totales**
Up to 90 days	-	-	362,000	**362,000**
More than 90 days up to 1 year	1,083	40,207	-	**41,290**
More than 1 year up to 3	**250,000**	**40,000**	-	**290,000**
More than 1 year up to 2	-	40,000	-	40,000
More than 2 years up to 3	250,000	-	-	250,000
More than 3 years up to 5	-	**40,000**	-	**40,000**
More than 3 years up to 4	-	40,000	-	40,000
More than 4 years up to 5	-	-	-	-
More than 5 years	-	**40,000**	-	**40,000**
Subtotal nominal amounts	**251,083**	**160,207**	**362,000**	**773,290**
Accounting values	**ThUS$**			**Totales**
Up to 90 days	-	-	361,672	**361,672**
More than 90 days up to 1 year	1,083	39,841		**40,924**
Current bank loans	**1,083**	**39,841**	**361,672**	**402,596**
More than 1 year up to 3	**248,062**	**39,634**	-	**287,696**
More than 1 year up to 2	-	39,634	-	39,634
More than 2 years up to 3	248,062	-	-	248,062
More than 3 years up to 5	-	**39,634**	-	**39,634**
More than 3 years up to 4	-	39,634	-	39,634
More than 4 years up to 5	-	-	-	-
More than 5 years	-	**39,634**	-	**39,634**
Non-current banks loans	**248,062**	**118,902**	-	**366,964**
Bank loans total	**249,145**	**158,743**	**361,672**	**769,560**

Obligations with the public

Al 03.31.2016							
Debtor's taxpayer No.	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	Chile	
Registration number	234	499	537	538	-	-	
Series	Serie C	Serie F	Serie H	Serie I	144A/RegS	144A/RegS	
Maturity date	10/15/2021	5/1/2028	6/10/2018	6/10/2029	1/21/2020	7/10/2024	
Currency or readjustment unit	UF	UF	US$	UF	US$	US$	
Periodicity of amortization	Semestral	Semestral	Bullet	Semestral	Bullet	Bullet	
Interest rate	Fija	Fija	Variable	Fija	Fija	Fija	
Base	Fija	Fija	Libor 6M	Fija	Fija	Fija	
Effective rate	8.10%	4.46%	3.31%	5.02%	6.26%	4.97%	
Nominal rate	7.00%	3.40%	2.83%	4.50%	6.00%	4.50%	
Nominal amounts	**MUS$**						**Totales MUS$**
Up to 90 days	4,524	10,396	-	-	5,750	5,000	**25,670**
More than 90 days up to 1 year	3,231	7,707	699	1,572	-	-	**13,209**
More than 1 year up to 3	**13,753**	**30,828**	**80,800**	**5,255**	**-**	**-**	**130,636**
More than 1 year up to 2	6,707	15,414	-	-	-	-	22,121
More than 2 years up to 3	7,046	15,414	80,800	5,255	-	-	108,515
More than 3 years up to 5	**15,181**	**30,828**	**-**	**21,020**	**500,000**	**-**	**567,029**
More than 3 years up to 4	7,403	15,414	-	10,510	500,000	-	533,327
More than 4 years up to 5	7,778	15,414	-	10,510	-	-	33,702
More than 5 years	**8,171**	**115,608**	**-**	**89,332**	**-**	**500,000**	**713,111**
Subtotal nominal amounts	**44,860**	**195,367**	**81,499**	**117,179**	**505,750**	**505,000**	**1,449,655**
Accounting values	**MUS$**						**Totales MUS$**
Up to 90 days	4,468	10,152	-	-	5,750	5,000	**25,370**
More than 90 days up to 1 year	3,174	7,463	699	1,572	-	-	**12,908**
Obligations with current public	**7,642**	**17,615**	**699**	**1,572**	**5,750**	**5,000**	**38,278**
More than 1 year up to 3	**13,511**	**29,850**	**76,505**	**5,124**	**-**	**-**	**124,990**
More than 1 year up to 2	6,589	14,925	-	-	-	-	21,514
More than 2 years up to 3	6,922	14,925	76,505	5,124	-	-	103,476
More than 3 years up to 5	**14,913**	**29,850**	**-**	**20,498**	**496,769**	**-**	**562,030**
More than 3 years up to 4	7,272	14,925	-	10,249	496,769	-	529,215
More than 4 years up to 5	7,641	14,925	-	10,249	-	-	32,815
More than 5 years	**8,027**	**111,944**	**-**	**87,108**	**-**	**490,515**	**697,594**
Obligations to the public not currents	**36,451**	**171,644**	**76,505**	**112,730**	**496,769**	**490,515**	**1,384,614**
Obligations to the public total	**44,093**	**189,259**	**77,204**	**114,302**	**502,519**	**495,515**	**1,422,892**

Obligations with the public

Al 12.31.2015							
Debtor's taxpayer No.	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	Chile	
Registration number	234	499	537	538	-	-	
Series	Serie C	Serie F	Serie H	Serie I	144A/RegS	144A/RegS	
Maturity date	10/15/2021	5/1/2028	6/10/2018	6/10/2029	1/21/2020	7/10/2024	
Currency or readjustment unit	UF	UF	US$	UF	US$	US$	
Periodicity of amortization	Semestral	Semestral	Bullet	Semestral	Bullet	Bullet	
Interest rate	Fija	Fija	Variable	Fija	Fija	Fija	
Base	Fija	Fija	Libor 6M	Fija	Fija	Fija	
Effective rate	8.10%	4.46%	3.31%	5.02%	6.26%	4.97%	
Nominal rate	7.00%	3.40%	2.83%	4.50%	6.00%	4.50%	
Nominal amounts	**MUS$**						**Totales MUS$**
Up to 90 days	-	-	-	-	13,250	10,625	**23,875**
More than 90 days up to 1 year	6,562	15,432	127	268	-	-	**22,389**
More than 1 year up to 3	**12,880**	**28,870**	**80,800**	**4,921**	**-**	**-**	**127,471**
More than 1 year up to 2	6,281	14,435	-	-	-	-	20,716
More than 2 years up to 3	6,599	14,435	80,800	4,921	-	-	106,755
More than 3 years up to 5	**14,217**	**28,870**	**-**	**19,684**	**500,000**	**-**	**562,771**
More than 3 years up to 4	6,933	14,435	-	9,842	-	-	31,210
More than 4 years up to 5	7,284	14,435	-	9,842	500,000	-	531,561
More than 5 years	**7,652**	**108,264**	**-**	**83,659**	**-**	**500,000**	**699,575**
Subtotal nominal amounts	**41,311**	**181,436**	**80,927**	**108,532**	**513,250**	**510,625**	**1,436,081**
Accounting values	**MUS$**						**Totales MUS$**
Up to 90 days	-	-	-	-	13,250	10,625	**23,875**
More than 90 days up to 1 year	6,450	14,945	127	267	-	-	**21,789**
Obligations with current public	**6,450**	**14,945**	**127**	**267**	**13,250**	**10,625**	**45,664**
More than 1 year up to 3	**12,638**	**27,896**	**76,030**	**4,794**	**-**	**-**	**121,358**
More than 1 year up to 2	6,163	13,948	-	-	-	-	20,111
More than 2 years up to 3	6,475	13,948	76,030	4,794	-	-	101,247
More than 3 years up to 5	**13,950**	**27,896**	**-**	**19,178**	**496,546**	**-**	**557,570**
More than 3 years up to 4	6,803	13,948	-	9,589	-	-	30,340
More than 4 years up to 5	7,147	13,948	-	9,589	496,546	-	527,230
More than 5 years	**7,507**	**104,610**	**-**	**81,504**	**-**	**490,195**	**683,816**
Obligations to the public not currents	**34,095**	**160,402**	**76,030**	**105,476**	**496,546**	**490,195**	**1,362,744**
Obligations to the public total	**40,545**	**175,347**	**76,157**	**105,743**	**509,796**	**500,820**	**1,408,408**

Obligations leasing

Al 03.31.2016	
Debtor's taxpayer No.	0-E
Debtor's name	Fenix Power
Debtor's country	Peru
Registration number	0-E
Series	Consorcio Transmantaro S.A
Maturity date	Perú
Currency or readjustment unit	USD
Periodicity of amortization	Trimestral
Interest rate	Fijo
Base	-
Effective rate	12.00%
Nominal rate	12.00%

Nominal amounts	**ThUS$**	**Totales**
More than 90 days up to 1 year	260	**260**
More than 1 year up to 3	**1,732**	**1,732**
More than 1 year up to 2	768	768
More than 2 years up to 3	964	964
More than 3 years up to 5	**2,726**	**2,726**
More than 3 years up to 4	1,209	1,209
More than 4 years up to 5	1,517	1,517
More than 5 years	**11,225**	**11,225**
Subtotal nominal amounts	**15,943**	**15,943**

Accounting values	**ThUS$**	**Totales**
More than 90 days up to 1 year	260	**260**
Current bank loans	**260**	**260**
More than 1 year up to 3	**1,732**	**1,732**
More than 1 year up to 2	768	768
More than 2 years up to 3	964	964
More than 3 years up to 5	**2,726**	**2,726**
More than 3 years up to 4	1,209	1,209
More than 4 years up to 5	1,517	1,517
More than 5 years	**11,225**	**11,225**
Liabilities from leasing non current	**15,683**	**15,683**
Total leasing liabilities	**15,943**	**15,943**

