

## COMPAÑÍA SUD AMERICANA DE VAPORES S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS  
As of December 31, 2016 and 2015



M/V Valparaíso Express, 10,500 TEU container ship, 2016, arriving at its home port in Valparaíso, Chile. Vessel owned by Hapag-Lloyd AG.

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Figures expressed in thousands of US dollars (ThUS\$)



## **Independent Auditor's Report**

To the Shareholders and Directors  
Compañía Sud Americana de Vapores S.A.:

### ***Report on the consolidated financial statements***

We have audited the accompanying consolidated financial statements of Compañía Sud Americana de Vapores S.A. and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's responsibility for the consolidated financial statements***

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

### ***Auditor's responsibility***

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

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

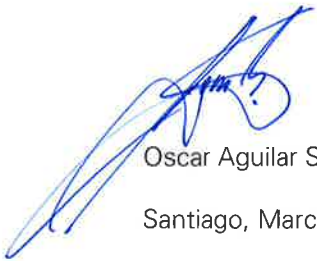
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Compañía Sud Americana de Vapores S.A. and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

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

A handwritten signature in blue ink, appearing to read 'Oscar Aguilar S.', with a large, stylized flourish extending from the end of the signature.

Oscar Aguilar S.

Santiago, March 30, 2017

KPMG Ltda.

Assets	Note	As of December 31, 2016	As of December 31, 2015
		ThUS\$	ThUS\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	54,608	52,388
Other financial assets	8	804	-
Other non-financial assets	13	1,344	3,954
Trade and other receivables	9	20,799	17,112
Receivables from related parties	10	50	1,288
Inventories	11	4,250	2,238
Current tax assets	20	2,314	3,189
<b>Total current assets</b>		<b>84,169</b>	<b>80,169</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	8	63	1,550
Other non-financial assets	13	9	121
Equity method investments	15	1,771,737	1,792,538
Intangible assets other than goodwill	16	85	95
Goodwill	17	17	17
Property, plant and equipment	18	2,892	24,727
Investment property	19	16,211	12,853
Deferred tax assets	21	292,976	313,648
<b>Total non-current assets</b>		<b>2,083,990</b>	<b>2,145,549</b>
<b>TOTAL ASSETS</b>		<b>2,168,159</b>	<b>2,225,718</b>

The attached notes 1-40 are an integral part of these consolidated financial statements.

Liabilities and Equity		As of December 31, 2016	As of December 31, 2015
	Note	ThUS\$	ThUS\$
<b>CURRENT LIABILITIES</b>			
Other financial liabilities	22	530	3,039
Trade and other payables	23	17,082	27,934
Payables to related parties	10	1,901	4,020
Other provisions	24	31,093	22,355
Current tax liabilities	20	51	439
Employee benefits provisions	26	1,693	1,119
Other non-financial liabilities	25	2,993	2,361
<b>Total current liabilities</b>		<b>55,343</b>	<b>61,267</b>
<b>NON-CURRENT LIABILITIES</b>			
Other financial liabilities	22	93,607	47,604
Trade and other payables	23	2,500	-
Payables to related parties	10	-	30,000
Other provisions	24	9,448	33,748
Deferred tax liabilities	21	616	1,949
Other non-financial liabilities	25	181	211
<b>Total non-current liabilities</b>		<b>106,352</b>	<b>113,512</b>
<b>TOTAL LIABILITIES</b>		<b>161,695</b>	<b>174,779</b>
<b>EQUITY</b>			
Issued capital	28	3,199,108	3,201,792
Accumulated losses	28	(1,183,582)	(1,160,265)
Other reserves	28	(9,062)	903
<b>Equity attributable to owners of the company</b>		<b>2,006,464</b>	<b>2,042,430</b>
<b>Non-controlling interests</b>	14	<b>-</b>	<b>8,509</b>
<b>TOTAL EQUITY</b>		<b>2,006,464</b>	<b>2,050,939</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,168,159</b>	<b>2,225,718</b>

The attached notes 1-40 are an integral part of these consolidated financial statements.

Statement of Income		For the year ended	
		December 31,	Restated
		2016	2015
	Note	ThUS\$	ThUS\$
<b>Profit (loss) for the year</b>			
Revenue	29	127,130	166,986
Cost of sales	29	(120,043)	(164,192)
<b>Gross profit</b>		<b>7,087</b>	<b>2,794</b>
Other income		1,838	2,178
Administrative expenses	29	(16,092)	(19,347)
Other expenses	30	-	(7)
Other gains	30	14,252	1,566
<b>Operating profit (loss)</b>		<b>7,085</b>	<b>(12,816)</b>
Finance income	31	322	306
Finance costs	31	(4,119)	(3,718)
Share of loss of equity method associates and joint ventures	15	(7,011)	(6,488)
Exchange differences	32	(54)	3,301
Loss on indexed assets and liabilities		-	(936)
<b>Loss before tax</b>		<b>(3,777)</b>	<b>(20,351)</b>
Income tax benefit (expense) from continuing operations	21	(20,579)	6,095
<b>Loss from continuing operations</b>		<b>(24,356)</b>	<b>(14,256)</b>
Profit (loss) from discontinued operations	35	2,061	(803)
<b>Loss for the year</b>		<b>(22,295)</b>	<b>(15,059)</b>
<b>Profit (loss) attributable to:</b>			
Loss attributable to owners of the company	14	(23,317)	(14,654)
Profit (loss) attributable to non-controlling interests	14	1,022	(405)
<b>Loss for the year</b>		<b>(22,295)</b>	<b>(15,059)</b>
<b>Basic earnings (loss) per share</b>			
Basic loss per share from continuing operations	34	(0.0008)	(0.0005)
Basic loss per share from discontinued operations	34	0.0000	(0.0000)
<b>Basic loss per share</b>	34	<b>(0.0008)</b>	<b>(0.0005)</b>

The attached notes 1-40 are an integral part of these consolidated financial statements.

Statement of Comprehensive Income	For the year ended	
	December 31, 2016	2015
	ThUS\$	ThUS\$
<b>Loss for the year</b>	<b>(22,295)</b>	<b>(15,059)</b>
<b>Components of other comprehensive income, before tax:</b>		
<b>Exchange differences on translation of foreign operations</b>		
Loss from exchange differences on translation of foreign operations, before tax	(1,773)	(17,228)
<b>Other comprehensive loss, before tax, foreign exchange differences on translation of foreign operations</b>	<b>(1,773)</b>	<b>(17,228)</b>
<b>Cash flow hedges</b>		
Gain on cash flow hedges, before tax	3,177	1,063
<b>Other comprehensive income, before tax, cash flow hedges</b>	<b>3,177</b>	<b>1,063</b>
Actuarial gain (loss) for defined benefit plans, before taxes	(13,700)	15,210
Other comprehensive (loss), before tax, actuarial gains (losses)	-	-
<b>Other comprehensive loss, before tax</b>	<b>(12,296)</b>	<b>(955)</b>
<b>Income taxes related to components of other comprehensive loss</b>		
Income tax related to cash flow hedges	(444)	(142)
<b>Total income tax related to components of other comprehensive loss</b>	<b>(444)</b>	<b>(142)</b>
<b>Other comprehensive loss for the year</b>	<b>(12,740)</b>	<b>(1,097)</b>
<b>Total comprehensive loss for the year</b>	<b>(35,035)</b>	<b>(16,156)</b>
<b>Total comprehensive income (loss) attributable to:</b>		
Total comprehensive loss attributable to equity holders of the company	(36,057)	(15,751)
Total comprehensive income (loss) attributable to non-controlling interests	1,022	(405)
<b>Total comprehensive loss for the year</b>	<b>(35,035)</b>	<b>(16,156)</b>

The attached notes 1-40 are an integral part of these consolidated financial statements.

## For the year ended December 31, 2016

	Issued Capital	Treasury Shares	Other Reserves				Total Other Reserves	Accumulated Losses	Equity Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
			Translation Reserve	Cash Flow Hedge Reserve	Reserve for Actuarial Gains and Losses on Defined-Benefit Plans	Other Miscellaneous Reserves					
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of January 1, 2016	3,201,792	-	(16,941)	(340)	15,210	2,974	903	(1,160,265)	2,042,430	8,509	2,050,939
Changes in equity	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	-	-	-	-	-	-	-	(23,317)	(23,317)	1,022	(22,295)
Other comprehensive income (loss)	-	-	(1,773)	2,733	(13,700)	-	(12,740)	-	(12,740)	-	(12,740)
Total comprehensive income (loss)	-	-	(1,773)	2,733	(13,700)	-	(12,740)	(23,317)	(36,057)	1,022	(35,035)
Equity issuance	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(6,594)	(6,595)
Decrease for transfer of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to transfers and other changes	(2,684)	-	-	-	-	2,775	2,775	-	91	(2,937)	(2,845)
Total changes in equity	(2,684)	-	(1,773)	2,733	(13,700)	2,775	(9,965)	(23,317)	(35,966)	(8,509)	(44,475)
Closing balance as of December 31, 2016	3,199,108	-	(18,714)	2,393	1,510	5,749	(9,062)	(1,183,582)	2,006,464	-	2,006,464

The attached notes 1-40 are an integral part of these consolidated financial statements.

For the year ended December 31, 2015

	Other Reserves										
	Issued Capital	Treasury Shares	Translation Reserve	Cash Flow Hedge Reserve	Reserve for Actuarial Gains and Losses on Defined-Benefit Plans	Other Miscellaneous Reserves	Total Other Reserves	Accumulated Losses	Equity Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of January 1, 2015	3,057,552	(20,908)	287	(1,261)	-	(139)	(1,113)	(1,145,464)	1,890,067	9,790	1,899,857
Changes in equity											
Comprehensive income (loss)											
Loss for the year	-	-	-	-	-	-	-	(14,654)	(14,654)	(405)	(15,059)
Other comprehensive income (loss)	-	-	(17,228)	921	15,210	-	(1,097)	-	(1,097)	-	(1,097)
Total comprehensive income (loss)	-	-	(17,228)	921	15,210	-	(1,097)	(14,654)	(15,751)	(405)	(16,156)
Equity issuance	165,148	-	-	-	-	-	-	-	165,148	-	165,148
Dividends	-	-	-	-	-	-	-	-	-	(735)	(735)
Decrease for transfer of treasury shares	(20,908)	20,908	-	-	-	-	-	-	-	-	-
Increase (decrease) due to transfers and other changes	-	-	-	-	-	3,113	3,113	(147)	2,966	(141)	2,825
Total changes in equity	144,240	20,908	(17,228)	921	15,210	3,113	2,016	(14,801)	152,363	(1,281)	151,082
Closing balance as of December 31, 2015	3,201,792	-	(16,941)	(340)	15,210	2,974	903	(1,160,265)	2,042,430	8,509	2,050,939

The attached notes 1-40 are an integral part of these consolidated financial statements.

Statement of Cash Flows		For the year ended December 31,	
		2016	2015
	Note	ThUS\$	ThUS\$
<b>Cash flows provided by (used in) operating activities</b>			
<b>Classes of revenue from operating activities</b>			
Proceeds from sales of goods and services		135,063	215,604
Other revenue from operating activities		5,203	341
<b>Classes of payments from operating activities</b>			
Payments to suppliers for goods and services		(145,380)	(231,580)
Payments to and on behalf of employees		(6,194)	(9,569)
Other payments for operating activities		(5,336)	-
<b>Net cash flows used in operations</b>		<b>(16,644)</b>	<b>(25,204)</b>
Income taxes paid (refunded)		14	(359)
Other cash inflows (outflows)		1	(564)
<b>Net cash flows used in operating activities</b>		<b>(16,629)</b>	<b>(26,127)</b>
<b>Cash flows provided by (used in) investing activities</b>			
Other payments to acquire interest in joint ventures	15	-	(29,701)
Other payments to acquire equity in other entities		(5)	-
Cash flows arising from the loss of control of subsidiaries	14	1,116	-
Proceeds from sale of property, plant and equipment		13	-
Purchases of property, plant and equipment	18	(22)	(2,947)
Interest received		186	172
Dividends received		54	48
Cash flows from sale of non-controlling interests	8	2,332	-
<b>Net cash flows provided by (used in) investing activities</b>		<b>3,674</b>	<b>(32,428)</b>
<b>Cash flows provided by (used in) financing activities</b>			
Proceeds from issuance of other equity instruments	28	-	162,704
Proceeds from related party loans	10	-	30,000
Proceeds from long-term loans		49,904	44,783
Loan payments		(715)	(165,941)
Loan payments to related parties	10	(30,000)	-
Interest paid		(3,478)	(3,222)
Dividends paid	14	-	(735)
Other cash inflows (outflows)		(498)	-
<b>Net cash flows provided by financing activities</b>		<b>15,213</b>	<b>67,589</b>
<b>Increase in cash and cash equivalents before effect of exchange rate changes</b>		<b>2,258</b>	<b>9,034</b>
Effect of exchange rate changes on cash and cash equivalents		(38)	(2,313)
<b>Increase in cash and cash equivalents</b>		<b>2,220</b>	<b>6,721</b>
<b>Cash and cash equivalents at beginning of period</b>	7	<b>52,388</b>	<b>45,667</b>
Increase in cash and cash equivalents		2,220	6,721
<b>Cash and cash equivalents at end of period</b>	7	<b>54,608</b>	<b>52,388</b>

The attached notes 1-40 are an integral part of these consolidated financial statements.

## NOTES

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## Note 1 General Information

Compañía Sud Americana de Vapores S.A. (hereinafter “CSAV” or “the Company”) is a publicly-held corporation registered in the Securities Registry of the Chilean Superintendency of Securities and Insurance (SVS) under number 76 and, therefore, is supervised by that entity. The Company's Chilean taxpayer ID is 90.160.000-7 and its domicile is Hendaya 60, piso 14, Las Condes, Santiago, Chile. Its stock is listed on the Santiago Stock Exchange, the Valparaíso Stock Exchange and the Chilean Electronic Exchange.

The Company was founded in Valparaíso in 1872. Its main business is maritime cargo transport, mainly containers, although it also transports automobiles and other wheeled cargo. The car carrier business and transportation and logistics services are developed directly by the Company and its subsidiaries, while the container shipping business is operated entirely by Hapag-Lloyd AG (hereinafter “HLAG”), which is headquartered in Hamburg, Germany. As of December 31, 2016, CSAV is the largest shareholder of this entity, with a 31.35% stake. In addition, the Company has signed an agreement to jointly control HLAG with the two other major shareholders, which together hold 72% of the German company.

Hapag-Lloyd AG is one of the largest container shipping companies in the world, covering all major global routes, with annual consolidated sales of approximately US\$9 billion in 2016. For CSAV, its investment in HLAG is a joint venture that is presented in the consolidated financial statements using the equity method.

CSAV is controlled by the Quiñenco group (hereinafter the “Controller”), through the following companies:

Company	Ownership Interest	No. of Shares
Quiñenco S.A.	20.34%	6,244,061,051
Inversiones Rio Bravo S.A.	33.74%	10,357,358,400
Inmobiliaria Norte Verde S.A.	1.89%	580,048,910
<b>Total Quiñenco Group</b>	<b>55.97%</b>	<b>17,181,468,361</b>

As of December 31, 2016 and 2015, the Company and its subsidiaries had a total of 147 and 162 employees, respectively. For the year ended December 31, 2016, the CSAV Group had an average of 155 employees, based mainly at its offices and subsidiaries in Chile.

## **Note 2      Presentation Basis of the Consolidated Financial Statements**

The significant accounting policies adopted for the preparation of these consolidated financial statements are described below.

### **(a)      Statement of Compliance**

The consolidated financial statements as of December 31, 2016 and 2015, have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), issued by the International Accounting Standards Board (IASB).

The consolidated statement of financial position as of December 31, 2015, and the consolidated statements of comprehensive income, of changes in equity and of cash flows for the year ended December 31, 2015, and comparative figures for the corresponding period in 2014, were originally prepared according to instructions and standards issued by the Chilean Superintendency of Securities and Insurance (SVS), which include IFRS and specific instructions issued by the SVS. These instructions are directly related to SVS Official Circular 856 dated October 17, 2014, which instructed entities regulated by the SVS to record directly in equity any variations in deferred tax assets and liabilities arising as a direct result of the increase in the corporate income tax rate introduced by Law 20,780. The ruling, which had a one-time impact on the consolidated statement of comprehensive income and the consolidated statement of changes in equity for the year 2014, differs from IFRS, specifically IAS 12, which requires the effect to be recorded in profit or loss for the year. Since this was a one-time, temporary deviation from IFRS, starting in 2016, as established in paragraph 4A of IFRS 1 "First-Time Adoption of International Financial Reporting Standards," the Company has decided to retroactively apply IFRS as if it had never ceased application, in accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors." This does not involve making adjustments to the affected accounts in the originally issued consolidated statement of financial position as of December 31, 2015, nor the consolidated statements of comprehensive income, of changes in equity or of cash flows for the year ended December 31, 2015.

The consolidated financial statements as of December 31, 2016, presented in this report were approved by the Company's board of directors on March 30, 2017.

In the preparation of these consolidated financial statements as of December 31, 2016, management has utilized to the best of its knowledge its information and understanding of the standards and interpretations applied and the current facts and circumstances.

The translation of these financial statements is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

## **Note 2 Presentation Basis of the Consolidated Financial Statements (continued)**

### **(b) Basis of Preparation of the Consolidated Financial Statements**

These consolidated financial statements have been prepared on a historical cost basis, except for items recognized at fair value such as derivative instruments. The carrying amounts of assets and liabilities hedged with transactions that qualify for hedge accounting are adjusted to reflect changes in the fair value in relation to the hedged risks.

These consolidated financial statements are expressed in United States dollars, which is the functional currency of the CSAV Group. The figures in these statements have been rounded to thousands of United States dollars (ThUS\$).

The accounting policies defined by CSAV and adopted by all consolidated subsidiaries, including certain critical accounting estimates for quantifying some assets, liabilities, income, expenses and commitments, have been used in the preparation of these consolidated financial statements. The areas that involve a greater degree of judgment or complexity, or the areas in which the assumptions and estimates are significant for the consolidated financial statements are detailed as follows:

1. The evaluation of possible impairment losses on certain assets.
2. The hypotheses used in the actuarial calculation of employee benefits liabilities.
3. The useful life of material and intangible assets (Notes 16, 18 and 19).
4. The criteria used in the valuation of certain assets (such as derivative instruments, deferred tax assets, etc.).
5. The probability that certain liabilities and contingencies (provisions) will materialize and their valuations (Note 24).

These estimates are made on the basis of the best available information about the matters being analyzed. In any event, it is possible that future events may make it necessary to modify such estimates in future periods. If necessary, such modifications would be made prospectively, such that the effects of the change would be recognized in future financial statements.

## **Note 2 Presentation Basis of the Consolidated Financial Statements (continued)**

### **(b) Preparation Basis of the Consolidated Financial Statements (continued)**

As part of the restructuring of the Company's businesses following the merger of its container shipping business with HLAG in late 2014, CSAV's board and management decided to dispose of its liquid bulk cargo unit in 2016. The unit operated at that time along the western coast of South America with two company-owned chemical tankers in partnership with the Norwegian shipping line Odfjell Tankers. This decision was made to maintain the proper strategic focus on its businesses and secure the greatest value possible from any potential transaction.

Given that, as of September 30, 2016, the Company's plan for disposing of this business unit had been defined, had been approved by senior management, was underway, and had a high likelihood of success, for the interim consolidated financial statements as of September 30, 2016, the Company decided to present all assets and liabilities related to the liquid bulk cargo unit as "held for sale" in the interim consolidated statement of financial position ("Disposal group classified as held for sale"), in accordance with IFRS 5. The interim consolidated statement of income and the respective notes in the interim consolidated financial statements were expressed consistently with the modified classifications of assets and liabilities and other provisions of IFRS 5, under the concept of discontinued operations.

On October 19, 2016, CSAV disposed of that business unit by selling all shares of Odfjell y Vapores S.A., OV Bermuda Ltd. and Odfjell & Vapores Ltd. (Bermuda) held directly and indirectly by CSAV to its partner, Odfjell Tankers. As a result of that transaction, those companies are now wholly owned subsidiaries of the buyer. This information was disclosed in the interim consolidated financial statements as of September 30, 2016, in Note 40 on events after the reporting period.

As a result, as of December 31, 2016, CSAV does not have any assets or liabilities related to the liquid bulk business unit and the current consolidated statement of financial position does not contain any assets or liabilities classified as held for sale. In accordance with IFRS 5, the results of the liquid bulk business unit have been classified as discontinued operations in the consolidated statement of comprehensive income for the year ended December 31, 2016. Note 35 of this report details the results of discontinued operations and the related cash flows separated into operating, investing and financing activities. This presentation provides more clarity for analyzing the performance and financial position of CSAV's continued operations and a better comparison with financial information from prior periods.

## Note 2 Presentation Basis of the Consolidated Financial Statements (continued)

### (c) New Accounting Pronouncements

(c.1) There are standards, amendments and interpretations that are mandatory for the first time for periods beginning on or after January 1, 2016:

New Standards	Mandatory Effective Date
IFRS 14 <i>Regulatory Deferral Accounts</i>	Annual periods beginning on or after January 1, 2016. Early adoption is permitted.
<b>Amendments to IFRS</b>	
IAS 1 <i>Presentation of Financial Statements: Disclosure Initiative.</i>	Annual periods beginning on or after January 1, 2016. Early adoption is permitted.
IFRS 11 <i>Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations</i>	Annual periods beginning on or after January 1, 2016. Early adoption is permitted.
IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization</i>	Annual periods beginning on or after January 1, 2016. Early adoption is permitted.
IAS 27 <i>Separate Financial Statements</i> , IFRS 10 <i>Consolidated Financial Statements</i> and IFRS 12 <i>Disclosures of Interests in Other Entities</i> and IAS 28 <i>Investment Entities: Applying the Consolidation Exception.</i>	Annual periods beginning on or after January 1, 2016.
IAS 41 <i>Agriculture</i> and IAS 16 <i>Property, Plant and Equipment: Bearer Plants</i>	Annual periods beginning on or after January 1, 2016. Early adoption is permitted.
IAS 27 <i>Separate Financial Statements, Equity Method in Separate Financial Statements</i>	Annual periods beginning on or after January 1, 2016. Early adoption is permitted.

(c.2) The following new standards, amendments and interpretations have been issued but application is not yet mandatory:

New IFRS	Mandatory Effective Date
IFRS 9 <i>Financial Instruments</i>	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 15 <i>Revenue from Contracts with Customers</i>	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 16 <i>Leases</i>	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
<b>New Interpretations</b>	
IFRIC 22: <i>Foreign Currency Transactions and Advance Consideration</i>	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
<b>Amendments to IFRS</b>	
IAS 7 <i>Disclosure Initiative (Amendments to IAS 7)</i>	Annual periods beginning on or after January 1, 2017. Early adoption is permitted.
IAS 12 <i>Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12).</i>	Annual periods beginning on or after January 1, 2017. Early adoption is permitted.
IFRS 2 <i>Share-based Payments: Clarification on accounting for certain types of share-based payment transactions.</i>	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Effective date deferred indefinitely.
IFRS 15 <i>Revenue from Contracts with Customers</i> Amendment clarifying some requirements and providing additional transitional relief for companies that are implementing the new standard.	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.

Management does not intend to adopt these standards early and, to date, has not been able to evaluate the potential impact of adopting these amendments on its consolidated financial statements.

## **Note 3      Summary of Significant Accounting Policies**

### **3.1      Consolidation Basis**

#### **(a) Subsidiaries**

Subsidiaries include all of the entities over which CSAV has control.

Control is achieved when the Company has exposure, or rights, to variable returns from the investor's involvement with the investee and has the ability to use its power over the investee to affect the amount of the investor's returns. Specifically, the Company controls an investee if and only if it has all of the following elements:

- (i) power over the investee (i.e. existing rights that give it the ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its involvement with the investee
- (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

When the Company has less than the majority of the voting rights in an investee, it still has power over the investee when these voting rights are sufficient to give it the practical ability to unilaterally direct the investee's relevant activities. The Company considers all of the facts and circumstances in evaluating whether the voting rights in an investee are sufficient to give it power, including:

(a) the size of its holding of voting rights relative to the size and dispersion of holdings of other vote holders; (b) potential voting rights held by the investor, other vote holders or other parties; (c) rights from other contractual agreements; and (d) any additional facts and circumstances that indicate that the investor has, or does not have, the current ability to unilaterally direct the relevant activities when decisions need to be made.

The Company will reevaluate whether or not it has control in an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements of control mentioned above.

A subsidiary will be consolidated from the date on which the investor obtains control of the investee and consolidation shall cease when control over the investee is lost.

### **Note 3 Summary of Significant Accounting Policies (continued)**

#### **3.1 Consolidation Basis (continued)**

##### **(a) Subsidiaries (continued)**

The acquisition method is used to account for the acquisition of subsidiaries by the CSAV Group. Based on this method, the acquisition cost is the fair value of the assets delivered, equity instruments issued and liabilities incurred or assumed at the date of exchange. The excess of the acquisition cost over the fair value of the Group's share in the net identifiable assets acquired is recognized as purchased goodwill. If the acquisition cost is lower than the fair value of the net assets of the acquired subsidiary, the identification and measurement of the acquiring company's identifiable assets, liabilities and contingent liabilities, as well as the measurement of the acquisition cost, shall be reconsidered. Any remaining difference will be recognized directly in profit or loss.

Subsidiaries are consolidated using the line-by-line method for all of their assets, liabilities, income, expenses and cash flows.

Non-controlling interests in subsidiaries are included in the total equity of the CSAV group.

Intercompany transactions, balances and unrealized gains on transactions between entities of the CSAV Group are eliminated during the consolidation process. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. When necessary in order to ensure consistency with the policies adopted by the CSAV Group, the accounting policies of its subsidiaries are modified.

##### **(b) Associates**

Associates are defined as all entities over which the CSAV Group exercises significant influence but over which it has no control, generally with an ownership interest between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at their acquisition cost, which requires assigning a value to these assets, commonly known as Purchase Price Allocation (PPA). The CSAV Group's investments in associates include purchased goodwill identified in the acquisition, net of any accumulated impairment loss identified in that investment.

The CSAV Group's share in the losses or profits subsequent to the acquisition of its associates is recognized in profit or loss, and its share in movements of equity reserves, including other comprehensive income, subsequent to the acquisition is recorded as reserves. Accumulated movements subsequent to the acquisition are recorded against the carrying amount of the investment. When the CSAV Group's share of the losses of an associate is equal to or greater than its ownership interest in that associate, including any other uninsured receivable, the Company does not recognize additional losses, unless it has incurred obligations that exceed the invested capital.

### **Note 3 Summary of Significant Accounting Policies (continued)**

#### **3.1 Consolidation Basis (continued)**

##### **(c) Joint Arrangements**

Joint ventures are entities in which the Group exercises control over its activities through contractual agreements with other shareholders and that require the unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for using the equity method and are initially recorded at their acquisition cost, which requires assigning a value to these assets, commonly known as Purchase Price Allocation (PPA). The cost of investments in joint ventures includes any reasonable transaction costs.

The Company's share in the losses or profits subsequent to the acquisition of its joint ventures is recognized in profit or loss, and its share in movements of equity reserves, including other comprehensive income, subsequent to the acquisition is recorded as reserves. Accumulated movements subsequent to the acquisition are recorded against the carrying amount of the investment. When the CSAV Group's share of the losses of a joint venture is equal to or greater than its ownership interest in that associate, including any other uninsured receivable, the Company does not recognize additional losses, unless it has incurred obligations that exceed the invested capital.

**Note 3 Summary of Significant Accounting Policies (continued)****3.2 Entities Included in Consolidation**

These consolidated financial statements include the assets, liabilities, results and cash flows of CSAV and all subsidiaries, which are listed in the table below. Significant transactions and related balances between group companies have been eliminated during the consolidation process.

Taxpayer ID Number	Company	Country	Currency	Ownership Interest as of December 31,					
				Direct	2016 Indirect	Total	Direct	2015 Indirect	Total
Foreign	CSAV Germany Container Holding GmbH	Germany	US\$	100.00%	-	100.00%	100.00%	-	100.00%
Foreign	Tollo Shipping Co. S.A. and Subsidiaries	Panama	US\$	100.00%	-	100.00%	100.00%	-	100.00%
Foreign	Maritime Shipping & Trading International Inc. (3)	Marshall Islands	US\$	-	-	-	-	50.00%	50.00%
Foreign	Maritime Shipping Trading Inc. (3)	Panama	US\$	-	-	-	-	50.00%	50.00%
Foreign	OV Bermuda Ltd. (1)	Bermuda	US\$	-	-	-	-	50.00%	50.00%
Foreign	Navibras Comercial Maritima e Afretamentos Ltda.	Brazil	US\$	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Lennox Ocean Shipping Co. S.A. (2)	Panama	US\$	-	-	-	-	100.00%	100.00%
Foreign	Corvina Shipping Co. S.A. and Subsidiaries	Panama	US\$	100.00%	-	100.00%	100.00%	-	100.00%
Foreign	Global Commodity Investments Inc. (2)	Panama	US\$	-	-	-	-	100.00%	100.00%
Foreign	CSAV Sudamericana de Vapores S.A. (2)	Panama	US\$	-	-	-	-	100.00%	100.00%
96.840.950-6	Odfjell y Vapores S.A. (1)	Chile	US\$	-	-	-	51.00%	-	51.00%
96.838.110-5	Euroatlantic Container Line S.A. (2)	Chile	US\$	-	-	-	99.90%	0.10%	100.00%
96.838.050-7	Compañía Naviera Rio Blanco S.A.	Chile	US\$	99.00%	1.00%	100.00%	99.00%	1.00%	100.00%
76.028.729-6	Norgistics Holding S.A. and Subsidiaries	Chile	US\$	99.00%	1.00%	100.00%	99.00%	1.00%	100.00%
76.028.758-K	Norgistics Chile S.A.	Chile	US\$	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics México S.A. de C.V.	Mexico	US\$	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics Lojistik Hizmetleri A.S.	Turkey	TRY	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics (China) Ltd. [Hong Kong]	China	HKD	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics Perú S.A.C.	Peru	US\$	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics Brasil Transportes LTDA	Brazil	US\$	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics (China) Ltd.	China	RMB	100.00%	-	100.00%	100.00%	-	100.00%

(1) In October 2016, these subsidiaries were sold to Odfjell Tankers as described in Note 2 b) and Note 35 of these financial statements.