Obligations leasing

Al12.31.2015	
Debtor's taxpayer No.	0-E
Debtor's name	Fenix Power
Debtor's country	Peru
Registration number	0-E
Series	Consorcio Transmantaro S.A
Maturity date	Perú
Currency or readjustment unit	USD
Periodicity of amortization	Trimestral
Interest rate	Fijo
Base	-
Effective rate	12.00%
Nominal rate	12.00%

Nominal amounts	**ThUS$**	**Totales**
More than 90 days up to 1 year	342	**342**
More than 1 year up to 3	**1,564**	**1,564**
More than 1 year up to 2	704	704
More than 2 years up to 3	860	860
More than 3 years up to 5	**2,434**	**2,434**
More than 3 years up to 4	1,080	1,080
More than 4 years up to 5	1,354	1,354
More than 5 years	**11,685**	**11,685**
Subtotal nominal amounts	**16,025**	**16,025**

Accounting values	**ThUS$**	**Totales**
More than 90 days up to 1 year	342	**342**
Current bank loans	**342**	**342**
More than 1 year up to 3	**1,564**	**1,564**
More than 1 year up to 2	704	704
More than 2 years up to 3	860	860
More than 3 years up to 5	**2,434**	**2,434**
More than 3 years up to 4	1,080	1,080
More than 4 years up to 5	1,354	1,354
More than 5 years	**11,685**	**11,685**
Liabilities from leasing non current	**15,683**	**15,683**
Total leasing liabilities	**16,025**	**16,025**

c.1 Projected interest on obligations with financial entities detailed by currency:

Liability	Currency	Interests as of 03.31.2016		Principal	Maturity Day	Maturity				
		Accrued	Projected			Next 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years
Loan The Bank of Tokyo-Mitsubishi UFJ, Ltd (1)	US$	2,362	13,047	250,000	10/15/2018	2,573	2,601	10,235	-	-
Loan Scotiabank & Trust (Cayman) Ltdl (1)	US$	1,106	7,423	160,000	6/10/2021	1,807	1,135	3,349	1,866	372
Bank BTG Pactual S.A. (Fénix Power Perú)	US$	1,152	29,019	365,700	2/5/2020	-	7,543	15,086	7,543	-
Financial leasing (Fénix Power Perú)	US$	-	21,788	15,944	3/28/2033	477	947	3,720	3,524	13,119
Series C Bond	UFR	36	228	1,129	4/15/2021	39	36	114	63	11
Series F Bond	UFR	70	1,026	5,000	5/1/2028	84	81	290	236	405
Series H Bond (1)	US$	699	5,017	80,800	6/10/2018	1,143	1,143	3,429	-	-
Series I Bond	UFR	41	1,061	3,000	6/10/2029	67	67	267	237	464
Bond 144A/RegS 2010	US$	5,750	114,250	500,000	1/21/2020	-	30,000	60,000	30,000	-
Bond 144A/RegS 2014	US$	5,000	186,250	500,000	7/10/2024	-	22,500	45,000	45,000	78,750

Liability	Currency	Interests as of 12.31.2015		Principal	Maturity Day	Maturity				
		Accrued	Projected			Next 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years
Loan The Bank of Tokyo-Mitsubishi UFJ, Ltd (1)	US$	1,083	14,326	250,000	10/15/2018	-	5,174	10,235	-	-
Loan Scotiabank & Trust (Cayman) Ltdl (1)	US$	207	8,321	160,000	6/10/2021	-	2,941	3,349	1,866	372
Bank BTG Pactual S.A. (Fénix Power Perú)	US$	3,457	2,325	362,000	2/6/2016	5,782	-	-	-	-
Financial leasing (Fénix Power Perú)	US$	-	22,268	16,026	3/28/2033	480	1,425	3,720	3,524	13,119
Series C Bond	UFR	16	248	1,128	4/15/2021	-	75	114	63	12.00
Series F Bond	UFR	28	1,068	5,000	5/1/2028	-	165	290	236	405.00
Series H Bond (1)	US$	127	5,589	80,800	6/10/2018	-	2,287	3,429	-	-
Series I Bond	UFR	7	1,094	3,000	6/10/2029	-	134	267	236	464.00
Bond 144A/RegS 2010	US$	13,250	121,750	500,000	1/21/2020	15,000	15,000	60,000	45,000	-
Bond 144A/RegS 2014	US$	10,625	191,875	500,000	7/10/2024	11,250	11,250	45,000	45,000	90,000.00

(1) Liabilities with variable rate, consider current set rate as of 03.31.2016 and 12.31.2015 respectively, to calculate projected interest.

d) Committed and uncommitted lines of credit

The Company has a committed line of credit with local financial entities for UF 4 million, with the possibility of drawing on the line up to 2016. The maturity is in 2019.

In addition, Colbún has uncommitted lines of credit amounting to US$175 million.

Other lines:

The Company has a line of credit for UF 2.5 million for the issuance of negotiable instruments, registered with the SVS in July 2008, for a 10-year period.

Additionally, the Company has registered two lines of bonds with the SVS for a joint amount of up to 7 million UF, with a ten and thirty-year maturity, respectively (since their approval in August 2009), and against which no placements have been made to date.

23. Trade and other accounts payable

Trade and other accounts payable as of the dates of the Balances of Financial Positions are as follows:

	Current		Non- current	
	03.31.2016 ThUS$	12.31.2015 ThUS$	03.31.2016 ThUS$	12.31.2015 ThUS$
Trade payable	149,477	160,150	-	-
Other accounts payable	7,080	8,611	6,517	6,422
Total	**156,557**	**168,761**	**6,517**	**6,422**

The main suppliers to March 31, 2016 are:

Main Trade Payable (*)	%
Andritz Hydro S.R.L.	8
CMC - Coal Marketing Company Ltd	7
General Electric Energy Parts, Inc	5
Campanario Generacion S.A.	4
Zublin International Gmbh Chile Spa	4
B.Bosch S.A.	3
Transelec S.A.	3
GE Energy Parts International, Llc.	2
Voith Hydro Services Ltda.	2
General Electric International Inc	2
Siemens Ag	2
GE Packaged Power, Inc.	2
Otros	56
	100

a) The ageing of the trade payables balance that are no due is as follows:

Concept	Balances as of 03.31.2015	
	1 to 30 days ThUS$	Total ThUS$
Goods	64,444	**64,444**
Services	70,454	**70,454**
Others	12,717	**12,717**
Subtotal	**147,615**	**147,615**

Concept	Balances as of 12.31.2015	
	1-30 días ThUS$	Total ThUS$
Goods	9,397	**9,397**
Services	129,076	**129,076**
Others	11,469	**11,469**
Subtotal	**149,942**	**149,942**

As of March 31, 2016 there were accrued expenses for which the invoice has not been received for an amount of ThUS$ 98,520 (ThUS$ 67,110 as of December 31, 2015).

b) The ageing of the trade payables balance that are overdue is as follows:

Concepts	Balances as of 03.31.2016						
	1-30 días ThUS$	**31-60** ThUS$	**61-90** ThUS$	**91-120** ThUS$	**121 - 180** ThUS$	**More of 180** ThUS$	**Total** ThUS$
Goods	96	-	-	9	25	1,727	**1,857**
Others	-	5	-	-	-	-	**5**
Subtotal	**96**	**5**	**-**	**9**	**25**	**1,727**	**1,862**

Concepts	Balances as of 12.31.2015						
	1-30 días ThUS$	**31-60 ThUS$**	**61-90 ThUS$**	**91-120 ThUS$**	**121 - 180 ThUS$**	**More of 180 ThUS$**	**Total ThUS$**
Goods	-	103	1,150	65	6,893	-	**8,211**
Services	-	1,499	-	8	474	-	**1,981**
Others	-	1	-	5	10	-	**16**
Subtotal	**-**	**1,603**	**1,150**	**78**	**7,377**	**-**	**10,208**

The average period for payments to suppliers is 30 days; therefore fair value does not significantly differ from book value.