(2) In December 2016, these companies merged with their respective parent company as explained in Note 14 c).

(3) In December 2016, these subsidiaries were dissolved as described in Note 14 c).

### **Note 3 Summary of Significant Accounting Policies (continued)**

#### **3.3 Segment Reporting**

An operating segment is defined as a component of an entity's business for which separate financial information is available and is reviewed regularly by the Company's senior management.

Segment information is presented according to CSAV's main business lines, which have been identified as: (i) container shipping and (ii) other transport services.

#### **3.4 Foreign Currency Transactions**

##### **(a) Presentation and Functional Currency**

The items included in the financial statements of each of the entities of the CSAV Group are valued using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are expressed in US dollars, which is both the functional and presentation currency of the CSAV Group.

##### **(b) Transactions and Balances**

Transactions in foreign currency are converted to the Company's functional currency using the exchange rate in force as of the date of the transaction. Losses and gains in foreign currency arising from settling these transactions and from converting monetary assets and liabilities denominated in foreign currencies using year-end exchange rates are recorded in profit or loss.

Exchange differences for non-monetary items such as equity instruments at fair value through profit and loss are presented as part of the gain or loss in fair value. Exchange differences for non-monetary items such as equity instruments at fair value through profit and loss are presented as part of the gain or loss in fair value.

##### **(c) Conversion of CSAV Group Entities to Presentation Currency**

The results and the financial situation of all CSAV Group entities (none of which uses the currency of a hyperinflationary economy) that use a functional currency other than the presentation currency are converted to the presentation currency as follows:

- (i) The assets and liabilities of each statement of financial position presented are converted at the closing exchange rate as of the reporting date.

### **Note 3 Summary of Significant Accounting Policies (continued)**

#### **3.4 Foreign Currency Transactions (continued)**

##### **(c) Conversion of CSAV Group Entities to Presentation Currency (continued)**

(ii) The income and expenses of each income statement account are converted at the average exchange rate, unless the average is not a reasonable approximation of the cumulative effect of the exchange rates in force on the transaction dates, in which case income and expenses are converted on the dates of the transactions.

(iii) Cash flows are translated in accordance with the provisions of point (ii) above.

(iv) All resulting translation differences are recognized as a separate component of net equity, within "translation reserve" in other equity reserves.

In consolidation, exchange differences arising from the conversion of a net investment in foreign entities or Chilean entities with a functional currency other than the functional currency of the Group, and of other instruments in foreign currency that are designated as hedges for those investments, are recorded in other comprehensive income. When an investment is sold or disposed of, these exchange differences are recognized in profit or loss as part of the loss or gain on the sale or disposal.

Adjustments to purchased goodwill and to fair value arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the year- or period-end exchange rate, as appropriate.

#### **3.5 Property, Plant and Equipment**

Property, plant and equipment are measured at acquisition cost, less accumulated depreciation and impairment losses. In addition, the acquisition cost must include financial expenses that are attributable to the acquisition, and they shall be recorded until the asset in question is operating.

Subsequent costs are included in the value of the asset or recognized as a separate asset, only when it is likely that its future economic benefits will flow to the Company and the cost of the component can be determined reliably. The value of the replaced component is derecognized while other repairs and maintenance are charged to profit or loss for the period in which they are incurred. When significant parts of an item of property, plant and equipment have different useful lives among themselves, these parts shall be recorded as separate components.

## Note 3 Summary of Significant Accounting Policies (continued)

### 3.5 Property, Plant and Equipment (continued)

Depreciation is recognized in profit or loss, using the straight-line method based on the estimated useful life of each component of an item of property, plant and equipment, starting from the date on which the asset becomes available for use.

The estimated useful lives for assets are as follows:

Buildings	40 to 100 years
Machinery and operating equipment	5 to 14 years
Containers	13 to 14 years
Vessels	16 to 25 years
Leasehold facilities and improvements	Term of lease
Furniture and supplies	3 to 10 years
Computer equipment	2 to 3 years

At each consolidated financial statement period-end, the residual value and useful life of the assets are reviewed, and adjusted where necessary.

When the value of an asset is greater than its estimated recoverable amount, its value is immediately lowered to its recoverable amount.

Losses and gains on the sale of property, plant and equipment are calculated by comparing the income obtained with the carrying amount and are recorded net in the income statement.

Property (land or buildings) used to earn rentals and/or for capital appreciation, rather than for use in the production of services or for administrative purposes, is presented within "investment property" (in section 3.6 below).

### 3.6 Investment Property

Investment property is property (land or buildings or parts of buildings) held by the Company as owner or lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

### **Note 3 Summary of Significant Accounting Policies (continued)**

#### **3.6 Investment Property (continued)**

Investment property is recognized as an asset only when: (i) it is probable that the future economic benefits that are associated with the property will flow to the Company; and (ii) the cost of the property can be reliably measured.

The CSAV Group records investment property at acquisition cost, less accumulated depreciation and impairment losses. In addition, the acquisition cost must include financial expenses that are directly attributable to the acquisition, and they shall be recorded as such until the asset in question is operating.

The simple reclassification of land or buildings from property, plant and equipment to investment property will not generate any gains or losses for the Company since both items are valued at historical cost and, therefore, will be recorded at the same amount for which they were recorded originally.

Losses and gains on the sale of investment property are calculated by comparing the income obtained with the carrying amount and are recorded net in the consolidated income statement.

#### **3.7 Intangible Assets**

Only those intangible assets whose costs can be reasonably objectively estimated and those assets from which it is likely that economic benefits will be obtained in the future are recognized for accounting purposes. Such intangible assets shall be initially recognized at acquisition or development cost, and they shall be valued at cost less the corresponding accumulated amortization and any impairment losses incurred, for those intangible assets with a finite useful life.

For intangible assets with a finite useful life, amortization is recognized in profit or loss, using the straight-line method based on the estimated useful life, starting from the date on which the asset is available for use or another method that better represents its usage or wear.

Intangible assets with an indefinite useful life and goodwill are not amortized but impairment testing is performed on an annual basis.

### Note 3 Summary of Significant Accounting Policies (continued)

#### 3.7 Intangible Assets (continued)

The classes of intangible assets held by the CSAV Group and the corresponding periods of amortization are summarized as follows:

Class	Minimum	Maximum
Acquired goodwill	Indefinite	
Development costs	2 years	4 years
Computer software	2 years	4 years

##### (a) Software

Acquired software licenses are capitalized on the basis of costs incurred to acquire them and prepare them for use. These intangible assets are amortized over their estimated useful lives.

##### (b) Patents, Trademarks and Other Rights

These assets are presented at historical cost. These rights have no defined useful life and, therefore, are not amortized. However, the indefinite useful life is subject to periodic review in order to determine whether the indefinite useful life is still applicable.

#### 3.8 Goodwill

Goodwill represents the difference between the acquisition cost and the value of the CSAV Group's share of the net acquired assets and liabilities of the subsidiary, associate or joint venture, measured as of the acquisition date. Acquired goodwill is presented separately in the statement of financial position and is tested for impairment on an annual basis and valued at cost less accumulated impairment losses. Goodwill related to acquisitions of associates and joint ventures is included in the investment value and tested for impairment as a whole. Gains and losses related to the sale of an investment include in the cost the carrying amount of acquired goodwill related to the investment that was sold.

Purchased goodwill is allocated to cash-generating units for impairment testing purposes. The allocation is made for those cash-generating units that are expected to benefit from the business combination or acquisition in which such acquired goodwill was generated.

### **Note 3 Summary of Significant Accounting Policies (continued)**

#### **3.8 Goodwill (continued)**

Negative goodwill arising from the acquisition of an investment or business combination is recorded in accordance with Note 3.1 section a).

#### **3.9 Borrowing Costs**

Borrowing costs incurred for the construction of any qualified asset (an asset that necessarily takes a substantial period of time to get ready for use) are capitalized over the period of time needed to complete and prepare the asset for its intended use. Other borrowing costs are recorded in profit or loss as finance costs.

#### **3.10 Asset Impairment Losses**

##### **(a) Non-Financial Assets**

Assets that have an indefinite useful life (e.g. goodwill and intangible assets with indefinite useful lives) are not amortized and are tested for impairment on an annual basis.

Assets that are amortized are tested for impairment whenever an event or change in circumstances indicates that the carrying amount may not be recoverable. If this is the case, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the greater of: (i) the fair value of an asset or cash generating unit (CGU) less costs to sell; and (ii) the value in use. To determine its value in use, future cash flows estimated for the asset or CGU are discounted to their present value using a before-tax discount rate that reflects the current market valuations over the cost of money and the specific risks that apply to the asset or business.

To conduct impairment testing, assets or CGUs are grouped by operating segment, as indicated in Note 6 to these consolidated financial statements.

Non-financial assets other than purchased goodwill for which an impairment loss has been recorded are reviewed at each period-end in case the loss has been reversed, in which case the reversal may never be greater than the original impairment amount.

Impairment of purchased goodwill is not reversed.

### **Note 3 Summary of Significant Accounting Policies (continued)**

#### **3.10 Asset Impairment Losses (continued)**

##### **(b) Financial Assets**

A financial asset that is not recorded at fair value through profit and loss is evaluated at each period-end in order to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence that a loss event has occurred after the initial recognition of the asset, and that this loss event has had a negative effect on the asset's future cash flows that can be reliably estimated.

Objective evidence that financial assets are impaired may include delay or default by a debtor or issuer, restructuring of an amount owed to CSAV in terms that would not be considered in other circumstances, indications that a debtor or issuer will declare bankruptcy, or the disappearance of an active market for an instrument, among other evidence. In addition, for an investment in an equity instrument, a significant or prolonged decrease in the fair value of the asset, below its cost, may be considered objective evidence of impairment.

Impairment losses related to trade and other receivables, which are valued at amortized cost, are calculated as the difference between the assets' carrying amounts and their estimated recoverable amounts.

This estimate is determined based on the age of the receivables as indicated in Note 9. Losses are recognized in profit or loss and are reflected in a provision within trade receivables. When a subsequent event causes the amount of the impairment loss to decrease, such decrease is reversed in profit or loss.

#### **3.11 Financial Instruments**

Financial instruments are classified and valued according to the following categories:

##### **(a) Non-derivative Financial Assets**

The CSAV Group classifies its non-derivative financial assets into the categories listed below, according to the purpose for which such assets were acquired. Management determines the classification of financial assets upon initial recognition.

## **Note 3    Summary of Significant Accounting Policies (continued)**

### **3.11    Financial Instruments (continued)**

#### *(i)    Financial assets at fair value through profit and loss*

Financial assets at fair value through profit and loss are financial assets held for trading purposes or designated as such upon initial recognition. A financial asset is classified in this category if acquired principally to sell in the short term.

Assets in this category are classified as current assets. This category also includes investments in shares, debt instruments, time deposits, derivatives not designated as hedges and other financial investments.

#### *(ii)   Trade and other receivables*

Trade accounts receivable are initially recognized at fair value and subsequently at amortized cost, less impairment losses. Impairment of trade receivables is recorded using provisions when there is objective evidence that the CSAV Group will not be able to collect all of the amounts owed to it in accordance with the original terms of the accounts receivable, as described in Note 3.10 b).

In the income statement, the subsequent recovery of previously provisioned amounts is credited to cost of sales.

#### *(iii)   Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity date that the Group's management intends to and is capable of holding to maturity. If the CSAV Group were to sell more than an insignificant amount of held-to-maturity financial assets, the entire category would be reclassified as available for sale. These available-for-sale financial assets are included in non-current assets, except those assets maturing in less than 12 months from the reporting date, which are classified as current assets.

#### *(iv)   Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment in the 12 months following the reporting date, and they are recorded at fair value through profit and loss.

### **Note 3 Summary of Significant Accounting Policies (continued)**

#### **3.11 Financial Instruments (continued)**

##### **(a) Non-derivative Financial Assets (continued)**

###### *(v) Cash and cash equivalents*

Cash and cash equivalents include cash held internally and in banks; time deposits in credit entities; other highly liquid, short-term investments with an original term of three months or less; and bank overdrafts. In the statement of financial position, bank overdrafts are classified as external resources in current liabilities.

##### **(b) Non-derivative Financial Liabilities**

###### *(i) Trade and other payables*

Accounts payable to suppliers are initially recognized at fair value and subsequently, if applicable, at amortized cost using the effective interest method.

###### *(ii) Interest-bearing loans and other financial liabilities*

Loans, bonds payable and other financial liabilities of a similar nature are initially recognized at fair value, net of the costs incurred in the transaction. Subsequently, they are valued at amortized cost and any difference between the funds obtained (net of costs to obtain them) and repayment value are recognized in the income statement over the life of the debt using the effective interest rate method.

##### **(c) Issued Capital**

The Company's subscribed and paid shares are classified within equity under issued capital.

Incremental costs directly attributable to the issuance of new shares are presented in net equity as a deduction, net of taxes, from the income obtained in the placement. Until the Company's shareholders approve the deduction of these costs against issued capital, they are recorded within other equity reserves.

### **Note 3 Summary of Significant Accounting Policies (continued)**

#### **3.11 Financial Instruments (continued)**

##### **(d) Derivative Financial Instruments and Hedging Activities**

Derivative financial instruments used to hedge risk exposure in foreign currency purchases, fuel purchases and interest rates are initially recognized at fair value.

After initial recognition, derivative financial instruments are periodically measured at fair value, and any changes are recorded as described below:

##### *(i) Accounting hedges*

The CSAV Group documents the relationship between hedge instruments and the hedged items at the beginning of the transaction, as well as its risk management objectives and strategy for carrying out diverse hedge transactions. The Company also documents its evaluation, both initially and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective at offsetting changes in fair value or in the cash flows from the hedged items.

Derivative financial instruments that satisfy hedge accounting criteria are initially recognized at fair value plus (less) the transaction costs that are directly attributable to contracting or issuing the instrument, as appropriate.

Changes in the fair value of these instruments shall be recognized directly in equity, to the extent that the hedge is effective. When it is not effective, changes in fair value shall be recognized in profit or loss.

If the instrument no longer satisfies hedge accounting criteria, the hedge shall be discontinued prospectively. Any accumulated gains or losses that were previously recognized in equity will remain until the forecasted transactions occur.

##### *(ii) Economic hedges*

Derivative financial instruments that do not satisfy hedge accounting criteria are classified and valued as financial assets or liabilities at fair value through profit and loss.

## **Note 3 Summary of Significant Accounting Policies (continued)**

### **3.11 Financial Instruments (continued)**

#### **(d) Derivative Financial Instruments and Hedging Activities (continued)**

##### *(ii) Economic hedges (continued)*

The fair values of derivative instruments used for hedging purposes are shown in Note 12. Movements in the hedge reserve within equity are shown in Note 28. The total fair value of the hedge derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is greater than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

### **3.12 Inventories**

Inventories are valued at its cost or net realizable value, whichever is lower. The cost is determined by the “first-in-first-out,” or FIFO, method and includes the acquisition cost and other costs incurred in bringing it to its place and conditions of use.

The net realizable value is the estimated sales value in the normal course of business, less estimated selling costs.

### **3.13 Current and Deferred Income Taxes**

Income taxes for the period include current income taxes and deferred income taxes. Taxes are recognized directly in profit or loss except for certain items recognized directly in equity.

Current income taxes are calculated based on each country's tax laws in force as of the reporting date.

Deferred taxes are calculated in accordance with the liability method over the differences that arise between the tax basis of assets and liabilities and their carrying amount in the financial statements. However, if the deferred taxes arise from the initial recognition of a liability or an asset in a transaction other than a business combination, which at the time of the transaction neither affected the accounting result nor the tax gain or loss, it is not accounted for. Deferred taxes are determined using tax rates (and laws) that have been enacted or approved as of the date of the statement of financial position and that are expected to be applied when the corresponding deferred tax asset or liability is realized.

### Note 3 Summary of Significant Accounting Policies (continued)

#### 3.13 Income and Deferred Taxes (continued)

Deferred tax assets are recognized to the extent that it is likely that future tax benefits are available with which to effectively offset these differences.

According to Law 20,899 published on February 8, 2016, the semi-integrated tax system applies to CSAV. The valuation of the Company's deferred taxes, including the reversal of temporary differences, has been carried out using this tax system. Therefore, the enactment of this law has no impact on these consolidated financial statements.

Deferred taxes are measured at tax rates expected to be applied when temporary differences are reversed, using rates that apply by default as of the balance sheet date, as indicated below:

Year	Tax Rate
2014	21.0%
2015	22.5%
2016	24.0%
2017	25.5%
2018	27.0%

## **Note 3    Summary of Significant Accounting Policies (continued)**

### **3.14    Employee Benefits**

#### **(a)    Post-Employment and Other Long-Term Benefits**

In order to determine the present value of post-employment and other long-term benefits, a risk-free interest rate is used. This actuarial calculation is performed by a qualified mathematician using the projected unit credit method.

Actuarial gains and losses arising from defined-benefit plans are recognized directly in equity, as other comprehensive income (losses).

#### **(b)    Contract Termination Indemnity**

Commitments undertaken in a formal detailed plan, either in order to terminate the contract of an employee before normal retirement age or to provide termination benefits, are recognized directly in profit or loss.

#### **(c)    Short-Term Benefits and Incentives**

The CSAV Group recognizes a provision for short-term benefits and incentives when it is contractually obligated to do so or when past practice has created an implicit obligation.

### **3.15    Provisions**

The CSAV Group recognizes provisions when the following requirements are satisfied:

- (a) there is a current obligation, whether legal or implicit, as a result of past events;
- (b) it is likely that an outflow of resources will be needed to settle the obligation; and
- (c) the amount can be reliably estimated.

In the case of a service contract that is considered onerous, a provision will be recognized and charged to income for the period, for the lesser of the cost of settling the contract and the net cost of continuing it.

Provisions for restructuring purposes are recognized to the extent that the CSAV Group has approved a formal detailed plan for restructuring an operation, and that such restructuring has been internally reported or has already begun.

### **Note 3     Summary of Significant Accounting Policies (continued)**

#### **3.15     Provisions (continued)**

Provisions are not recorded for future operating losses except for the onerous contracts mentioned above.

These provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using, if applicable, a discount rate that reflects the current market assessments of the time value of money and the specific risks of the obligation.

#### **3.16     Other Non-Financial Liabilities**

This item includes liabilities that are not of a financial nature and do not qualify as any other specific type of liability.

For the Company, the most relevant liabilities recorded within this account are those related to income from voyages in transit (i.e. those that have not yet reached their destination as of the reporting date).

#### **3.17     Revenue and Cost of Sales**

Revenue and cost of sales derived from the provision of maritime transport services are recognized in profit or loss considering the percentage of completion of the service as of the reporting date, as long as the result can be reliably estimated.

The provision of services can be reliably measured as long as the following conditions are met:

- (a) The amount of the revenues can be reliably measured;
- (b) It is likely that the economic benefits from the transaction will flow to the entity;
- (c) The percentage of completion of the transaction as of the reporting date can be reliably measured;
- (d) The costs incurred by the transaction and the costs to complete it can be reliably measured.

When the results of services provided cannot be sufficiently and reliably estimated, in accordance with the requirements stated above, the revenue is recognized only to the extent that the expenses incurred can be recovered.

Revenue and costs related to subletting vessels are recognized in profit or loss on an accrual basis. Revenue and cost of sales from other services related to the maritime business are recognized in profit or loss on an accrual basis. Revenue is recognized net of standard discounts and bonuses.

### **Note 3    Summary of Significant Accounting Policies (continued)**

#### **3.18    Discontinued Operations**

The preparation criteria for discontinued operations is described in Note 2 b).

#### **3.19    Finance Income and Costs**

Finance income is accounted for based on its effective rate. Finance costs are recognized in profit or loss when accrued, except for costs incurred to finance the construction or development of qualified assets that are capitalized.

Finance costs are capitalized starting from the date on which knowledge about the asset to be constructed is obtained. The amount of the capitalized finance costs (before taxes) for the period is determined by applying the effective interest rate of the loans in force during the period in which financial expenses were capitalized to the qualified assets.

#### **3.20    Leases**

Lease contracts in which substantially all risks and rewards of ownership of the leased assets are transferred to the companies of the CSAV Group are classified as finance leases. All other leases are classified as operating leases.

For finance leases, at the start of the contract an asset is recognized in property, plant and equipment, and a financial liability is recognized for the lesser between the fair value of the leased asset and the present value of the minimum lease payments.

For operating leases, installments are recognized on a straight-line basis as expenses during the term of the lease.

#### **3.21    Determination of Fair Value**

Some of the CSAV Group's accounting policies and disclosures require that the fair value of certain financial assets be determined as follows:

##### **(a) Financial Assets**

The fair value of financial assets at fair value through profit and loss and available-for-sale financial assets is determined at market value.

### **Note 3     Summary of Significant Accounting Policies (continued)**

#### **3.21     Determination of Fair Value (continued)**

##### **(b) Trade and Other Accounts Receivable**

Considering that almost all trade receivables have a term of less than 90 days, their fair value is not estimated to differ significantly from their carrying amount.

##### **(c) Derivatives**

The fair value of derivative contracts is based on their quoted price.

#### **3.22     Earnings (Loss) per Share**

Basic earnings (loss) per share are calculated as the ratio between net profit (loss) for the period divided by the daily weighted average number of common shares outstanding during the period.

#### **3.23     Dividend Distributions**

The distribution of dividends to the Company's shareholders is recognized as a liability in CSAV's annual consolidated accounts in the period in which they become payable. The Company's policy is to distribute 30% of distributable net profits.

Until there is a positive balance of distributable net profits as of year-end (i.e. the initial balance plus the results for the period), the Company will not distribute dividends to its shareholders. This calculation is shown in Note 28 g) to these consolidated financial statements.

#### **3.24     Environmental Issues**

Disbursements related to environmental protection are recorded in income when incurred.

### **Note 4     Changes in Accounting Policies and Estimates**

The consolidated financial statements as of December 31, 2016, do not present any changes in policies or accounting estimates that may affect their comparability with the prior year.

## Note 5 Financial Risk Management

The container business is CSAV's largest asset, through its investment in HLAG. Although CSAV is not directly exposed to the financial risks of the container industry as an operator, it is indirectly exposed because these risks directly affect the value of CSAV's investment in that joint venture and the associated dividend flow from HLAG and its capital requirements, which may result in CSAV having to subscribe to capital increases in that joint venture, or seeing its stake diluted and the economic value of its investment and future dividends reduced if it chooses not to subscribe.

CSAV's investment in HLAG represents 81.71% of its total consolidated assets, as of December 31, 2016. HLAG is a German public company (*Aktiengesellschaft*) listed on the Frankfurt and Hamburg stock exchanges that is engaged in transporting container cargo on all main global routes. Although CSAV has significant influence over HLAG and jointly controls it together with two other major partners, this German company has an independent management team that controls and manages its risks autonomously and in accordance with the standards of a publicly-listed company subject to current regulation in Germany and, therefore, to applicable regulation in the European Union.

The businesses that CSAV operates directly are vehicle transport and logistics services. These are exposed to various financial risks that include: (a) Business Risk, (b) Credit Risk, (c) Liquidity Risk and (d) Market Risk.

The Company seeks to minimize the potential effects of these risks through the use of financial derivatives and by establishing internal financial risk management policies.

## Note 5 Financial Risk Management (continued)

### (a) Business Risk

The main business risks for CSAV are those related to the balance of supply and demand for maritime transport, as well as risks associated with its main geographical markets and fuel prices.

The container transport business is exclusively operated by HLAG, and its management autonomously manages the financial risks associated with this business, using the instruments and tools offered by the industry and the financial market in accordance with the standards of a publicly-listed company in Germany. Additional information on these risks and how they are managed by HLAG can be found in its 2016 Annual Report, which includes its audited consolidated financial statements prepared under IFRS, which are published on its website at the following link (in English); <https://www.hapag-loyd.com/en/ir/publications/financial-report.html>

#### (i) Supply-Demand Equilibrium

The demand for maritime transport is highly correlated with growth of global GDP and trade. On the other hand, container shipping supply is a function of the global fleet of vessels, which fluctuates based on the delivery rate for new vessels and the scrapping rate for vessels that are obsolete or no longer profitable to operate. Both the container transport business, operated and managed by HLAG, and the vehicle transport business are directly affected by changes in these variables.

The imbalance between supply and demand can affect shipping operators to a greater or lesser extent depending on their operating fleet (vessel age, fuel consumption and versatility, among other characteristics), the proportion of their fleet that is owned and the proportion chartered (operational leverage) in comparison to the industry. Significant exposure to chartered vessels can negatively impact the results and the financial position of operators when charter rates are not correlated with freight rates before fuel costs (ex-bunker rates), either because of market imbalances or the duration of vessel charter agreements at fixed rates. The duration and age of charter agreements can limit shipping companies' capacity to adjust their operated fleets and their vessel sailing speed in response to abrupt drops in shipping demand and streamlining and cost-cutting initiatives.

Supply and demand imbalances for the maritime transport services directly operated by CSAV (vehicle transport) can cause volatility in vessel charter and freight rates.

## Note 5 Financial Risk Management (continued)

### (a) Business Risk (continued)

#### (ii) Geographical Markets

The HLAG joint venture participates in the container transport business across all major global routes, and it distributes its operations across diverse geographical markets. As a result, this business does not expose the Company to a restricted group of geographical markets, allowing possible market contingencies on certain routes to be offset but still leaving it exposed to global variations. Even with a global service network, HLAG's relative exposure is above the industry average on Transatlantic and Latin American routes and below average on Asia-Europe and Transpacific routes.

The transport services directly operated by CSAV expose the Company to changes within South American markets, particularly the vehicle and wheeled machinery markets on the west coast of the continent (mainly Chile and Peru). Since 2014 these markets have suffered a marked fall in vehicle imports, which has affected ship operators and forced them to adapt their supply to these reduced volumes. This trend began to reverse itself in 2016, mainly during the second half of the year, with an increase over 2015 in imports of light vehicles to Chile, CSAV's most important market. Although 2014 levels have not yet been reached, this improvement suggests that vehicle import volumes will begin to show more positive trends in the near future.

#### (iii) Fuel Prices

An important component of the transport industry's cost structure is the cost of energy, or fuel, which is usually called "bunker" within the maritime shipping industry. In the vessels it operates, the Company primarily uses the fuels IFO 380, IFO 580 and MGO/LS.

Most of CSAV's maritime freight sales are agreed with contracts and generally a percentage of those rates are subject to price adjustments, based on changes in the cost of fuel, known as a Bunker Adjustment Factor ("BAF"). The BAF surcharge normally covers the risk of volatility in fuel prices. However, it may be affected by price movements during the period between its calculation and actual collection.

## **Note 5 Financial Risk Management (continued)**

### **(a) Business Risk (continued)**

#### **(iii) Fuel Prices (continued)**

The Company also has fixed-price sales and contracts without a BAF, and sales with a BAF clause that limits its coverage. Therefore, it purchases fuel hedges with terms that match the volumes covered, to reduce the impact of volatility, and ensure that fuel costs (bunkers) are matched to the corresponding maritime freight contracts. For example, for transport services directly operated by the Company during the year ended December 31, 2016, an increase in fuel prices of US\$10 per metric ton of fuel would have had a negative impact of around ThUS\$786 on the Company's results. This value is based on the fuel volumes consumed by the Company during the period and assumes that BAF surcharges cannot be passed on to customers and no fuel hedges exist. Effective BAF surcharges and fuel hedges significantly reduce this exposure.

### **(b) Credit Risk**

Credit risk is derived from the CSAV Group's exposure to (i) potential losses resulting mainly from non-fulfillment of obligations by customers, third-party agencies and carriers with which the Company has signed vessel charter and/or slot sale agreements, (ii) counterparty risk in the case of financial assets maintained with banks and (iii) counterparty risk in the case of financial hedges with banks or other institutions.

#### **(i) Accounts Receivable**

The Company has a strict credit policy for managing its portfolio of accounts receivable. Most of the Company's customers are direct customers. This policy is based on lines of credit and payment terms granted on the basis of an individual analysis of the solvency, payment capacity, and general references of each customer, the industry and the customer's market, as well as its payment history with the Company.

## **Note 5    Financial Risk Management (continued)**

### **(b)    Credit Risk**

#### **(i)    Accounts Receivable (continued)**

These lines of credit are reviewed at least yearly, and special care is taken so that the conditions offered, with respect to both amounts and terms, are appropriate given market conditions and expected volumes. Payment behavior and the percentage of utilization of such credit are monitored regularly.

Agencies that represent CSAV are constantly monitored to ensure that the administrative, commercial, operational and collection processes, and their relationship with customers and suppliers complies with agreed contract terms.

Furthermore, there is a rigorous policy to record an allowance for doubtful accounts for any debt carrying a material credit risk or which is over 180 days overdue, even when such an invoice or debt may be recoverable based on historical information.

Regarding vessel and slot charters to third parties, the Company supports its agreements using Charter Party and Slot Charter Agreements drafted using industry standard models that appropriately cover its interests. CSAV charters vessels to third parties and slots to other shipping companies, always taking into consideration the counterparty's creditworthiness. However, CSAV often leases slots from the same shipping companies to which it leases its own slots on other voyages and services, which significantly reduces the risk of default.