24. Provisions

a. Classes of provisions

As of the dates of the balances of financial position, provisions are as follows:

Provisions	Current		Non-current	
	03.31.2016 ThUS$	12.31.2015 ThUS$	03.31.2016 ThUS$	12.31.2015 ThUS$
Other				
Other provisions, current	15,505	15,501	-	-
Total	**15,505**	**15,501**	**-**	**-**
Employee benefits				
Employee benefits (Note 24.f)	5,536	11,237	985	926
Severances, non-current (Note 24.g)	-	-	24,699	22,075
Total	**5,536**	**11,237**	**25,684**	**23,001**
Total provisions	**21,041**	**26,738**	**25,684**	**23,001**

b. Movement of provisions during the period

Movement of provisions during the period is as follows:

Movements as of march 2016	Provisiones				
	Holidays & vacation bonus ThUS$	SEC lawsuit reserves ThUS$	Power Purchase Agreements (1) ThUS$	Other provisions ThUS$	Total ThUS$
Beginning balance as of 01.01.2016	11,237	-	10,918	4,583	26,738
Increase (decrease) in existing provisions	3,374	-	-	4	3,378
Utilization	(9,075)	-	-	-	(9,075)
Ending balance as of 03.31.2016	**5,536**	**-**	**10,918**	**4,587**	**21,041**

Movements as of 2015	Provisiones				
	Holidays & vacation bonus ThUS$	SEC lawsuit reserves ThUS$	Power Purchase Agreements (1) ThUS$	Other provisions ThUS$	Total ThUS$
Beginning balance as of 01.01.2015	11,475	127	10,500	168	22,270
Increase (decrease) in existing provisions	8,318	(59)	418	4,415	13,092
Utilization	(8,556)	(68)	-	-	(8,624)
Ending balance as of 12.31.2015	**11,237**	**-**	**10,918**	**4,583**	**26,738**

(1) Provisions that originate in differences related to supply agreed upon with customers.
(2) Provisions made for differences and/or administrative and tax contingencies. (See note 35.c)

c. Environmental restoration

The provision for decommissioning costs includes the future disbursements necessary for the removal of ash and rehabilitation of the seabed in the Santa Maria Complex Unit I, at the end of its useful life. The net present value of these disbursements is incorporated as part of the property, plant and equipment. The amount at the end of the period is ThUS$ 188.

d. Restructuring

The Company has not established provisions for this concept.

e. Litigation

As of March 31, 2016 and December 31, 2015 the Company records a provision for litigation, in accordance with IAS 37 (see Note 35.c).

f. Breakdown of provisions

Employee benefits The Company recognizes provisions for benefits and bonuses for its employees, such as vacation accrual, benefits from completion of project contracts and production incentives.

Employee benefits	Current		Non-current	
	03.31.2016 ThUS$	12.31.2015 ThUS$	03.31.2016 ThUS$	12.31.2015 ThUS$
Performance incentives, current	3,290	3,164	-	-
Vacation accrual, current	2,246	8,073	-	-
Termination of project term contracts	-	-	985	926
Total	**5,536**	**11,237**	**985**	**926**

g. Non-current employee benefits accrual

The Parent Company and certain subsidiaries have established a provision to cover the obligation for termination benefits that will be paid to its employees, in accordance with collective contracts signed with its employees. This provision represents the entire accrued provision (see Note 3 3.1 m).

The Company constantly assesses the basis used in the actuarial calculation of obligations with employees. At March 31, 2016 the Company updated certain indicators in order to better reflect current market conditions.

i) Composition of employee benefits provision - The main concepts included in the employee benefits accrual as of the dates of the balances of financial position, is detailed as follows:

Employee benefits provision	03.31.2016 ThUS$	12.31.2015 ThUS$
Severance indemnity	24,699	22,075
Total	**24,699**	**22,075**

Net present value of defined benefit obligation	03.31.2016 ThUS$	12.31.2015 ThUS$
Beginnig balance	22,075	23,040
Service cost	476	1,716
Interests cost	94	380
Exchange rate difference	1,330	(3,355)
Actuarial (losses) gains on experience	(49)	(131)
Actuarial (losses) gains on hypotheses	1,063	2,353
Payments	(290)	(1,928)
Ending balance (see Note 24.a)	**24,699**	**22,075**

ii) Actuarial hypotheses - The main assumptions used in the actuarial calculation are:

Actuarial assumptions used		03.31.2016	12.31.2015
Discount rate		1.62%	1.93%
Expected salary increase		2.65%	2.65%
Rotation date	Voluntary	3.00%	3.10%
	Dismissed	3.00%	3.80%
Retirement age	Men	65	65
	Women	60	60
Mortality table		RV-2009	RV-2009

<u>Discount rate:</u> corresponds to the interest rate used to bring estimated services to be paid in the future to the current moment. This is determined using the discount rate for Chilean Central Bank Bonds in UF at a 20-year term as of the dates of the balances of financial position. The source for this rate is Bloomberg.

<u>Expected salary increase rate:</u> is the salary growth rate estimated by the Company for its employee remunerations, based on the internal compensation policy.

<u>Turnover Index:</u> correspond to turnover rates calculated by the Company based on its historical information.

<u>Retirement Age:</u> corresponds to the legal retirement age, both for men and women, as stated in DL 3,500 which contains the standards that govern the current pension system.

<u>Mortality Table:</u> corresponds to the mortality table published by the Superintendency of Securities and Insurance.

iii) Sensitivity to actuarial assumptions - for sensitivity purposes, only the discount rate has been considered to be a relevant parameter. The results of changes in actuarial liabilities, due to sensitivity to the discount rate are detailed as follows:

Sensibility	Rate		Obligation amount	
	03.31.2016 %	**12.31.2015** %	**03.31.2016** ThUS$	**12.31.2015** ThUS$
Discount rate used	1.62	1.93	24,699	22,075
Decrease of 50 basis points	1.12	1.43	25,856	23,086
Increase of 50 basis points	2.12	2.43	23,629	21,140

iv) Projection for actuarial calculation for the following year - the following table shows the projection of the liability one year later than the date of the balance of financial position as of March 31, 2016 for the concept of employee benefits under IAS 19, using actuarial assumptions and data reported by the Company.

Projection	Obligation amount ThUS$
Situation as of 03.31.2016	24,699
Projection to 03.31.2017	24,824
Projected increase	125

v) Future disbursements - according to the Company's estimate, the projection of expected cash flows payments for the following periods is detailed as follows:

Period	Payments ThUS$
April 2016	801
May 2016	128
June 2016	305
July 2016	438
August 2016	331
September 2016	118
October 2016	166
November 2016	194
Devember 2016	123
January 2017	141
February 2017	115
March 2017	217
Total	**3,077**

25. Other non-financial liabilities

As of the dates of the balances of financial position, other non-financial liabilities are detailed as follows:

	Current		Non Current	
	03.31.2016 ThUS$	12.31.2015 ThUS$	03.31.2016 ThUS$	12.31.2015 ThUS$
Retentions	9,806	3,955	-	-
Unearned income (1)	72	630	10,804	10,603
Other liabilities	93	63	-	-
Total	**9,971**	**4,648**	**10,804**	**10,603**

(1) Corresponds to prepayments received related to maintenance operations and services. Income is recognized when the services are provided. The balance classified as non-current includes ThUS$ 3,960 for the leasing with Anglo American (2030 contract expiration).

26. Net equity information to be disclosed

a. Subscribed and paid-in capital and number of shares

At the General Shareholders' Meeting of Colbún S.A. held on April 29, 2009, the shareholders approved a change in the currency in which stock capital is expressed. The change came into force on December 31, 2008. The currency stock capital is expressed in US Dollars and using the exchange rate used as of December 31, 2008, divided 17,536,167,720 into the same number of registered ordinary shares, each of the same value and without par value.

As of the dates of the balances of financial position, subscribed and paid-in capital and number of shares is detailed as follows:

Number of shares

Series	Number of subscribed shares	Number of paid shares	Number of shares with voting rights
single	17,536,167,720	17,536,167,720	17,536,167,720

Capital (amount US$)

Series	Subscribed capital MUS$	Paid-in capital MUS$
single	1,282,793	1,282,793

a.1 Reconciliation of shares

The following table details the conciliation between the number of outstanding shares at the beginning and end of the reported periods:

Shares	03.31.2016	12.31.2015
Number of outstanding shares at the beginning of the period	17,536,167,720	17,536,167,720
Changes on the number of outstanding shares		
Increase (decrease) in the number of outstanding shares	-	-
Number of outstanding shares at the end of the period	17,536,167,720	17,536,167,720

a.2 Number of shareholdes

As of March 31, 2016 Colbún, S.A. had 3,245 shareholders (unaudited).

b. Social capital

Stock capital corresponds to paid-in capital indicated in a).

c. Share premiums

As of March 31, 2016 and December 31, 2015 issuance premiums amount to ThUS$ 52,595 and are generated by an amount of ThUS$ 30,700, corresponding to the surcharge received in the subscription period from issuance of shares approved at the Extraordinary Shareholders' Meeting held on March 14, 2008, plus a surcharge of ThUS$ 21,895, product of capital increases prior to 2008.

d. Dividends

The general policy and procedure for distributing dividends agreed at the shareholders' meeting held on April 22, 2015, established the distribution of a minimum dividend of 30% of net income. According to IFRS, there is a legal and assumed obligation which requires the recording of a liability at the close of each year for this concept.

In the Board of Directors Meeting on December 22, 2015, it was agreed to distribute an interim dividend with a charge to earnings for the year ended December 31, 2015, payable in money up to the amount of ThUS $ 39,673, corresponding to US$ 0.00226 per share. On January 12, 2016, the Company began paying that dividend.

e. Composition of other reserves

Following is a detail of other reserves:

Other reserves	03.31.2016 ThUS$	12.31.2015 ThUS$
Effect of first-time adoption deflation of paid-in capital. Official Circular No.456 SVS	517,617	517,617
Effect of first-time adoption, conversion IAS 21	(230,797)	(230,797)
Effect of conversion associates	(49,936)	(51,336)
Effect of coverage associates	(827)	(827)
Hedge reserves	(9,854)	(6,027)
Subtotal	**226,203**	**228,630**
Merger reserve, Hidroélectrica Cenelca S.A.	500,761	500,761
Subsidiaries reserves	(13,649)	(13,803)
Subtotal	**487,112**	**486,958**
Total	**713,315**	**715,588**

Effect of first-time adoption deflation of paid-in capital: Official Circular No. 456 issued by the SVS and effect of first-time adoption conversion IAS 21: Reserves generated by first-time adoption of IFRS, which are considered susceptible to being capitalized, if accounting standards and the law allow it.