## Note 5 Financial Risk Management (continued)

### (b) Credit Risk

#### (i) Accounts Receivable (continued)

The Company's maximum credit risk exposure from trade and other receivables corresponds to the total of these accounts net of impairment, as detailed below:

		As of December 31, 2016	As of December 31, 2015
	Note	ThUS\$	ThUS\$
Trade receivables	9	18,922	18,486
Impairment of trade receivables	9	(1,124)	(1,761)
<b>Trade receivables, net</b>		<b>17,798</b>	<b>16,725</b>
Other receivables	9	3,001	387
Impairment of other receivables	9	-	-
<b>Other receivables, net</b>	<b>9</b>	<b>3,001</b>	<b>387</b>
<b>Total receivables, net</b>		<b>20,799</b>	<b>17,112</b>

The Company records provisions when there is evidence of impairment of trade receivables, based on the following criteria:

Provisioning Criteria for Receivables	Factor
Receivables over 180 days	100%
Legal collections, checks issued with insufficient funds and other similar concepts	100%
High-risk customers and agencies, based on a case-by-case analysis	100%

During the period, the provision for impairment of accounts receivable has reported the following movements:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Opening balance	1,761	2,013
Increase (decrease) in impairment for the period	(637)	(252)
<b>Impairment of accounts receivable, closing balance (Note 9)</b>	<b>1,124</b>	<b>1,761</b>

## Note 5 Financial Risk Management (continued)

### (b) Credit Risk (continued)

#### (ii) Financial Assets

The Company has a policy for managing its financial assets, which includes time deposits and repurchase agreements. It has its current accounts and investments in financial institutions with risk classification of "investment grade."

The carrying amount of these financial assets represents the maximum exposure to counterparty risk, as detailed as follows:

		As of December 31, 2016	As of December 31, 2015
	Note	ThUS\$	ThUS\$
Banks	7	3,756	15,073
Time deposits	7	50,845	37,303
<b>Total</b>		<b>54,601</b>	<b>52,376</b>

#### (iii) Hedging Positions

As part of its risk management policy, the Company can take out interest rate, exchange rate and oil price hedges. These hedge positions are contracted through financial institutions that are highly regarded in the industry and have "investment grade" risk ratings. Its hedge positions as of December 31, 2016 and 2015, are detailed as follows:

			Valuation	
			As of December 31, 2016	As of December 31, 2015
	Note	ThUS\$	ThUS\$	ThUS\$
Goldman Sachs (JANY) Fuel Oil Swaps	12	-		(175)
Koch Supply & Trading Fuel Oil Swaps	12	804		(819)
<b>Total</b>		<b>804</b>		<b>(994)</b>

## Note 5 Financial Risk Management (continued)

### (c) Liquidity Risk

Liquidity risk refers to the Company's exposure to business or market factors that may affect its ability to generate income and cash flows, including the effect of contingencies and regulatory requirements associated with its business.

CSAV is not directly exposed to the container business, as explained in this note, but indirectly as a main shareholder of HLAG. This limits the Company's liquidity risk in that business to the expected flow of dividends or any additional capital required by this joint venture. It is important to mention that CSAV has specific long-term borrowing to finance its investment in HLAG.

CSAV has sufficient liquidity to cover its direct transport services. However, and in light of the risks described above, the Company maintains the following line of credit to be used if needed:

- Working capital line of up to US\$ 10,000,000 with HSBC Chile, valid until December 2017. As of December 31, 2016, this credit line has not been drawn down.

As a reference of the Company's liquidity risk as of December 31, 2016, the contractual maturities of its financial liabilities, including estimated interest payments, are detailed below:

As of December 31, 2016	Note	Carrying Amount	Contractual Cash Flows	6 Months or Less	6 – 12 Months	1 – 2 Years	2 – 5 Years	More than 5 Years
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Non-derivative financial liabilities</b>								
Secured bank loans	22							-
Unsecured bank instruments	22	(94,137)	(116,143)	(1,976)	(4,181)	(4,297)	(100,573)	(5,116)
Trade and other payables and payables to related parties	10 and 23	(21,483)	(21,483)	(18,983)	-	(2,500)	-	-
<b>Total</b>		<b>(115,620)</b>	<b>(137,626)</b>	<b>(20,959)</b>	<b>(4,181)</b>	<b>(6,797)</b>	<b>(100,573)</b>	<b>(5,116)</b>

Note: The cash flows included in the maturity analysis are not expected to occur significantly before or after the maturity date.

## Note 5 Financial Risk Management (continued)

### (c) Liquidity Risk (continued)

As a reference of the Company's liquidity risk as of December 31, 2015, the contractual maturities of its financial liabilities, including estimated interest payments, are detailed below:

As of December 31, 2015	Note	Carrying Amount	Contractual Cash Flows	6 Months or Less	6 – 12 Months	1 – 2 Years	2 – 5 Years	More than 5 Years
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Non-derivative financial liabilities</b>								
Secured bank loans	22	(4,271)	(5,465)	(1,284)	(502)	(995)	(2,684)	-
Unsecured bank instruments	22	(45,378)	(56,096)	(692)	(758)	(1,779)	(25,819)	(27,048)
Trade and other payables and payables to related parties	10 and 23	(61,954)	(63,350)	(32,285)	(527)	(30,538)	-	-
<b>Derivative financial liabilities</b>								
Hedging liabilities	12	(994)	(994)	(973)	(21)	-	-	-
<b>Total</b>		<b>(112,597)</b>	<b>(125,905)</b>	<b>(35,234)</b>	<b>(1,808)</b>	<b>(33,312)</b>	<b>(28,503)</b>	<b>(27,048)</b>

Note: The cash flows included in the maturity analysis are not expected to occur significantly before or after the maturity date.

### (d) Market Risk

Market risk, as analyzed in this section, is the risk that the value of the Company's assets or liabilities continuously and permanently fluctuates over time as the result of a change in key economic variables such as: (i) interest rates, (ii) exchange rates, and (iii) fuel prices.

When necessary, the Company uses accounting hedges to mitigate changes in these variables. Variations in the market price of these hedges, in accordance with current regulations, are recorded in other comprehensive income.

Details of the derivatives held by the Company, including their fair value, are presented in Note 12 to these consolidated financial statements.

## Note 5 Financial Risk Management (continued)

### (d) Market Risk (continued)

#### (i) Interest Rate Fluctuations

Interest rate fluctuations impact the Company's floating rate obligations.

As of December 31, 2016 and 2015, the Company's net asset and liability position in interest-bearing financial instruments, by type of interest, is detailed as follows:

		As of December 31, 2016	As of December 31, 2015
	Note	ThUS\$	ThUS\$
Financial assets at fixed rates:			
Time deposits	7	50,845	37,303
Other financial assets	8	-	-
<b>Total financial assets at fixed rates</b>		<b>50,845</b>	<b>37,303</b>
Financial assets at variable rates:			
Cash on hand and bank balances	7	3,763	15,085
Hedging assets	8	804	-
<b>Total financial assets at variable rates</b>		<b>4,567</b>	<b>15,085</b>
<b>Total financial assets</b>		<b>55,412</b>	<b>52,388</b>
Financial liabilities at fixed rates:			
Bank loans	22	(49,262)	-
<b>Total financial liabilities at fixed rates</b>		<b>(49,262)</b>	<b>-</b>
Financial liabilities at variable rates:			
Bank loans	22	(44,875)	(49,649)
Hedging liabilities	22	-	(994)
Loans from related parties	10	-	(30,133)
<b>Total financial liabilities at variable rates</b>		<b>(44,875)</b>	<b>(80,776)</b>
<b>Total financial liabilities</b>		<b>(94,137)</b>	<b>(80,776)</b>
Net fixed-rate position		1,583	37,303
Net variable-rate position		(40,308)	(65,691)

## Note 5 Financial Risk Management (continued)

### (d) Market Risk (continued)

#### (i) Interest Rate Fluctuations (continued)

The Company does not hedge interest rates on loans with variable interest rates based on Libor.

The potential effect of interest rate fluctuations on variable-rate financial instruments (assets and liabilities) held by CSAV as of December 31, 2016, that are not hedged is shown in the following table. The variation considers: (i) an increase of 1% in the 6-month Libor rate, which is used for variable-rate financial liabilities, and (ii) an increase of 1% in the overnight Libor rate, which is primarily used to invest cash surpluses. The combined effect on the Company's results for each period would be the following:

	For the year ended December 31,	
	2016	2015
	ThUS\$	ThUS\$
<b>Effect on profit or loss of</b>		
increase of 100 basis points in 180-day LIBOR and overnight LIBOR	(437)	(88)

#### (ii) Exchange Rate Fluctuations

The Company's functional currency is the US dollar, which is the currency in which most of its operating income and expenses are denominated as well as the currency used by most of the global shipping industry. However, the Company also has income and costs in other currencies, such as Chilean pesos, euros, yen and others.

Most of the Company's assets and liabilities are expressed in US dollars. However, the Company has certain assets and liabilities in other currencies, which are detailed in Note 33 to these consolidated financial statements.

The Company does not have any foreign currency hedges as of December 31, 2016, and manages the risk of exchange rate variations by periodically converting any balances in local currency that exceed payment requirements in that currency into US dollars.

## Note 5 Financial Risk Management (continued)

### (d) Market Risk (continued)

#### (ii) Exchange Rate Fluctuations (continued)

The following table shows the maximum exposure to fluctuations in foreign currency of the Company's non-U.S. dollar-denominated financial assets and liabilities as of December 31, 2016 and 2015:

As of December 31, 2016	Euro	Real	Peso / UF	Other	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	84	33	413	544	1,074
Trade and other receivables (current and non-current)	292	223	1,297	457	2,269
Tax assets	-	-	316	409	725
Trade payables and tax liabilities (current and non-current)	(2,048)	(1,729)	(2,609)	(343)	(6,729)
Payables to related parties (current and non-current)	-	-	(912)	(179)	(1,091)
<b>Net exposure</b>	<b>(1,672)</b>	<b>(1,473)</b>	<b>(1,495)</b>	<b>888</b>	<b>(3,752)</b>

As of December 31, 2015	Euro	Real	Peso / UF	Other	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	890	43	842	1,816	3,591
Trade and other receivables (current and non-current)	-	95	481	3,013	3,589
Receivables from related parties (current and non-current)	-	19	157	2	178
Tax assets	-	-	6	1,025	1,031
Trade payables and tax liabilities (current and non-current)	(109)	(2,401)	(3,342)	(4,848)	(10,700)
Payables to related parties (current and non-current)	-	(26)	(411)	(1,726)	(2,163)
<b>Net exposure</b>	<b>781</b>	<b>(2,270)</b>	<b>(2,267)</b>	<b>(718)</b>	<b>(4,474)</b>

The potential effect of a 10% depreciation in the US dollar (USD) with respect to other important currencies to which the Company is exposed as of December 31, 2016, would have an estimated loss of ThUS\$417 on the Company's results for the year 2016 (keeping all other variables constant).

## Note 6 Segment Reporting

The Company's operating segments have been determined in accordance with IFRS 8, based on the main business lines developed by the CSAV Group. These activities are reviewed routinely by the Company's senior management using regularly available information in order to: (i) measure each business's performance; (ii) evaluate its risks; and (iii) allocate the resources that each business requires.

In determining the operating segments to report, certain segments have been grouped together because they share similar economic characteristics, services and processes, as well as a common regulatory environment, as stipulated in IFRS 8. The information routinely examined by CSAV's senior management consists of the results and management information for each of the operating segments, whether operated directly by CSAV or its domestic or foreign subsidiaries, associates and joint ventures.

Although the Company's management and accounting reports may have different classifications and viewpoints, they are both determined using the policies described in Note 3 to these consolidated financial statements. As a result, there are no differences in the totals in measurements of results, assets and liabilities for each segment and the accounting criteria applied in preparing the consolidated financial statements.

In accordance with the preceding paragraphs, the CSAV Group has identified the following two operating segments as of December 31, 2016:

- (i) Container Shipping: These are the container shipping services operated by HLAG, represented by the investment in that joint venture, plus certain assets and liabilities related to the container shipping business that are controlled by CSAV (deferred tax assets, financial liabilities to finance the investment and others).
- (ii) Other Transport Services: These are the transport services operated directly by CSAV and its subsidiaries, such as car (vehicle) transport and logistics services. Liquid bulk cargo services were part of this segment until they were sold in October 2016. The results of this unit up to the date of sale are presented in discontinued operations (see Note 35).

## Note 6 Segment Reporting (continued)

During 2016, no single customer represented more than 10% of CSAV's consolidated revenue. Similarly, no customers met this criteria in 2015.

Results by operating segment are as follows:

Statement of Income by Operating Segments	For the year ended December 31, 2016		
	Container Shipping	Other Transport Services	Total
	ThUS\$	ThUS\$	ThUS\$
Revenue	-	127,130	127,130
Cost of sales	-	(120,043)	(120,043)
<b>Gross profit</b>	-	<b>7,087</b>	<b>7,087</b>
Other income	-	1,838	1,838
Administrative expenses	(4,098)	(11,994)	(16,092)
Other gains	12,498	1,754	14,252
<b>Operating profit (loss)</b>	<b>8,400</b>	<b>(1,315)</b>	<b>7,085</b>
Finance income	-	322	322
Finance costs	(4,118)	(1)	(4,119)
Share of losses of associates and joint ventures	(7,011)	-	(7,011)
Exchange differences	15	(69)	(54)
<b>Loss before tax</b>	<b>(2,714)</b>	<b>(1,063)</b>	<b>(3,777)</b>
Income tax expense from continuing operations	(20,500)	(79)	(20,579)
<b>Loss from continuing operations</b>	<b>(23,214)</b>	<b>(1,142)</b>	<b>(24,356)</b>
Profit from discontinued operations	-	2,061	2,061
<b>Profit (loss) for the year</b>	<b>(23,214)</b>	<b>919</b>	<b>(22,295)</b>
<b>Profit (loss) attributable to:</b>			
Loss attributable to owners of the company	(23,214)	(103)	(23,317)
Profit attributable to non-controlling interests	-	1,022	1,022
<b>Profit (loss) for the year</b>	<b>(23,214)</b>	<b>919</b>	<b>(22,295)</b>

## Note 6 Segment Reporting (continued)

Statement of Income by Operating Segments	For the year ended December 31, 2015		
	Container Shipping	Other Transport Services	Total
	ThUS\$	ThUS\$	ThUS\$
Revenue	-	166,986	166,986
Cost of sales	-	(164,192)	(164,192)
<b>Gross profit</b>	<b>-</b>	<b>2,794</b>	<b>2,794</b>
Other income	-	2,178	2,178
Administrative expenses	(4,250)	(15,097)	(19,347)
Other expenses	-	(7)	(7)
Other gains (losses)	5,633	(4,067)	1,566
<b>Operating profit (loss)</b>	<b>1,383</b>	<b>(14,199)</b>	<b>(12,816)</b>
Finance income	-	306	306
Finance costs	(3,629)	(89)	(3,718)
Share of losses of associates and joint ventures	(6,488)	-	(6,488)
Exchange differences	4,260	(959)	3,301
Loss on indexed assets and liabilities	(936)	-	(936)
<b>Loss before tax</b>	<b>(5,410)</b>	<b>(14,941)</b>	<b>(20,351)</b>
Income tax benefit (expense) from continuing operations	(1,148)	7,243	6,095
<b>Loss from continuing operations</b>	<b>(6,558)</b>	<b>(7,698)</b>	<b>(14,256)</b>
Loss from discontinued operations	-	(803)	(803)
<b>Loss for the year</b>	<b>(6,558)</b>	<b>(8,501)</b>	<b>(15,059)</b>
<b>Profit (loss) attributable to:</b>			
Loss attributable to owners of the company	(6,558)	(8,096)	(14,654)
Loss attributable to non-controlling interests	-	(405)	(405)
<b>Loss for the year</b>	<b>(6,558)</b>	<b>(8,501)</b>	<b>(15,059)</b>

## Note 6 Segment Reporting (continued)

Assets and liabilities by segment as of December 31, 2016 and 2015, are summarized as follows:

	As of December 31, 2016				As of December 31, 2015		
	Container Shipping	Other Transport Services	Total		Container Shipping	Other Transport Services	Total
	ThUS\$	ThUS\$	ThUS\$		ThUS\$	ThUS\$	ThUS\$
Assets per segment	242,064	154,358	396,422		255,883	177,297	433,180
Associates and joint ventures	1,771,737	-	1,771,737		1,792,527	11	1,792,538
Liabilities per segment	101,958	59,737	161,695		94,456	80,323	174,779
<b>Net assets</b>	<b>1,911,843</b>	<b>94,621</b>	<b>2,006,464</b>		<b>1,953,954</b>	<b>96,985</b>	<b>2,050,939</b>

Cash flows by segment in 2016 and 2015 are presented as follows:

Statement of Cash Flows by Operating Segments	For the year ended December 31, 2016		
	Container Shipping	Other Transport Services	Total
	ThUS\$	ThUS\$	ThUS\$
Net cash flows used in operating activities	(4,098)	(12,531)	(16,629)
Net cash flows provided by investing activities		3,674	3,674
Net cash flows provided by (used in) financing activities	(3,478)	18,691	15,213
Effect of exchange rate changes on cash and cash equivalents		(38)	(38)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(7,576)</b>	<b>9,796</b>	<b>2,220</b>

Statement of Cash Flows by Operating Segments	For the year ended December 31, 2015		
	Container Shipping	Other Transport Services	Total
	ThUS\$	ThUS\$	ThUS\$
Net cash flows used in operating activities	(4,250)	(21,877)	(26,127)
Net cash flows used in investing activities	(29,701)	(2,727)	(32,428)
Net cash flows provided by financing activities	26,778	40,811	67,589
Effect of exchange rate changes on cash and cash equivalents	0	(2,313)	(2,313)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(7,173)</b>	<b>13,894</b>	<b>6,721</b>

## Note 6 Segment Reporting (continued)

Revenue detailed by geographic area is as follows:

Other Transport Services		
For the year ended December 31,		
	2016	2015
	ThUS\$	ThUS\$
Asia	30,994	44,347
Europe	39,933	39,484
North and South America	56,203	83,155
<b>Total</b>	<b>127,130</b>	<b>166,986</b>

The Company uses the following criteria to measure income, assets and liabilities within each reported segment:

- (i) Income for the segment is composed of revenues and expenses related to operations that are directly attributable to the reporting segment.
- (ii) Income was recorded by measuring operating revenues and expenses using the same criteria defined in Note 3 of these consolidated financial statements (Note 3.18); and
- (iii) The assets and liabilities reported for the operating segment consist of all those that are directly involved in the provision of a certain service or operation and those directly or indirectly attributable to each segment.

## Note 7 Cash and Cash Equivalents

Cash and cash equivalents are detailed in the following table:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Cash on hand	7	12
Bank balances	3,756	15,073
Time deposits	50,845	37,303
<b>Total</b>	<b>54,608</b>	<b>52,388</b>

As of December 31, 2016 and 2015, the Company does not have any funds classified as cash and cash equivalents that are not freely available.

As of December 31, 2016 and 2015, cash and cash equivalents are detailed as follows:

	As of December 31, 2016	As of December 31, 2015
Currency	ThUS\$	ThUS\$
US dollar	53,534	48,797
Chilean peso	413	842
Euro	84	890
Real	33	43
Other currencies	544	1,816
<b>Total</b>	<b>54,608</b>	<b>52,388</b>

## Note 8 Other Financial Assets

Other financial assets are detailed as follows:

	Current		Non-Current	
	As of December 31, 2016	As of December 31, 2015	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Hedging derivative contracts (Note 12)	804	-	-	-
Other financial instruments	-	-	63	1,550
<b>Total other current financial assets</b>	<b>804</b>	<b>-</b>	<b>63</b>	<b>1,550</b>

The decrease in other non-current financial assets from ThUS\$1,550 as of December 31, 2015, to ThUS\$63 as of December 31, 2016, is explained mainly by the sale of certain financial investments (minority interests in other companies) during the second quarter of 2016. The effect of these transactions is recorded in the statement of cash flows in “cash flows from sale of non-controlling interests” and the effect on profit or loss is presented in “other gains (losses)” in the consolidated statement of comprehensive income, as explained in Note 30 of this report.

## Note 9 Trade and Other Receivables

Trade and other receivables are detailed as follows:

	Current	
	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Trade receivables	18,922	18,486
Impairment of trade receivables	(1,124)	(1,761)
<b>Trade receivables, net</b>	<b>17,798</b>	<b>16,725</b>
Other receivables	3,001	387
Impairment of other receivables	-	-
<b>Other receivables, net</b>	<b>3,001</b>	<b>387</b>
<b>Total receivables, net</b>	<b>20,799</b>	<b>17,112</b>

## Note 9 Trade and Other Receivables (continued)

Trade receivables are derived mainly from operations linked to the provision of services related to the maritime transport business, logistics operations and other similar activities. Most current trade receivables are due within three months from the reporting date of these consolidated financial statements.

There are no debtors classified as non-current for the years ended December 31, 2016, and 2015.

Other receivables primarily include freight payable from agencies, advances to suppliers, receivables from shipowners and receivables from personnel, among others.

The fair value of trade and other accounts receivable does not differ significantly from their carrying amount.

The CSAV Group records provisions when there is evidence of impairment of trade receivables, based on the principles described in Note 10 of these consolidated financial statements that are summarized below:

Provisioning Criteria for Receivables	Factor
Receivables over 180 days	100%
Legal collections, checks issued with insufficient funds and other similar concepts	100%
High-risk customers and agencies, based on a case-by-case analysis	100%

Trade and other receivables are detailed by maturity in the following table:

	As of December 31, 2016		As of December 31, 2015	
	No. of Customers	ThUS\$	No. of Customers	ThUS\$
Current	163	10,099	156	6,352
Due between 1 and 30 days	86	5,316	73	4,696
Due between 31 and 60 days	82	1,395	93	1,831
Due between 61 and 90 days	71	1,733	42	1,909
Due between 91 and 120 days	41	1,269	43	935
Due between 121 and 150 days	38	873	57	329
Due between 151 and 180 days	53	114	46	1,060
<b>Closing balance</b>		<b>20,799</b>		<b>17,112</b>

## Note 9 Trade and Other Receivables (continued)

Changes in impairment losses on trade and other receivables are detailed as follows:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Opening balance	1,761	2,013
Decrease in impairment for the period	(637)	(252)
<b>Closing balance</b>	<b>1,124</b>	<b>1,761</b>

Once out-of-court and legal collections steps have been exhausted, the respective payables are written off against the provision that was recorded. The CSAV Group only uses the allowance method and not the direct write-off method in order to better control and visualize these accounts.

## Note 10 Balances and Transactions with Related Parties

The net balance of accounts receivable from and payable to non-consolidated related parties is detailed in the following table:

	Current		Non-Current	
	As of December 31, 2016	As of December 31, 2015	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Receivables from related parties	50	1,288	-	-
Payables to related parties	(1,901)	(4,020)	-	(30,000)
<b>Total</b>	<b>(1,851)</b>	<b>(2,732)</b>	<b>-</b>	<b>(30,000)</b>

### *Receivables from related parties:*

Receivables from related parties arise from routine business transactions carried out under market conditions, with respect to price and payment.

No write-offs or provisions have been recorded during the period for accounts receivable from related parties.

As of December 31, 2016, the Company has no receivables from related parties classified as non-current.

**Note 10 Balances and Transactions with Related Parties (continued)**

*Payables to related parties:*

Payables to related parties arise from routine business transactions carried out under market conditions, with respect to price and payment.

The Company signed a contract for a line of credit of ThUS\$30,000 denominated and payable in US dollars with its parent company Quiñenco S.A. on October 23, 2015, which was disbursed in its entirety on November 9, 2015. This loan will be repaid in one installment at maturity, which will be 18 months after the loan agreement was signed. Interest will be paid on a semi-annual basis, with interest accruing at a variable rate of 6 months Libor plus 2.5%. This loan corresponds to the full balance of non-current payables to related parties. This loan was fully repaid in 2016. As a result, as of the date of these consolidated financial statements, there is no balance in payables to related parties for this concept.

#### Note 10 Balances and Transactions with Related Parties (continued)

Current receivables from related parties are detailed as follows:

Taxpayer ID Number	Country	Company	Transaction	Relationship	Currency	Current	
						12.31.2016 ThUS\$	12.31.2015 ThUS\$
Foreign	Brazil	Companhia Libra de Navegacao S.A. (1)	Current account	Common shareholder and/or director	US\$	21	20
Foreign	Spain	Compañía Sud. de Vapores Agencia Marítima S.L (1)	Current account	Common shareholder and/or director	US\$	-	39
89.602.300-4	Chile	CSAV Austral SpA	Current account	Common shareholder and/or director	US\$	2	99
Foreign	Hong Kong	CSAV Group Agencies (Hong Kong) (1)	Current account	Common shareholder and/or director	US\$	-	104
Foreign	India	CSAV Group (India) Private Ltd. (1)	Current account	Common shareholder and/or director	US\$	-	5
Foreign	Holland	CSAV North & Central Europe B.V. (1)	Current account	Common shareholder and/or director	US\$	-	155
Foreign	Germany	CSAV North & Central Europe GmbH (1)	Current account	Common shareholder and/or director	US\$	-	81
76.380.217-5	Chile	Hapag-Lloyd Chile SpA (1)	Current account	Common shareholder and/or director	US\$	-	756
Foreign	Brazil	Norgistics Brasil Operador Multimodal Ltda. (1)	Current account	Common shareholder and/or director	US\$	27	29
<b>Total</b>						<b>50</b>	<b>1,288</b>

- (1) After closing the business combination with HLAG in 2014, these parties are no longer subsidiaries of CSAV, but of HLAG, and through it CSAV affiliates. Therefore, their balances are presented as related parties.

## Note 10 Balances and Transactions with Related Parties (continued)

Payables to related parties are detailed as follows:

Taxpayer ID Number	Country	Company	Transaction	Relationship	Currency	Current		Non-Current	
						12.31.2016 ThUS\$	12.31.2015 ThUS\$	12.31.2016 ThUS\$	12.31.2015 ThUS\$
Foreign	Mexico	Agencias Grupo CSAV (México) S.A de C.V. (1)	Current account	Common shareholder and/or director	US\$	-	11	-	-
Foreign	Peru	Consorcio Naviero Peruano S.A.	Current account	Common shareholder and/or director	US\$	2	81	-	-
Foreign	United States	CSAV Agency LLC (1)	Current account	Common shareholder and/or director	US\$	-	79	-	-
Foreign	Argentina	CSAV Argentina S.A. (1)	Current account	Common shareholder and/or director	US\$	63	107	-	-
Foreign	China	CSAV Group (China) Shipping Co. Ltd (1)	Current account	Common shareholder and/or director	US\$	-	146	-	-
Foreign	Hong Kong	CSAV Group (Hong Kong) Ltd. (1)	Current account	Common shareholder and/or director	US\$	-	104	-	-
Foreign	Belgium	CSAV North & Central Europe N.V. (1)	Current account	Common shareholder and/or director	US\$	-	2	-	-
76.380.217-5	Chile	Hapag-Lloyd Chile SpA (1)	Current account	Common shareholder and/or director	US\$	-	143	-	-
96.915.330-0	Chile	Iquique Terminal Internacional S.A.	Current account	Common shareholder and/or director	US\$	66	74	-	-
Foreign	Ecuador	Ecuaestibas S.A.	Current account	Common shareholder and/or director	US\$	-	19	-	-
Foreign	Malta	Norasia Container Lines Ltd. (1)	Current account	Common shareholder and/or director	US\$	-	1,322	-	-
91.705.000-7	Chile	Quiñenco S.A.	Current account	Parent company	US\$	-	133	-	30,000
96.705.000-7	Chile	SAAM Extraportuarios S.A.	Current account	Common shareholder and/or director	US\$	-	5	-	-
Foreign	Panama	Southern Shipmanagement Co S.A. (1)	Current account	Common shareholder and/or director	US\$	-	190	-	-
87.987.300-2	Chile	Southern Shipmanagement (Chile) Ltda. (1)	Current account	Common shareholder and/or director	US\$	-	61	-	-
92.048.000-4	Chile	SAAM S.A.	Current account	Common shareholder and/or director	US\$	1,629	1,445	-	-
Foreign	Peru	Tramarsa S.A.	Current account	Common shareholder and/or director	US\$	65	86	-	-
Foreign	Brazil	Tugbrasil Apoio Portuario SA	Current account	Common shareholder and/or director	US\$	11	-	-	-
Foreign	United States	Florida International Terminal, LLC	Current account	Common shareholder and/or director	US\$	51	-	-	-
Foreign	Brazil	SAAM Smit Towage Brasil S.A.	Current account	Common shareholder and/or director	US\$	14	-	-	-
82.074.900-6	Chile	Transbordadora Austral Broom S.A.	Current account	Common shareholder and/or director	US\$	-	12	-	-
<b>Total</b>						<b>1,901</b>	<b>4,020</b>	<b>-</b>	<b>30,000</b>

(1) After closing the transaction with HLAG in 2014, these parties are no longer subsidiaries of CSAV, but of HLAG, and through it CSAV affiliates. Therefore, their balances are presented as related parties.

## Note 10 Balances and Transactions with Related Parties (continued)

### Transactions with related parties:

The Company classifies as transactions with related parties those that represent more than 0.1% of Group consolidated costs, which include cost of sales and administrative expenses.