Effect of conversion in associates: corresponds to foreign currency translation generated by variations in exchange rates on investments in associates and joint businesses, which maintain the Chilean peso as the functional currency.

Effect of hedging reserve: Represents the effective portion of those transactions that have been designated as cash flow hedges, awaiting the recognition of the item covered in income.

Subsidiaries reserves: corresponds to reserves originated from the merger and increased participation of subsidiaries; they are considered susceptible to being capitalized if accounting standards and the law allows it.

f. Retained earnings (losses)

The movement of retained earnings reserve has been as follows:

Distributable Retained earnings	03.31.2016 ThUS$	12.31.2015 ThUS$
Beginning Balance	1,021,967	885,723
Beginning balance re expressed	**1,021,967**	**885,723**
Result of the exercise.	72,197	204,659
Result of balance re expressed	**72,197**	**204,659**
Effect of adjustment performed on first-time application of IFRS	2,056	8,399
Effect profit (losses) actuarial	(694)	(1,607)
Dividends	-	(73,670)
Adjust heritage associates	76	(1,537)
Total distributable reatained earnigs	**1,095,602**	**1,021,967**
Non distributable adjustments on first time application of IFRS		
Revaluation of property, plant & equipment	467,230	469,799
Deferred tax revaluation	(78,715)	(79,229)
Total non-distributable retained earnings	**388,515**	**390,570**
Total ganancias acumuladas	**1,484,117**	**1,412,537**

The following table shows the detail of adjustments on first-time adoption of IFRS, as required by Circular No. 1,945 issued by the SVS, to present the adjustment on first-time application of IFRS recorded as a credit on retained earnings and their corresponding realization.

Realized amounts and amounts pending realization as of the dates of the balances of financial position are detailed as follows:

Concepts	03.31.2016		12.31.2015	
	Realized during the period ThUS$	Pending to be realized ThUS$	Realized during the period ThUS$	Pending to be realized ThUS$
Revaluation of propertym plant and equipment (1)	(2,570)	467,230	(10,499)	469,799
Revaluation deferred tax (2)	514	(78,715)	2,100	(79,229)
Total	**(2,056)**	**388,515**	**(8,399)**	**390,570**

(1) Revaluation of Property, plant and equipment: The method used to quantify the assets under this concept corresponds to the application of the useful lives by asset type used for the depreciation method at the revaluation amount determined on the date of adoption.

(2) Deferred taxes: Adjustments to the valuation of assets or liabilities generated by the application of IFRS have meant the determination of new temporary differences that were recorded against the Retained Income account in Equity. The realization of this concept has been determined in the same proportion as the entries that led to it.

g. Capital management

Capital management is framed within the Company's Investing and Financing Policies, which establishes that investments must have appropriate financing, depending on the project, in accordance with the Financing Policy. Total investments for each year shall not exceed 100% of the Company's equity and must be in accordance with the Company's financial capacity.

The Company shall attempt to maintain sufficient liquidity to have an adequate financial leeway to cover its commitments and the risks associated with its businesses. The Company's cash surpluses shall be invested in securities issued by financial institutions and marketable securities in accordance with the criteria for selection and diversification of portfolio determined by the Company's management.

Investments shall be controlled by the Board, who will approve the amount and financing of each specific investments, with a reference framework stated in the Company's Bylaws. Additionally, the approval of the Shareholders' Meeting is required.

Financing must endeavor to provide the funds necessary for the adequate operation of existing assets, as well as for making new investments in accordance with the Investing Policy. Internal and external resources available shall be used to a limit that does not compromise the Company's equity position or limit its growth.

Consistent with the above, the debt level must attempt to not compromise the "investment grade" credit rating of the debt instruments issued by Colbún in national and international markets

The Company shall endeavor to maintain multiple financing options open, for which the following sources of financing shall be preferred: bank loans (both national and international), non-current bond market (both international and domestic), supplier credit, retained earnings and capital increases.

As of the dates of the balances of financial position, leverage ratios are detailed as follows:

	03.31.2016 ThUS$	12.31.2015 ThUS$
Total liabilities	**3,482,958**	**3,486,067**
Total current liabilities	331,734	707,829
Total non-current liabilities	3,151,224	2,778,238
Total equity	**3,740,243**	**3,667,090**
Attributable company	3,532,820	3,463,513
Non-controlling interests	207,423	203,577
Financial debt ratio	**0.93**	**0.95**

On a quarterly basis, the Company has to report compliance with its obligations with financial entities. As of March 31, 2016, the Company has complied with all the financial indicators specified in those contracts (See note 36).

h. Restrictions on disposal of funds of subsidiaries

The subsidiary Fenix Power Perú S.A. has restrictions on dividends and capital reductions under the provisions of the Credit Contract signed with Scotiabank Perú S.A.A. as agent bank together with other creditors on February 3, 2016.

27. Revenue from ordinary activities

Revenue for the periods ended March 31, 2016 and December 31, 2015, respectively, are presented in the following detail:

	January - March	
	2016 ThUS$	**2015** ThUS$
Sale to distribution clients	209,019	167,637
Sale to industrial clients	90,937	73,032
Tolls	37,348	36,025
Sale to other generators	24,522	37,972
Other income	719	2,344
Total	**362,545**	**317,010**

28. Raw materials and consumables used

The consumption of raw materials and secondary materials for the periods ended March 31, 2016 and December 31, 2015, respectively, are presented in the following detail:

	January - March	
	2016 ThUS$	**2015** ThUS$
Oil consumption (see note 13)	(2,090)	(22,497)
Gas consumption (see note 13)	(72,356)	(95,078)
Coal consumption (see nota 13)	(18,666)	(26,611)
Purchase of energy and power	(8,032)	(4,519)
Tolls	(43,483)	(39,095)
Third party work and supplies	(20,437)	(17,363)
Total	**(165,064)**	**(205,163)**

29. Employee benefits expenses

The employee benefits expenses for the periods ended March 31, 2016 and 2015, respectively, are presented in the following detail (see note 3 3.1.m. and 3.1.n.2):

	January - March	
	2016 ThUS$	**2015** ThUS$
Wages and salaries	(13,350)	(11,340)
Current benefits to employees	(1,243)	(1,070)
Compensation for end of employment relationship	(250)	(156)
Other employee expenses	(1,254)	(1,388)
Total	**(16,097)**	**(13,954)**

30. Depreciation and amortization expenses

The depreciation and amortization for the periods ended March 31, 2016 and 2015, respectively, are presented in the following detail:

	January - March	
	2016 ThUS$	**2015** ThUS$
Depreciations (see note 18.b)	(55,469)	(47,182)
Amortization of intangibles (see Note 17.b)	(375)	(271)
Total	**(55,844)**	**(47,453)**

31. Financial income and financial costs

Financial income for the periods ended March 31, 2016 and 2015, respectively, are presented in the following detail:

Income (loss) from investment	January - March	
	2016 ThUS$	2015 ThUS$
Cash income and other equivalent means	2,691	955
Total financial income	**2,691**	**955**

Financial costs	January - March	
	2016 ThUS$	2015 ThUS$
Bond expenses	(17,481)	(17,515)
Financial provision expense	(2,427)	(2,220)
Expenses/profit from valuation of net financial derivatives	(2,002)	(2,347)
Bank loan expenses	(6,619)	(1,874)
Other expenses (bank expenses)	(1,013)	(81)
Capitalized financial expenses (see note 18.c.iv)	2,117	1,811
Total financial cost	**(27,425)**	**(22,226)**
Total financial result	**(24,734)**	**(21,271)**

32. Exchange rate differences and result from indexation units

The items that cause the effect on income by net foreign exchange items and result from indexation units are detailed as follows:

Exchange rate differences

Exhange difference	Currency	January-December	
		2016 ThUS$	2015 ThUS$
Cash and cash equivalents	Chilean pesos	6,820	(1,186)
Cash and cash equivalents	Peruvian sol	655	-
Trade and other accounts receivable	Chilean pesos	4,138	(490)
Trade and other accounts receivable	Peruvian sol	194	-
Current tax assets	Chilean pesos	(938)	(5,013)
Current tax assets	Peruvian sol	613	-
Other non-current non-financial assets	Chilean pesos	573	(211)
Non-current accounts receivable from related entities	Chilean peso	(118)	(118)
Exchange rate differences on assets		**11,937**	**(7,018)**
Other current financial liabilities	UF	(7,658)	6,118
Trade and other accounts payable	Chilean pesos	843	556
Trade and other accounts payable	Peruvian sol	(85)	-
Other non-financial liabilities	Chilean pesos	(86)	(286)
Employee benefits provision accrual	Chilean pesos	(1,903)	1,039
Exchange rate differences on liabilities		**(8,889)**	**7,427**
Total exchange difference		**3,048**	**409**

Income from indexation units

Indexation units	Currency	January-December	
		2016 ThUS$	2015 ThUS$
Current tax assets	UTM	-	57
Total income from indexation units		**-**	**57**