The following table details transactions with related parties:

Company	Taxpayer ID Number	Country	Relationship	Transaction	For the year ended	
					12.31.2016 ThUS\$	12.31.2015 ThUS\$
Antofagasta Terminal Internacional S.A.	99.511.240-K	Chile	Common shareholder and/or director	Port services received	-	(304)
Compañía Sud Americana de Vapores Agencia Maritima (1)	Foreign	Spain	Common shareholder and/or director	Services received	-	(194)
Banco Consorcio	99.500.410-0	Chile	Common shareholder and/or director	Loans received	45,000	-
Banco Consorcio	99.500.410-0	Chile	Common shareholder and/or director	Interest paid	(590)	-
CSAV Agency LLC (New Jersey) (1)	Foreign	USA	Common shareholder and/or director	Services received	-	(354)
CSAV Austral SPA (1)	89.602.300-4	Chile	Common shareholder and/or director	Services rendered	289	60
Florida International Terminal, LLC	Foreign	United States	Common shareholder and/or director	Port services received	(213)	-
Hapag Lloyd Chile SPA (1)	76.380.217-5	Chile	Common shareholder and/or director	Real estate lease	1,269	1,784
Hapag Lloyd Chile SPA (1)	76.380.217-5	Chile	Common shareholder and/or director	Services received	(287)	(1,154)
Iquique Terminal Internacional S.A.	96.915.330-0	Chile	Common shareholder and/or director	Port services received	(729)	(460)
SAAM S.A.	92.048.000-4	Chile	Common shareholder and/or director	Real estate lease	166	183
SAAM S.A.	92.048.000-4	Chile	Common shareholder and/or director	Services received	(1,572)	(824)
SAAM Smit Towage Brasil S.A.	Foreign	Brazil	Common shareholder and/or director	Services received	(253)	-
Southern Shipmanagement (Chile) Ltda. (1)	87.987.300-2	Chile	Common shareholder and/or director	Real estate lease	(2,125)	(4,339)
Southern Shipmanagement CO. S.A. (1)	Foreign	Panama	Common shareholder and/or director	Administrative services provided	(2,270)	(4,159)
Trabajos Marítimos S.A.	Foreign	Peru	Common shareholder and/or director	Agencying services	(490)	(478)
Transbordadora Austral Broom S.A.	82.074.900-6	Chile	Common shareholder and/or director	Port services received	(135)	(58)
Quiñenco S.A.	91.705.000-7	Chile	Parent company	Loans received (paid)	(30,000)	30,000
Quiñenco S.A.	91.705.000-7	Chile	Parent company	Interest paid	(480)	(133)

(1) After closing the transaction with HLAG in 2014, these parties are no longer subsidiaries of CSAV, but of HLAG, and through it CSAV affiliates. Therefore, their balances are presented as related parties.

## Note 10 Balances and Transactions with Related Parties (continued)

### Remuneration of Board of Directors and Key Personnel

#### (a) Board Compensation

During the year ended December 31, 2016, the Company's directors have received ThUS\$413 (ThUS\$556 as of December 31, 2015) for attending board and committee meetings.

#### (b) Remuneration of Key Personnel

Key personnel include executives who define the CSAV Group's strategic policies and have a direct impact on the results of the business.

Compensation of the CSAV Group's key management personnel amounts to ThUS\$1,619 for the year ended December 31, 2016 (ThUS\$2,428 for the year ended December 31, 2015).

	For the year ended December 31,	
	2016	2015
	ThUS\$	ThUS\$
Short-term employee benefits	1,543	2,337
Other benefits	76	91
<b>Total</b>	<b>1,619</b>	<b>2,428</b>

On average six CSAV executives were classified as key personnel during the year ended December 31, 2015. Five executives on average were classified as key personnel during the year ended December 31, 2016.

The Company has not given any guarantees on behalf of key management personnel.

The Company does not have any compensation plans for key management personnel based on share price.

## Note 11 Inventories

The Company's inventories as of December 31, 2016 and 2015, are detailed as follows:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Fuel	4,235	2,158
Lubricant	-	69
Other inventories	15	11
<b>Total</b>	<b>4,250</b>	<b>2,238</b>

The items included under fuel correspond to fuel found on vessels in operation that will be consumed in the normal course of services provided. These items are valued in accordance with Note 3.11.

Fuel consumed and recorded in profit or loss under continuing operations amounts to ThUS\$14,841 for the year ended December 31, 2016 and ThUS\$24,445 for the year ended December 31, 2015.

## Note 12 Hedge Assets and Liabilities

Hedge assets and liabilities are presented under other current financial assets and other current financial liabilities, respectively, detailed as follows:

		As of December 31, 2016		As of December 31, 2015	
		Assets	Liabilities	Assets	Liabilities
	Note	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current portion			-		
Fuel swaps (a)	22	804	-	-	(994)
<b>Total</b>		<b>804</b>	<b>-</b>	<b>-</b>	<b>(994)</b>

Explanatory notes for the table above:

### (a) Fuel price hedging contracts

Details of CSAV's fuel price hedging contracts for the year ended December 31, 2016, were as follows:

Derivative	Institution	Date of Agreement	Date of Maturity	Currency	As of December 31, 2016		Total
					Recognized in Equity	Recognized in Profit or Loss	
Swap	Goldman Sachs (JANY)	Oct-2015	II - 2016	US\$	-	(84)	(84)
Swap	Goldman Sachs (JANY)	Dec-2015	IV - 2016	US\$	-	469	469
Swap	Goldman Sachs (JANY)	Feb-2016	IV - 2016	US\$	-	1,067	1,067
Swap	Koch Supply & Trading	Oct-2015	II- 2016	US\$		(692)	(692)
Swap	Koch Supply & Trading	Aug-2016	IV - 2017	US\$	804	-	804
<b>Total</b>					<b>804</b>	<b>760</b>	<b>1,564</b>

## Note 12 Hedge Assets and Liabilities (continued)

### (a) Fuel price hedging contracts (continued)

Details of CSAV's fuel price hedging contracts for the year ended December 31, 2015, were as follows:

Derivative	Institution	Date of Agreement	Date of Maturity	Currency	As of December 31, 2015		Total
					Recognized in Equity	Recognized in Profit or Loss	
Swap	Koch Supply & Trading	Apr-2015	IV - 2015	US\$	-	(321)	(321)
Swap	Koch Supply & Trading	May-2015	IV - 2015	US\$	-	(354)	(354)
Swap	Koch Supply & Trading	Oct-2015	IV - 2015	US\$	-	(84)	(84)
Swap	Koch Supply & Trading	Oct-2015	II - 2016	US\$	(819)	-	(819)
Swap	Goldman Sachs (JANY)	Jun-2015	IV - 2015	US\$	-	(538)	(538)
Swap	Goldman Sachs (JANY)	Oct-2015	II - 2016	US\$	(98)	-	(98)
Swap	Goldman Sachs (JANY)	Dec-2015	IV - 2016	US\$	(77)	-	(77)
<b>Total</b>					<b>(994)</b>	<b>(1,297)</b>	<b>(2,291)</b>

### (b) Interest rate hedges.

As of December 31, 2016 and 2015, the Group has not contracted any interest rate swaps to hedge its exposure to variable interest rates.

### (c) Exchange rate hedges

As of December 31, 2016 and 2015, the CSAV Group does not have any exchange rate hedge contracts.

### Note 13 Other Non-Financial Assets

Other non-financial assets are detailed below:

Other Non-Financial Assets	As of December 31, 2016	As of December 31, 2015
<b>Current</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Insurance	141	37
Prepaid charters	1,048	3,327
In-transit expenses	-	336
Other	155	254
<b>Total current</b>	<b>1,344</b>	<b>3,954</b>
<b>Non-Current</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Other	9	121
<b>Total non-current</b>	<b>9</b>	<b>121</b>

Prepaid insurance is insurance premiums for shipping operations and certain real estate that remain in effect after the date these financial statements were closed.

Prepaid charters are for vessels operated by the CSAV group, according to the contractual terms and conditions with shipowners, and are normally used within the following 30 days.

The item other includes fees for lighthouses and buoys and other customary duties and guarantees for maritime transport operations.

## Note 14 Investments in Subsidiaries

### (a) Consolidated Subsidiaries:

The Company has consolidated investments in subsidiaries, as described in Note 3 of these consolidated financial statements, which are detailed as follows:

Taxpayer ID Number	Company	Country	Currency	Ownership Interest as of December 31,					
				Direct	2016 Indirect	Total	Direct	2015 Indirect	Total
Foreign	CSAV Germany Container Holding GmbH	Germany	US\$	100.00%	-	100.00%	100.00%	-	100.00%
Foreign	Tollo Shipping Co. S.A. and Subsidiaries	Panama	US\$	100.00%	-	100.00%	100.00%	-	100.00%
Foreign	Maritime Shipping & Trading International Inc. (3)	Marshall Islands	US\$	-	-	-	-	50.00%	50.00%
Foreign	Maritime Shipping Trading Inc. (3)	Panama	US\$	-	-	-	-	50.00%	50.00%
Foreign	OV Bermuda Ltd. (1)	Bermuda	US\$	-	-	-	-	50.00%	50.00%
Foreign	Navibras Comercial Maritima e Afretamentos Ltda.	Brazil	US\$	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Lennox Ocean Shipping Co. S.A. (2)	Panama	US\$	-	-	-	-	100.00%	100.00%
Foreign	Corvina Shipping Co. S.A. and Subsidiaries	Panama	US\$	100.00%	-	100.00%	100.00%	-	100.00%
Foreign	Global Commodity Investments Inc. (2)	Panama	US\$	-	-	-	-	100.00%	100.00%
Foreign	CSAV Sudamericana de Vapores S.A. (2)	Panama	US\$	-	-	-	-	100.00%	100.00%
96.840.950-6	Odfjell y Vapores S.A. (1)	Chile	US\$	-	-	-	51.00%	-	51.00%
96.838.110-5	Euroatlantic Container Line S.A. (2)	Chile	US\$	-	-	-	99.90%	0.10%	100.00%
96.838.050-7	Compañía Naviera Rio Blanco S.A.	Chile	US\$	99.00%	1.00%	100.00%	99.00%	1.00%	100.00%
76.028.729-6	Norgistics Holding S.A. and Subsidiaries	Chile	US\$	99.00%	1.00%	100.00%	99.00%	1.00%	100.00%
76.028.758-K	Norgistics Chile S.A.	Chile	US\$	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics México S.A. de C.V.	Mexico	US\$	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics Lojistik Hizmetleri A.S.	Turkey	TRY	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics (China) Ltd. [Hong Kong]	China	HKD	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics Perú S.A.C.	Peru	US\$	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics Brasil Transportes LTDA	Brazil	US\$	-	100.00%	100.00%	-	100.00%	100.00%
Foreign	Norgistics (China) Ltd.	China	RMB	100.00%	-	100.00%	100.00%	-	100.00%

(1) In October 2016, these subsidiaries were sold to Odfjell Tankers as described in Note 2 b) and Note 35 of these financial statements.

(2) In December 2016, these companies merged with their respective parent company as explained in Note 14 c).

(3) In December 2016, these subsidiaries were dissolved as described in Note 14 c).

## Note 14 Investments in Subsidiaries (continued)

### (b) Summarized financial information:

The summarized financial information of the Company's subsidiaries as of December 31, 2016 and 2015, is as follows:

As of December 31, 2016

Company Name	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenue	Profit (Loss) for the Period
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Tollo Shipping Co. S.A. and Subsidiary	110,562	21	755,679	-	-	810
Corvina Shipping Co. S.A.	755,457	40	2,850	-	174	1,319
Norgistics (China) Ltd.	1,972	11	379	-	2,639	183
Norgistics Holding S.A. and Subsidiaries	5,526	1,016	3,761	-	15,722	(512)
Compañía Naviera Rio Blanco S.A.	25	974	2,380	-	-	(16)
CSAV Germany Container Holding GmbH	132	1,771,735	916,691	-	-	(16,321)

As of December 31, 2015

Company Name	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenue	Profit (Loss) for the Period
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Tollo Shipping Co. S.A. and Subsidiaries	111,522	8,686	760,180	3,393	7,677	20,551
Corvina Shipping Co. S.A. and Subsidiaries	757,761	48	6,480	-	32,491	(160)
Odfjell y Vapores S.A.	6,641	9,621	1,641	1,604	8,486	144
Norgistics (China) Ltd.	2,338	31	849	-	3,907	160
Norgistics Holding S.A. and Subsidiaries	5,775	977	3,472	-	15,550	855
Euroatlantic Container Line S.A.	117	-	120	-	-	(2)
Compañía Naviera Rio Blanco S.A.	24	974	2,364	-	-	(12)
CSAV Germany Container Holding GmbH	216	1,792,528	907,464	-	-	51,847

**Note 14 Investments in Subsidiaries (continued)**

**(b) Summarized financial information (continued):**

Summarized information from the statement of financial position regarding subsidiaries with non-controlling interests:

	As of December 31, 2016					As of December 31, 2015				
	Discontinued Operations									
	Odfjell y Vapores S.A.	OV Bermuda Limited	Maritime Shipping & Trading International Inc.	Maritime Shipping Trading Inc.	Total	Odfjell y Vapores S.A.	OV Bermuda Limited	Maritime Shipping & Trading International Inc.	Maritime Shipping Trading Inc.	Total
Non-Controlling Interest (%)	49%	50%	50%	50%	ThUS\$	49%	50%	50%	50%	ThUS\$
Current assets	-	-	-	-	-	6,641	2,524	41	332	9,538
Non-current assets	-	-	-	-	-	9,621	8,650	-	-	18,271
Current liabilities	-	-	-	-	-	1,641	3,840	-	54	5,535
Non-current liabilities	-	-	-	-	-	1,604	3,393	-	-	4,997
<b>Net assets</b>	-	-	-	-	-	<b>13,017</b>	<b>3,941</b>	<b>41</b>	<b>278</b>	<b>17,277</b>
Amount of non-controlling interests	-	-	-	-	-	6,378	1,971	21	139	8,509

**Note 14 Investments in Subsidiaries (continued)**

**(b) Summarized financial information (continued):**

Summarized information regarding subsidiaries with non-controlling interests:

	As of December 31, 2016					As of December 31, 2015				
	Discontinued Operations					Discontinued Operations				
	Odfjell y Vapores S.A.	OV Bermuda Limited	Maritime Shipping & Trading International Inc.	Maritime Shipping Trading Inc.	Total	Odfjell y Vapores S.A.	OV Bermuda Limited	Maritime Shipping & Trading International Inc.	Maritime Shipping Trading Inc.	Total
<b>Non-Controlling Interest (%)</b>	<b>49%</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>	<b>ThUS\$</b>	<b>49%</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>	<b>ThUS\$</b>
Revenue	7,434	6,449	-	-	13,883	8,486	7,613	-	63	16,162
Profit (loss) for the year	1,242	830	-	(2)	2,070	144	(947)	1	(7)	(805)
<b>Total comprehensive income (loss)</b>	<b>1,242</b>	<b>830</b>	<b>-</b>	<b>(2)</b>	<b>2,070</b>	<b>144</b>	<b>(947)</b>	<b>1</b>	<b>(7)</b>	<b>(805)</b>
Profit (loss) attributable to non-controlling interests	608	415	-	(1)	1,022	71	(474)	1	(3)	(405)
Net cash flows provided by (used in) operating activities	2,932	760	-	(15)	3,677	2,159	1,811	(15)	(308)	3,647
Net cash flows used in investing activities	-	-	-	-	-	(1,478)	(1,457)	-	-	(2,935)
Net cash flows provided by (used in) financing activities	-	(1,068)	-	-	(1,068)	(1,500)	462	-	-	(1,038)