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

The revenue from investments recorded using the share method for the periods ended March 31, 2016 and 2015, respectively, are presented in the following detail:

Net participation in income from associates	January-December	
	2016 ThUS$	2015 ThUS$
Electrogas S.A.	1,917	2,143
Centrales Hidroeléctricas de Aysén S.A.	(733)	(902)
Transmisora Eléctrica de Quillota Ltda.	212	239
Total	**1,396**	**1,480**

34. Other gains (losses)

The others gains (losses) are as follows:

Other gains, other than operation	January-December	
	2016 ThUS$	2015 ThUS$
Other incomes	154	128
Total other gains	**154**	**128**
Other losses, other than operation	**January-December**	
	2016 ThUS$	**2015** ThUS$
Results derivative contracts	(19)	(582)
Lawsuits fees	(165)	(39)
Punishmentes and fines	(28)	-
Other	(439)	(374)
Total other losses	**(651)**	**(995)**
Total other gains (losses)	**(497)**	**(867)**

35. Committed guarantees with third parties, contingent assets and liabilities

a. Third party guarantees

a. 1 Direct guarantees

Guarantee creditor	Debtor		Commited assets			Outstanding balances	Release of guarantees			
	Name	Relationship	Type of guarantee	Currency	Book value	12.31.2015 ThUS$	2015	2016	2017	2099
Comité Innova Chile	Colbún S.A.	Creditor	Guarantee deposit	CLP	51,500,000	72	-	-	72	-
Ministerio de Obras Públicas	Colbún S.A.	Creditor	Guarantee deposit	UF	203,062	7,329	-	7,329	-	-
Ministerio de Obras Públicas	Colbún S.A.	Creditor	Guarantee deposit	UF	15,361	554	-	-	554	-
Good Year de Chile S.A.I.C.	Colbún S.A.	Creditor	Guarantee deposit	UF	300	11	-	11	-	-
Sociedad Contractual Minera Atacama Kozan	Colbún S.A.	Creditor	Guarantee deposit	UF	300	11	-	11	-	-
Chilectra S.A. (1)	Colbún S.A.	Creditor	Guarantee deposit	UF	100	4	-	-	-	4
Fisco de Chile Servicio Nacional de Aduanas	Colbún S.A.	Creditor	Guarantee deposit	USD	1,000	1	-	1	-	-
Anglo American Sur	Colbún S.A.	Creditor	Guarantee deposit	USD	5,720,000	5,720	-	5,720	-	-
GNL Chile S.A	Colbún S.A.	Creditor	Guarantee deposit	USD	20,968,932	20,969	-	20,969	-	-
Consorcio Transmantaro	Fénix Power Perú S.A.	Creditor	Guarantee deposit	USD	3,000,000	3,000	-	3,000	-	-
Termochilca	Fénix Power Perú S.A.	Creditor	Guarantee deposit	USD	2,051,780	2,052	-	2,052	-	-
Gas Natural de Lima y Callao	Fénix Power Perú S.A.	Creditor	Guarantee deposit	USD	275,000	275	-	275	-	-
Edelnor	Fénix Power Perú S.A.	Creditor	Guarantee deposit	PEN	101,194	30	30	-	-	-

(1) Indefinite maturity warranty.

b. Guarantees obtained from third parties

Current guarantees in US Dollars, as of March 31, 2016 are as follows:

Deposited by	Relationship	Total ThUS$
Punta Palmeras S.A.	Supplier	10,297
Siemens Energy Inc.	Supplier	9,000
OJSC Power Machines	Supplier	8,587
Abengoa Chile S.A.	Supplier	2,252
Solarreserve Chile Ltda.	Supplier	1,190
Alstom Hydro France S.A.	Supplier	557
Andritz Hydro Gmbh-Andritz Chile Ltda.	Supplier	551
ABB S.A.	Supplier	536
ABB Ltda.	Supplier	282
Hyundai Corporation	Supplier	183
Asea Brown Boveri Ltda.	Supplier	178
Cobra Chile Servicios S.A.	Supplier	132
Rhona S.A.	Supplier	132
Ingetec S.A.	Supplier	83
Siemens S.A.	Supplier	80
Ima Tecnologías Ltda.	Supplier	58
Max Control SpA	Supplier	54
Hyosung Corporation	Supplier	34
Aguasin SpA	Supplier	32
Ecopreneur Chile S.A.	Supplier	30
IDE Technologies Ltd.	Supplier	30
Serv. Industriales y Técnica Científica Ltda.	Supplier	30
Vigaflow S.A.	Supplier	30
Química del Sur y Cía. Ltda.	Supplier	16
Distribuidora Cummins Chile	Supplier	5
	Total	**34,359**

Current guarantees in Euros, as of March 31, 2016 are as follows:

Deposited by	Relationship	Total ThUS$
Alstom Hydro France S.A.	Supplier	1,560
Andritz Hydro S.R.L.	Supplier	968
Andritz Hydro Gmbh-Andritz Chile Ltda.	Supplier	816
Andritz Hydro	Supplier	785
Andritz Chile S.R.L.	Supplier	491
Andritz Chile Ltda.	Supplier	33
	Total	**4,653**

Current guarantees in CLP, as of March 31, 2016 are as follows:

Deposited by	Relationship	Total ThUS$
Metalizaciones Industriales Soc.Com.e Ind.S.A.	Supplier	220
Hidráulica, Construcción y Conservación S.A.	Supplier	66
HR Ingeniería e Inspecciones Ltda.	Supplier	43
Wilfredo Parra Lobos Cía. Ltda.	Supplier	39
Rafael Mauna Silva Contrucciones y Servicios	Supplier	35
Serv. Industriales y Técnica Científica Ltda.	Supplier	29
Soc. Comercial Camin Ltda.	Supplier	28
Andes Minerals SpA	Supplier	20
Sistema Integral de Telecomunicaciones Ltda.	Supplier	20
Constructora Pesa Ltda.	Supplier	19
Serv. de Respaldo de Energía Teknica Ltda.	Supplier	17
Eulen Seguridad S.A.	Supplier	14
Kost Vogtmann Ltda.	Supplier	13
Miguel Angel Olivares Leiva	Supplier	10
Constructora Gomez Salazar Ltda.	Supplier	8
Ingeniería Multidiciplinaria Arquietect	Supplier	7
Comercial Dinsa Ltda.	Supplier	7
Eduardo Antonio Gomez Miranda	Supplier	7
Marcela Catalina Peredo Canifru	Supplier	6
Juan Angel Ortiz Soto	Supplier	5
Rhona S.A.	Supplier	4
Empresa Constructora RTM Ingeniería Ltda.	Supplier	4
Centro de Ecología Aplicada Ltda.	Supplier	4
Soc. Klagges y Cía. Ltda.	Supplier	4
María Angélica Alvarez Gonzalez	Supplier	4
Mantención de Jardines Arcoiris Ltda.	Supplier	4
Max Control SpA	Supplier	3
Sercomec S.A.	Supplier	3
Asesorías Informáticas y Automatización Oyaneder S.A.	Supplier	3
Eulen Chile S.A.	Supplier	2
Veset y Cía. Ltda.	Supplier	1
	Total	**649**

Current guarantees in UF, as of March 31, 2016 are as follows:

Deposited by	Relationship	Total ThUS$
Empresa Constructora Angostura Ltda.	Supplier	14,192
Zublin International Gmbh Chile SpA	Supplier	12,498
B.Bosch S.A.	Supplier	3,252
Parque Solar Fotovoltaico Luz del Cobre SpA	Supplier	1,438
Total Sunpower La Huella S.A.	Supplier	1,269
Pattern Chile Development Holdings SpA	Supplier	1,110
Andritz Hydro Gmbh-Andritz Chile Ltda.	Supplier	1,025
Constructora Santa María Ltda.	Supplier	792
Alstom Hydro France S.A.	Supplier	789
Inti Energía 1 SpA	Supplier	555
KDM Industrial S.A.	Supplier	198
ABB S.A.	Supplier	166
Poch Ambiental S.A.	Supplier	123
Cobra Chile Servicios S.A.	Supplier	104
G4S Security Services Regiones S.A.	Supplier	87
Serv. Marítimos y Transportes Ltda.	Supplier	81
Constructora CN S.A.	Supplier	75
Egesa Ingeniería S.A.	Supplier	72
Ingeniería y Servicios S.A.	Supplier	47
Fourcade Co Ltda.	Supplier	38
Aseos Industriales de Talca Ltda.	Supplier	36
Oma Topografía y Construcciones Ltda.	Supplier	35
Pozos Profundos S.A.	Supplier	33
Centro de Ecología Aplicada Ltda.	Supplier	31
Transportes Bretti Ltda.	Supplier	31
Transportes Pola Ltda.	Supplier	31
Flota Verschae	Supplier	29
Sodexo Chile S.A.	Supplier	29
Arrigoni Modular SpA	Supplier	26
Eulen Seguridad S.A.	Supplier	26
Knight Piesold S.A.	Supplier	23
Universidad de Concepción	Supplier	16
Jaime Illanes y Asociados Consultores S.A.	Supplier	15
Glg Construcciones Ltda.	Supplier	13

Deposited by	Relationship	Total ThUS$
Transportes José Carrasco Retamal E.I.R.L.	Supplier	13
Serv. Forestales Juan C. Navarrete e E.I.R.L.	Supplier	12
Servicios Emca SpA	Supplier	12
Soc. Comercial Camin Ltda.	Supplier	12
Max Control SpA	Supplier	9
Sistemas Eléctricos Ing. y Servicios S.A.	Supplier	9
Soc. Comercial y de Inv. Conyser Ltda.	Supplier	9
Félix Atilio Valenzuela Pérez	Supplier	7
Siemens S.A.	Supplier	7
CMF Sondajes Ltda.	Supplier	6
Conecta Ingeniería S.A.	Supplier	6
Mantención de Jardines Arcoiris Ltda.	Supplier	6
Marcelo Javier Urrea Caro	Supplier	5
Mwh Américas Inc Chile Ltda.	Supplier	5
Proyecto Automatización Ltda.	Supplier	5
Serv. Integrales de Seguridad Marítima y Terrestre Ltda	Supplier	5
Juan Alejandro Pozo Luco E.I.R.L.	Supplier	4
Comercial Calle-Calle Ltda.	Supplier	3
	Total	**38,420**

Fénix Power Perú S.A.

Current guarantees in US Dollars, as of March 31, 2016 are as follows:

Deposited by	Relationship	Total ThUS$
Messer Gases	Supplier	123
Busser S.A.C.	Supplier	55
Aqua Química	Supplier	17
	Total	**195**

Current guarantees in Peruvian Soles, as of March 31, 2016 are as follows:

Deposited by	Relationship	Total ThUS$
Empr.Regional de Serv.Público del Oriente S.A.	Supplier	1,564
Repsol Comercial S.A.C.	Supplier	243
Unicontrol S.A.C.	Supplier	30
Consorcio Eléctrico de Villacuri S.A.C.	Supplier	19
Fito Decoraciones S.A.	Supplier	6
	Total	**1,862**

c. Detail of litigations and others

With the information available to date, Colbún's management considers that the provisions recorded in the consolidated statement of financial position adequately covers the risks of litigation and other operations described in this note, therefore it does not expect that liabilities other than those recorded will result from them.

Due to the characteristics of the risks covered by these provisions, it is not possible to determine a reasonable schedule of payment dates, if any.

In accordance with IAS 37, as of March 31, 2016 a description of the most important litigations is included:

Chile

1.- Arbitrage with CGE Distribution on the application of Sub Transmission Decree N°14

In October 7, 2014 Colbún S.A. filed an arbitrage demand against the Arbitrage and Mediation Center of the Cámara de Comercio de Santiago A.G. against CGE Distribution S.A. because of the unilateral modification of the invoicing methodology of two supply contracts signed between the two parties as a consequence of the application of the Sub Transmission Decree N°14, issued by the Ministry of Energy, that set the tariffs to be paid for the use of the sub transmission system. Colbún demanded the fulfillment of the contract indicating that the invoicing methodology cannot be modified unilaterally, and any change must be implemented by mutual agreement, or by default, determined by the mechanism set forth in the contract to settle any discrepancy.

The trial period has ended and there are only some statements from the parties left, in order the Arbitrator to finally pass sentence.

2.- Arbitrage ADM International SarL as a consequence of over demurrage and load in excess

In October 14, 2014, Colbún S.A. was notified of the arbitrage initiated by ADM International against the Company, under the freight contract subscribed August 30, 2014 in New York under the rule of the Society of Maritime Arbitrators because of an over demurrage and load in excess for an approximate amount of ThUS$ 137 plus interests and costs. The panel of arbitrators was constituted and the parties presented their initial arguments on May 19, 2015.
On September 4, 2015, each party's replies to the other's allegations were presented.

To date, the issuing of sentence is expected.

3.- Lawsuit for environmental damage for the operation of the Santa María CT.

Lawsuit filed on October 15, 2015, before the Environmental Court of Valdivia by 6 fishermen's unions of Coronel and a group of fishermen from Lota who claim alleged environmental damage caused by the operation of the Santa Maria power station (unauthorized emissions of heavy metals in the ground and water of the bay, excessive presence of sulfur oxides and nitrogen produced by the combustion of the plant, thermal shock from the cooling and antifouling system).

To date, the lawsuit has not yet been notified.

4.- Sanctioning process for breaches of environmental regulations in the operation of the CT Nehuenco.

In November 2015 the Superintendency of the Environment issued 14 charges against Colbún for breach of Environmental Qualification Resolutions of the complex, which occurred mainly in 2013, including lack of measurements of particulate matter, NO2, CO, isokinetic measurements; operating with diesel without requiring authorization for emergency conditions; and exceeding emission limit values of CO, particulate matter and NO2.

All the charges relate to the year 2013 and, to a lesser extent in 2014, framing these in a context influenced by the consequences of the Argentine gas crisis, the prolonged drought in the area and the availability of water for cooling, and also the installation of so-called CMEs resulting from new environmental regulations on emissions. Without prejudice to the fact that a significant number of charges could have been released since almost all the infringements are today are in compliance, in December a Compliance Program was presented, which eliminates exposure to fines - as long as this program is approved, suspending the sanction process as long as it complies fully with the aforementioned program.

The Compliance Program has been approved by the Superintendency of the Environment, currently corresponding to its implementation and compliance.

5.- Complaints to the Superintendency of the Environment for Santa Maria thermal plant (CTSM).

On September 3, 2015, a group of 1,796 residents of the town of Coronel filed two complaints before the Superintendency of Environment (SMA) for alleged breach of the Environmental Qualification Resolution against CTSM, based on that it would be producing more power than considered in the environmental assessment, which would affect the water and hydrobiological resources of the Coronel bay, and there would be an increase in emissions of particulate matter from the field of coal. The SMA performed an audit of the CTSM, requiring a series of background information that have been already delivered by Colbún.

On December 11, 2015, a note was presented requesting that the complaint be dismissed, which to date has not yet been resolved.

6.- Application for Protection of the Santa Maria Thermal Power Station (CTSM)

On October 29, 2015, the same group of 1,796 residents of the town of Coronel brought before the Court of Appeals of Concepción a protection injunction, claiming that the CTSM operation would affect their right to live in an environment free of pollution, since it produces more power than considered in its environmental assessment. They sought an injunction (ONI) to the Court of Appeals so that it order the reduction of the gross power of CTSM to 350 MW - while the appeal is being processed, which was ultimately rejected because there is no background information that justifies it. Currently, the reports of the Superintendent of the Environment, the Environmental Assessment Service, the CDEC-SIC and Colbún have been presented.

The statements were already presented and the appeal was rejected by the Court of Appeals of Concepción and later this rejection was ratified by the Supreme Court.

7.- Tax proceedings against Empresa Eléctrica Industrial SA before the Internal Revenue Service (SII).

By Settlement No. 373, of 08.30.2010, the Regional Director of SII contested items in the income statement of Empresa Eléctrica Industrial SA (EEI) of 2007. The initial amount of the settlement was ThUS$ 568 (ThCh$ 403,410) (judgment case no. 10-120-2010). Subsequently, by assessments No. 439, 440 and 441, all of 08.29.2011, the SII disputed 3 items of IAS income declarations for tax periods 2008, 2009 and 2010. The initial amount of the settlement was ThUS$ 259 (ThCh$ 183,769), ThUS$ 352 (ThCh$ 249,906) and ThUS$ 358 (ThCh$ 254,555), respectively (judgment case no. 10-541-2011). To date, the maximum amount of contingency for both trials amounts to ThUS$ 4,658 (ThCh$ 3,307,639), including adjustments and interest.

The first instance judgment issued notified December 2, 2015 rejects the claims filed by the Company. Against this decision an appeal for reversal was made with a subsidy appeal on December 14, 2015. The appeal for reversal and subsidy appeal are pending judgment.

Perú

Termochilca S.A. (TCH) filed an arbitration lawsuit petition for alleged breaches by Fenix of the Purchase Option Contract of Active Energy and Installed Capacity, alleging that Fenix would have settled and billed energy considering parameters that would not relate to the provisions of the Contract, and that is related to the effective capacity of Fenix. Additionally, it seeks compensation for energy not supplied due to the delay of launch of Fenix operations, partial operations and unscheduled outages. The size of the judgment would amount to an approximate ThUS $ 5,000. The company is waiting to be summoned to a hearing by the Arbitral Court, after which TCH will have 10 days to present its demand. On 03.23.2016 the Arbitration Tribunal was formed, and as of this date the 20 working day-term for TCH to present its lawsuit is calculated.

36. Commitments

Commitments entered into with financial entities and others

The loan contracts signed by Colbún S.A. with financial entities and the bonds and negotiable instruments issue contracts, assign the Company different obligations beyond mere payment, including compliance with various financial indicators during the effective terms of these contracts, which are customary in these types of financing operations.

The Company must report compliance with these obligations in a quarterly manner. As of March 31, 2016 the Company is in compliance with all the financial indicators required in those contracts. These obligations are detailed as follows:

Covenants	Condition	03.31.2016		Maturity
Bank Loans				
Total liabilities/Net Tangible Equity	< 1,2	0.99		Jun/2021
Minimum Equity	> MUS$ 2.022.000	MUS$	3,532,820	Jun/2021
Bonds				
Ebitda/Net interest expense	>3,0	7.47		Jun/2029
Debt ratio	<1,2	0.93		Jun/2029
Minimun equity	> MUS$ 1.348.000	MUS$	3,532,820	Jun/2029
Commited lines				
Total liabilities/Net equity of the Controller	< 1,2	0.99		Jun/2016
Minimun equity	> MUS$ 1.995.000	MUS$	3,532,820	Jun/2016

Indicator	Headings	Value at 03.31.2016	
Equity	Total Equity	ThUS$	3,740,243
Net Equity of the Parent Company	Total Equity - Non-controlling Interests	ThUS$	3,532,820
Minimum Equity	Total Equity - Non-controlling Interests	ThUS$	3,532,820
Total liabilities	Total current liabilities + Total non-current liabilities	ThUS$	3,482,958
Debt Ratio	Total liabilities/Equity		0.93
Ebitda (*)	Income from ordinary activities - Raw materials and supplies used - Employees benefits expenses - Other expenses by nature	ThUS$	660,787
Net financial cost (*)	Financial costs - Financial income	ThUS$	88,482

(*) 12 moving months

37. Environment

The subsidiaries of the Company with disbursements associated with the environment are the following: Colbún S.A., Empresa Eléctrica Industrial S.A., Río Tranquilo S.A. and Termoeléctrica Antilhue S.A.

The disbursements made for the concept of environment are primarily associated with facilities; therefore, they shall be recognized under income via depreciation according to their useful lives, except the development of Environmental Impact Studies and Declarations, which correspond to environmental permits given prior to the construction phase.

The main projects in progress including a brief description of them are detailed as follows:

San Pedro hydroelectric power plant: In June 2015, the Environmental Impact Study (EIS) for the modifications to the project was presented, which was initially admitted for processing by the Environmental Assessment Service (SEA in Spanish) of the region of Los Ríos. Nevertheless, in August 2015, the authorities concluded the processing early due to lack of essential information.

Actually, the company is now analyzing the public services' observations with the aim of collecting and preparing the necessary background information that would allow it to give an opportune and technically grounded response. In parallel, a plan to implement explanatory meetings and training is being carried out with municipalities, public services and regional authorities, in addition to indigenous communities, among other interest groups, with the purpose of presenting the project again when a suitable opportunity arises.

All the above, with the purpose of presenting a new EIA during the current year.

La Mina hydroelectric power plant: run-of-the-river hydropower plant located in the high basin of the Maule River, in the Maule Region.

During the first quarter of 2016, the 50% of the advance of the construction was exceeded. All the works of the project and their respective environmental management have advanced according to plan.

The project is expected to begin the commercial operations at the beginning of 2017. The amount to be invested, including a Transmission Line from the power station to the Loma Alta substation, is of approximately US$130 million.

In addition to the foregoing, the disbursements associated to the 24 generation plants (and additional facilities) under operating conditions are added, including the power station Fénix Power in Chilca, Peru.

Expenditures related to the environment mad by the companies are as follows:

Accumulated disbursements made as of 03.31.2016

Company	Name of the project associated to disbursement	Concept	Asset / Expense	Description asset / expense	Amount ThUS$	Estimated date
Colbún S.A.	Compromisos Ambientales - Santa María	Power Plants Environmental management	Expense	Cost	104	03-31-2016
Colbún S.A.	Estudio de impacto ambiental - San Pedro	Project Environmental management	Asset	Work in progress	80	03-22-2016
Colbún S.A.	Compromisos Ambientales - Angostura	Power Plants Environmental management	Expense	Cost	74	03-31-2016
Colbún S.A.	Compromisos Ambientales Candelaria	Power Plants Environmental management	Expense	Cost	53	03-30-2016
Colbún S.A.	Compromisos Ambientales - Los Pinos	Power Plants Environmental management	Expense	Cost	31	03-29-2016
Colbún S.A.	Compromisos Ambientales - Antilhue	Power Plants Environmental management	Expense	Cost	29	03-29-2016
Colbún S.A.	Gestión Ambiental Centrales	Parent Environmental Management	Expense	Expense	21	03-31-2016
Colbún S.A.	Gestión Forestal	Parent Environmental Management	Expense	Expense	20	03-31-2016
Colbún S.A.	Medio Ambiente - La Mina	Project Environmental management	Asset	Work in progress	19	03-23-2016
Colbún S.A.	Compromisos Ambientales - Colbún	Power Plants Environmental management	Expense	Cost	12	03-31-2016
Colbún S.A.	Estudio ambiental - Casa Matriz	Parent Environmental Management	Expense	Expense	10	03-31-2016
Colbún S.A.	Gerente de Medio Ambiente	Parent Environmental Management	Expense	Expense	9	03-28-2016
Colbún S.A.	Compromisos Ambientales - Canutillar	Power Plants Environmental management	Expense	Cost	7	03-30-2016
Colbún S.A.	Gestión Ambiental Proyectos	Parent Environmental Management	Expense	Expense	5	03-31-2016
Colbún S.A.	Compromisos Ambientales - Los Quilos	Power Plants Environmental management	Expense	Cost	5	03-31-2016
Colbún S.A.	Medio Ambiente administración - San Pedro	Project Environmental management	Asset	Work in progress	2	03-31-2016
Colbún S.A.	Estudios de Impacto Ambiental -Guaquivilo Melado	Project Environmental management	Asset	Work in progress	1	03-31-2016
Empresa Eléctrica Industr	Compromisos Ambientales - Carena	Power Plants Environmental management	Expense	Cost	22	03-31-2016
Termoeléctrica Nehuenco	Compromisos Ambientales - Nehuenco	Power Plants Environmental management	Expense	Cost	14	03-29-2016
				Total	**518**	

Future expenses as of 03.31.2016

Company	Name of the project associated to disbursement	Concept	Asset / Expense	Description asset / expense	Amount ThUS$	Estimated date
Colbún S.A.	Compromisos Ambientales Angostura	Power Plants Environmental management	Expense	Cost	772	03-31-2016
Colbún S.A.	Compromisos Ambientales Santa María	Power Plants Environmental management	Expense	Cost	220	03-24-2016
Colbún S.A.	Compromisos Ambientales Candelaria	Power Plants Environmental management	Expense	Cost	170	03-29-2016
Colbún S.A.	Compromisos Ambientales - Antilhue	Power Plants Environmental management	Expense	Cost	66	03-29-2016
Colbún S.A.	Compromisos Ambientales - Los Pinos	Power Plants Environmental management	Expense	Cost	52	03-31-2016
Colbún S.A.	Gerente de Medio Ambiente	Parent Environmental Management	Expense	Expense	31	03-24-2016
Colbún S.A.	Gestión Ambiental Centrales	Parent Environmental Management	Expense	Cost	28	03-24-2016
Colbún S.A.	Compromisos Ambientales - Los Quilos	Power Plants Environmental management	Expense	Cost	19	03-31-2016
Colbún S.A.	Gestión Ambiental Proyectos	Parent Environmental Management	Expense	Cost	16	03-24-2016
Colbún S.A.	Gestión Forestal	Parent Environmental Management	Expense	Cost	13	03-24-2016
Colbún S.A.	Medio Ambiente administración - San Pedro	Project Environmental management	Asset	Work in progress	2	03-30-2016
Empresa Eléctrica Industr	Compromisos Ambientales - Carena	Power Plants Environmental management	Expense	Cost	4	03-24-2016
Termoeléctrica Nehuenco	Compromisos Ambientales - Nehuenco	Power Plants Environmental management	Expense	Cost	128	03-31-2016
Río Tranquilo S.A.	Compromisos Ambientales - Hornitos	Power Plants Environmental management	Expense	Cost	15	03-31-2016
				Total	**1,536**	

Accumulated disbursements made as of 03.31.2015

Company	Name of the project associated to disbursement	Concept	Asset / Expense	Description asset / expense	Amount ThUS$	Estimated date
Colbún S.A.	Asesoria Medio Ambiente	Project Environmental management	Asset	Work in progress	109	12/01/2014
Colbún S.A.	Rezago RCA/RSE Medio Ambiente	Project Environmental management	Asset	Work in progress	223	12/01/2014
Colbún S.A.	Servicios compromisos ambientales	Project Environmental management	Asset	Fixed asset	169	01-28-2014
Colbún S.A.	Parque Coronel Proy.Sta.María	Power Plants Environmental manager	Asset	Fixed asset	88	12-22-2014
Colbún S.A.	Cementos Bío Bío S.A. Proy.Sta.María	Power Plants Environmental manager	Asset	Fixed asset	1,712	12-25-2014
Colbún S.A.	Compromisos Ambientales Antilhue	Power Plants Environmental manager	Expense	Cost	1	12-26-2014
Colbún S.A.	Compromisos Ambientales Candelaria	Power Plants Environmental manager	Expense	Cost	18	12-27-2014
Colbún S.A.	Compromisos Ambientales Canutillar	Power Plants Environmental manager	Expense	Cost	112	12-28-2014
Colbún S.A.	Compromisos Ambientales Colbún	Power Plants Environmental manager	Expense	Cost	60	12-31-2014
Colbún S.A.	Compromisos Ambientales Los Quilos	Power Plants Environmental manager	Expense	Cost	154	12-31-2014
Colbún S.A.	Compromisos Ambientales Los Pinos	Power Plants Environmental manager	Expense	Cost	250	12-31-2014
Colbún S.A.	Compromisos Ambientales Rucue-Quillec	Power Plants Environmental manager	Expense	Cost	1	01-28-2014
Empresa Eléctrica Industrial S.A.	Compromisos Ambientales Carena	Power Plants Environmental manager	Expense	Cost	26	12-29-2014
Termoeléctrica Nehuenco S.A.	Compromisos Ambientales Nehuenco 1	Power Plants Environmental manager	Expense	Cost	50	12-30-2014
Río Tranquilo S.A.	Compromisos Ambientales Hornitos	Power Plants Environmental manager	Expense	Cost	128	12-31-2014
				Total	**3,101**	

Future expenses as of 03.31.2015

Company	Name of the project associated to disbursement	Concept	Asset / Expense	Description asset / expense	Amount ThUS$	Estimated date
Colbún S.A.	Rezago- Rca/Rse Medio Ambiente Angost	Project Environmental management	Asset	Work in progress	21	12-31-2015
Colbún S.A.	Parque Coronel Santa María	Project Environmental management	Asset	Fixed asset	44	12-31-2015
Colbún S.A.	Compromisos Ambientales Canutillar	Power Plants Environmental manager	Expense	Cost	1	12-31-2015
Colbún S.A.	Compromisos Ambientales Los Quilos	Power Plants Environmental manager	Expense	Cost	54	12-31-2015
Colbún S.A.	Compromisos Ambientales Los Pinos	Power Plants Environmental manager	Expense	Cost	17	12-31-2015
Empresa Eléctrica Industrial S.A.	Compromisos Ambientales Carena	Power Plants Environmental manager	Expense	Cost	1	12-31-2015
Río Tranquilo S.A.	Compromisos Ambientales Hornitos	Power Plants Environmental manager	Expense	Cost	4	12-31-2015
				Total	**142**	

38. Events occurred after the date of the statement of financial position

a. On April 22, 2016, the Thirtieth Ordinary Shareholders' Meeting was held. The adopted agreements include:

1. - Election of the Board of Directors: The board of directors of the Company was renewed. Ms. María Ignacia Benítez Pereira, Ms. Vivianne Blanlot Soza and Ms. Luz Granier Bulnes were elected, together with Mr. Bernardo Larraín Matte, Mr. Arturo Mackenna Iñiguez, Mr. Eduardo Navarro Beltrán, Mr. Jorge Matte Capdevila, Mr. Juan Eduardo Correa García and Mr. Francisco Matte Izquierdo. Ms. María Ignacia Benítez Pereira and Ms. Luz Granier Bulnes were elected as independent directors.

2. - Ernst & Young Servicios Profesionales de Auditoría y Asesorías Limitada was designated as the external audit company for the year 2016.

3. - The distribution of a definitive dividend No. 46 with charge to the profits of the financial year ended as of December 31, 2015 was approved, for the total amount of US$ 61,875,108.03, corresponding to US$ 0.00353 per share, which will be paid from May 5, 2016 in Chilean pesos, domestic currency at "observed dollar" exchange rate, published in the Official Gazette on April 29, 2016, in accordance with the regular procedures of the Company for the payment of dividends.

After that, in an Extraordinary Session of the Board of Directors also held on April 22, 2016, the adopted agreements include:

1. - Mr. Bernardo Larraín Matte was designated as the President of the Board of Directors and Ms. Vivianne Blanlot Soza was designated as the Vice-president.

2. - Mr. Juan Eduardo Correa García was designated as a member of the Board of Directors, and Ms. Luz Granier Bulnes and Ms. María Ignacia Benítez were designated as independent directors.

b. In the session held on April 26, 2016, the Board of Directors of the Company approved the interim consolidated financial statements as of March 31, 2016, prepared in accordance with the Preparation and Presentation of Financial Reporting Standards, issued by the SVS, which are in conformity with the International Financial Reporting Standards (IFRS), issued by the IASB.

c. On April 26, 2016, Colbún agreed with SunEdison the acquisition of two photovoltaic solar farms (Olmué and Santa Sofía) for 202 MW of installed power capacity under development located in the SIC, and their corresponding contracts of long term power supply. Additionally, SunEdison and Colbún signed a contract of long term power supply of 200 GWh per year, for which SunEdison will build a solar plant of 100 MW.

No subsequent events have occurred between March 31, 2016 and the date of issue of these consolidated financial statements.

39. Foreign currency

The detail of Assets and Liabilities in foreign currency with effects upon profits due to the foreign currency translation is as follows:

Assets	Foreign currency	Functional currency	03.31.2016 ThUS$	12.31.2015 ThUS$
Total current assets				
Cash and cash equivalents	Chilean pesos	US Dollar	130,521	134,145
Cash and cash equivalents	Euro	US Dollar	863	440
Cash and cash equivalents	Peruvian sol	US Dollar	10,999	5,815
Other current non-financial assets	Chilean pesos	US Dollar	1,652	638
Other current non-financial assets	Peruvian sol	US Dollar	26	13
Trade and other current accounts receivable	Chilean pesos	US Dollar	120,063	77,022
Trade and other current accounts receivable	Peruvian sol	US Dollar	43,591	46,914
Current accounts receivable from related companies	Chilean pesos	US Dollar	163	63
Current tax assets	Chilean pesos	US Dollar	9,098	8,634
Current tax assets	Peruvian sol	US Dollar	5,700	-
Total current assets			**322,676**	**273,684**
Non-current assets				
Other non-current financial assets	Chilean pesos	US Dollar	224	212
Other non-current non-financial assets	Chilean pesos	US Dollar	11,362	7,905
Trade and other accounts receivable, non current	Peruvian sol	US Dollar	15,659	17,722
Total non-current assets			**27,245**	**25,839**
Total assets			**349,921**	**299,523**

Liabilities	Foreign currency	Functional currency	03.31.2016 ThUS$	12.31.2015 ThUS$
Total current liabilities				
Other current financial liabilities	UF	US Dollar	8,690	10,453
Trade and other accounts payable	Chilean pesos	US Dollar	116,112	102,887
Trade and other accounts payable	Peruvian sol	US Dollar	6,781	6,096
Current accounts payable to related entities	Chilean pesos	US Dollar	561	307
Other current provisions	Chilean pesos	US Dollar	15,505	15,501
Current tax liabilities	Chilean pesos	US Dollar	-	23,878
Current tax liabilities	Peruvian sol	US Dollar	2,031	167
Current provisions for employee benefits	Chilean pesos	US Dollar	4,493	10,235
Current provisions for employee benefits	Peruvian sol	US Dollar	1,043	1,002
Other current non-financial liabilities	Chilean pesos	US Dollar	9,541	10,893
Other current non-financial liabilities	Peruvian sol	US Dollar	430	344
Total current liabilities			**165,187**	**181,763**
Non-current liabilities				
Other non-current financial liabilities	UF	US Dollar	102,977	100,588
Non current provisions for employee benefits	Chilean peso	US Dollar	25,684	23,001
Other non current non-financial liabilities	Chilean peso	US Dollar	217	3,422
Total Non-current liabilities			**128,878**	**127,011**
Total liabilities			**294,065**	**308,774**

The detail of assets and liabilities in foreign currency does not include Investments reported using the share method, as the differences originated from foreign currency translation are reported in equity as foreign currency translation adjustments (see note 26.e).

The maturity of other financial liabilities in foreign currency is detailed as follows:

As of 03.31.2016	Foreign currency	Functional currency	Up to 91 days ThUS$	From 91 days to 1 year ThUS$	From 1 year to 3 years ThUS$	From 3 years to 5 years ThUS$	More than 5 years ThUS$	Total ThUS$
Other financial liabilities	UF	US Dollar	4,468	4,227	16,563	28,647	66,389	120,294
		Totales	**4,468**	**4,227**	**16,563**	**28,647**	**66,389**	**120,294**

As of 12.31.2015	Foreign currency	Functional currency	Up to 91 days ThUS$	From 91 days to 1 year ThUS$	From 1 year to 3 years ThUS$	From 3 years to 5 years ThUS$	More than 5 years ThUS$	Total ThUS$
Other financial liabilities	UF	US Dollar	-	6,629	15,498	26,799	62,115	111,041
		Totales	**-**	**6,629**	**15,498**	**26,799**	**62,115**	**111,041**

40. Personnel (unaudited)

As of the dates of the statements of financial position, the Company's personnel is detailed as follows:

	Number of employees					
	03.31.2016			12.31.2015		
	Chile	Peru	Total	Chile	Peru	Total
Managers and primary executives	66	6	72	66	4	70
Professional & technicians	611	53	664	605	53	658
Employees and others	293	30	323	291	30	321
Total	970	89	1,059	962	87	1,049
Annual average	**968**	**88**	**1,056**	**970**	**86**	**970**

Annex No. 1 Additional information required for XBRL taxonomy

This annex forms an integral part of the Company's consolidated financial statements.

Remunerations paid to external auditors

Remunerations paid to the external auditors during the periods are detailed as follows:

	January - March	
	2016	2015
	ThUS$	ThUS$
Audit services	59	75
Tax services	-	19
Other services	4	2
Auditor´s fees	**63**	**96**

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