## **Note 14 Investments in Subsidiaries (continued)**

### **(c) Movements in investments:**

c.1) During the year ended December 31, 2016, the CSAV Group has recorded the following movements in investments in subsidiaries.

c.1.1) On October 19, 2016, the subsidiary Odfjell y Vapores S.A. declared a dividend payable to its shareholders of ThUS\$13,155, of which ThUS\$6,709 was due to CSAV and ThUS\$6,446 to its partner Odfjell Tankers. CSAV's portion was paid on the same date, while the portion payable to Odfjell Tankers was left pending.

c.1.2) On October 19, 2016, after paying the dividend mentioned above, CSAV sold its subsidiaries Odfjell y Vapores S.A. and OV Bermuda Ltd. to its partner Odfjell Tankers. From that date, both companies became wholly-owned subsidiaries of the buyer, as explained in Note 2 b) and Note 35 of this financial statements. The carrying amount of the net assets of both subsidiaries at the time of sale was ThUS\$5,875, of which ThUS\$2,948 corresponded to CSAV's share and ThUS\$2,927 to the minority interest held by Odfjell Tankers.

c.1.3) On December 7, 2016, the companies Maritime Shipping & Trading International Inc. and Maritime Shipping Trading Inc., were dissolved after paying the respective dividends and returns of capital to their shareholders, Tollo Shipping Co. S.A. (subsidiary of CSAV) and Tikal Business & Investment S.A. (minority partner). The amount paid by both subsidiaries to non-controlling interests was ThUS\$148 in dividends and ThUS\$10 in returns of capital.

c.1.4) On December 20, 2016, Compañía Sud Americana de Vapores S.A. acquired one share of Euroatlantic Container Line S.A (ECLA), representative of 0.1% of its share capital, from Global Shipping Co. S.A., making CSAV the only shareholder of ECLA. In conformity with article 108 of Law 18,046, ECLA was fully absorbed and dissolved on December 31, 2016, and its assets, liabilities, rights and obligations, including those related to taxes, were transferred to CSAV.

c.1.5) On December 31, 2016, the CSAV Group's corporate structure was simplified to reflect its current business circumstances and, as a result, the company Lennox Ocean Shipping Co. S.A. was merged with its parent company, Tollo Shipping Co. S.A., and the companies CSAV Sudamericana de Vapores S.A and Global Commodity Investments Inc. were merged with their parent company, Corvina Shipping Co. S.A.

## **Note 14 Investments in Subsidiaries (continued)**

### **(c) Movements in investments (continued):**

c.2) During the year ended December 31, 2015, the CSAV Group has recorded the following movements in investments in subsidiaries.

c.2.1) On March 26, 2015, the subsidiary Odfjell y Vapores S.A. paid a total of ThUS\$1,500 in dividends, of which ThUS\$735 was paid to non-controlling interests as indicated in the statement of changes in equity and the consolidated statement of cash flows for 2015.

c.2.2) On April 8, 2015, Tollo Shipping Co S.A. transferred its 52% interest in the subsidiary CSAV Germany Container Holding GmbH to Compañía Sud Americana de Vapores S.A. (CSAV), which itself had a shareholding of 48% as of that date, thus giving CSAV a 100% interest in the entity. This transaction did not have any effect on CSAV's results or consolidated assets and liabilities.

## Note 15 Equity Method Investments

Movements in investments in associates and joint ventures as of December 31, 2016, are detailed as follows:

Name of Associate or Joint Venture	Country	Local Currency	Direct and Indirect Ownership Interest	Opening Balance	Capital Movements and Dividends	Result due to Dilution of Interest	Share of Profit (Loss)	Share of Other Comprehensive Income	Share of Other Equity Reserves	Balance as of December 31, 2016
				ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Odfjell & Vapores Ltd. [Bermudas] (1)	Bermuda	USD	50.00%	11	-	-	(11)	-	-	-
Hamburg Container Lines Holding	Germany	Euro	50.00%	102	-	-	(2)	6	-	106
Hapag-Lloyd A.G.	Germany	Euro	31.35%	1,792,425	-	-	(7,009)	(13,826)	41	1,771,631
<b>Total</b>				<b>1,792,538</b>	<b>-</b>	<b>-</b>	<b>(7,022)</b>	<b>(13,820)</b>	<b>41</b>	<b>1,771,737</b>

(1) This associate was sold in October 2016 and, therefore, its results have been classified as discontinued operations as described in Note 35 of this report, in accordance with IFRS 5.

Movements in CSAV's investment in the Hapag-Lloyd AG (HLAG) joint venture during the year ended December 31, 2016, are detailed as follows:

- (a) Share of Profit (Loss): For the year ended December 31, 2016, the loss attributable to the owners of the controller of HLAG was ThUS\$106,700. To this amount, CSAV must add the fair value adjustment of the assets and liabilities of HLAG, based on the Purchase Price Allocation (PPA) report performed upon acquisition. That adjustment for the year ended December 31, 2016, amounts to a gain of ThUS\$84,343 on the figure reported by HLAG. Thus, the joint venture reported a total loss of ThUS\$22,357 for the purpose of calculating CSAV's equity method value. The Company's stake in this loss (31.35% for the full year 2016) is ThUS\$7,009.
- (b) Share of Other Comprehensive Income: HLAG recorded other comprehensive income (in U.S. dollars) for the year ended December 31, 2016, consisting of a loss of ThUS\$43,700 from revaluing its defined benefit plans (CSAV's stake is ThUS\$13,700), a loss of ThUS\$4,800 for exchange differences (CSAV's stake is ThUS\$1,505), and a gain of ThUS\$4,400 on cash flow hedges (CSAV's stake is ThUS\$1,379), giving a total loss of ThUS\$44,100 and a loss of ThUS\$13,826 for CSAV's stake (31.35% with no variations) in the other comprehensive loss of the joint venture.

## Note 15 Equity Method Investments (continued)

Movements in investments in associates and joint ventures as of December 31, 2015, are detailed as follows:

Name of Associate or Joint Venture	Country	Local Currency	Direct and Indirect Ownership Interest	Opening Balance	Capital and Other Movements	Result due to Dilution of Interest	Share of Profit (Loss)	Share of Other Comprehensive Income	Share of Other Equity Reserves	Balance as of December 31, 2015
				ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Odfjell & Vapores Ltd.	Bermuda	USD	50.00%	11	-	-	-	-	-	11
Hamburg Container Lines Holding	Germany	Euro	50.00%	123	-	-	(8)	(13)	-	102
Hapag-Lloyd A.G.	Germany	Euro	31.35%	1,765,049	29,701	(83,919)	77,439	(1,457)	5,612	1,792,425
<b>Total</b>				<b>1,765,183</b>	<b>29,701</b>	<b>(83,919)</b>	<b>77,431</b>	<b>(1,470)</b>	<b>5,612</b>	<b>1,792,538</b>

- (c) Capital Increase: HLAG carried out a capital increase on November 6, 2015, through an initial public offering (IPO), which consisted of issuing 13,228,680 shares, of which 1,366,991 shares were subscribed and paid by the subsidiary CSAV Germany Container Holding GmbH at a value of €20 per share, equivalent in total to ThUS\$29,701. This transaction diluted CSAV's stake in HLAG by 2.65%, at a share value less than the carrying amount, which caused a loss in CSAV's stake in HLAG, due to a reduction in the value of the investment equivalent to ThUS\$83,919.

For example, since HLAG is a publicly-listed corporation in Germany that trades its shares on the Frankfurt and other exchanges, the market value of CSAV's investment in the joint venture, which totaled ThUS\$856,733 as of December 31, 2016, is presented as follows. In accordance with IFRS 13, the market value of CSAV's investment in HLAG could be its fair value using Level 1 valuation criteria. However, the Company has chosen to use Level 3 valuation criteria, consisting mainly of the business's discounted cash flows, to value its interest in that joint venture. That methodology is fairly similar to the value in use analysis used to test the investment for impairment.

Considering the indications of impairment present as of December 31, 2016, CSAV conducted impairment testing on its investment in HLAG as of the end of the year and concluded that the recoverable amount of its investment in HLAG is greater than its carrying amount, using value in use methodology in IAS 36.

## Note 15 Equity Method Investments (continued)

Summarized financial information regarding associates and joint ventures as of December 31, 2016:

Name of Associate or Joint Venture	Ownership Interest	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenue	Cost of Sales	Profit (Loss) for the Year (2)
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Hamburg Container Lines Holding GmbH & Co. KG	50.00%	175	30	4	-	-	-	(3)
Hapag-Lloyd AG. (1)	31.35%	1,698,000	10,267,400	2,787,000	3,836,700	8,652,800	7,898,800	(106,700)

- (1) This information comes directly from the consolidated financial statements of HLAG in US\$ and, therefore, does not include the effects of the PPA performed by CSAV.  
(2) Profit (loss) attributable to the owners of the Company.

Summarized financial information regarding associates and joint ventures as of December 31, 2015:

Name of Associate or Joint Venture	Ownership Interest	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenue	Cost of Sales	Profit (Loss) for the Year (2)
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Odfjell & Vapores Ltd. (Bermuda)	50.00%	23	-	-	-	-	-	-
Hamburg Container Lines Holding GmbH & Co. KG	50.00%	180	30	7	-	-	-	(9)
Hapag-Lloyd AG. (1)	31.35%	1,704,800	10,363,700	2,613,300	3,958,400	10,029,400	(9,147,200)	123,900

- (1) This information comes directly from the consolidated financial statements of HLAG in US\$ and, therefore, does not include the effects of the PPA performed by CSAV.  
(2) Profit (loss) attributable to the owners of the Company.

## Note 16 Intangible Assets Other than Goodwill

The following table details intangible assets other than goodwill for the years ended December 31, 2016 and 2015:

	As of December 31, 2016			As of December 31, 2015		
	Gross value	Accumulated Amortization	Net value	Gross value	Accumulated Amortization	Net value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Patents, trademarks and other rights, net	123	(41)	82	123	(31)	92
Computer software	29	(26)	3	28	(25)	3
<b>Total intangible assets</b>	<b>152</b>	<b>(67)</b>	<b>85</b>	<b>151</b>	<b>(56)</b>	<b>95</b>

The movements in intangible assets other than goodwill, for the years ended December 31, 2016 and 2015, are as follows:

Movement as of December 31, 2016	Patents, Trademarks and Other Rights	Computer Software	Total Intangible Assets
	ThUS\$	ThUS\$	ThUS\$
Net balance as of January 1, 2016	92	3	95
Amortization for the year	(10)	-	(10)
<b>Net balance</b>	<b>82</b>	<b>3</b>	<b>85</b>

Movement as of December 31, 2015	Patents, Trademarks and Other Rights	Computer Software	Total Intangible Assets
	ThUS\$	ThUS\$	ThUS\$
Net balance as of January 1, 2015	-	7	7
Other increases (decreases) (1)	116	-	116
Amortization for the year	(24)	(4)	(28)
<b>Net Balance</b>	<b>92</b>	<b>3</b>	<b>95</b>

(1) The value of ThUS\$116 arises from reclassifying goodwill paid by Norgistics Brasil Transportes Ltda. to buy its freight forwarding division, to amortizable intangible assets as it is considered a commercial right.

## Note 17 Goodwill

Goodwill is detailed as follows:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Norgistics Holding S.A.	17	17
<b>Total</b>	<b>17</b>	<b>17</b>

The movement in goodwill for the years ended December 31, 2016 and 2015, is as follows:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Balance as of January 1	17	4,392
Other movements	-	(116)
Impairment loss	-	(4,259)
<b>Total</b>	<b>17</b>	<b>17</b>

Goodwill has been generated in the acquisition of subsidiaries and businesses that have enabled the Company to operate its business segments.

During the year ended December 31, 2015, other movements include the reclassification of ThUS\$116 from commercial right to amortizable intangible asset arising from the purchase of Norgistics Brasil Transportes Ltda.'s freight forwarding division.

During 2015 the Company decided to record impairment losses associated with goodwill on its investments and the investments of Tollo Shipping Co. S.A. in subsidiaries Compañía Naviera Rio Blanco S.A. and Navibras Comercial Marítima e Afretamentos Ltda. This provision resulted in a loss of ThUS\$4,259 within other gains (losses) in the consolidated statement of income.

As explained in Note 3.8, each year the Company performs an evaluation that allows it to validate the value of acquired goodwill by estimating and sensitizing the future cash flows of each business segment discounted to a cost-of-capital rate.

Note 18 Property, Plant and Equipment

Property, plant and equipment (PPE) are summarized as follows:

	As of December 31, 2016				As of December 31, 2015		
	Gross PP&E	Accumulated Depreciation	Net PP&E		Gross PP&E	Accumulated Depreciation	Net PP&E
	ThUS\$	ThUS\$	ThUS\$		ThUS\$	ThUS\$	ThUS\$
Land	-	-	-		2,142	-	2,142
Buildings	2,047	(415)	1,632		4,270	(1,225)	3,045
Machinery and equipment	-	-	-		16	(16)	-
Office equipment	307	(193)	114		207	(98)	109
Vessels	-	-	-		22,536	(4,270)	18,266
Transportation equipment	-	-	-		29	(29)	-
Other	1,405	(259)	1,146		1,406	(241)	1,165
<b>Total</b>	<b>3,759</b>	<b>(867)</b>	<b>2,892</b>		<b>30,606</b>	<b>(5,879)</b>	<b>24,727</b>

The items Land and Buildings include land, constructions and facilities belonging to the CSAV Group that are used for its normal operations. Machinery includes machinery acquired by the Group that is used to provide services. Vessels includes ships owned by the Group and all of their components.

As of December 31, 2016, as described in notes 2 b) and 35 of this report, the items in Vessels and Office equipment related to the liquid bulk business unit are not included in the balances of PPE because these subsidiaries were sold and are no longer consolidated.

As of the date these consolidated financial statements were closed, the Company and its subsidiaries had not detected any signs of impairment in its property, plant and equipment. Certain operating assets with long-term useful lives, mainly vessels, are valued using the present value of their operating cash flows. As a result, the current short-term negative market conditions do not significantly affect their value.

## Note 18 Property, Plant and Equipment (continued)

The details and movements of the different categories of property, plant and equipment as of December 31, 2016, are provided in the following table:

As of December 31, 2016	Land	Buildings, Net	Machinery and Equipment, Net	Office Equipment, Net	Vessels, Net	Transportation Equipment, Net	Other Property, Plant and Equipment, Net	Property, Plant and Equipment, Net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	2,142	3,045	-	109	18,266	-	1,165	24,727
Additions	-	-	-	100	-	-	-	100
Disposals (sale of assets)	-	-	-	-	-	-	(13)	(13)
Depreciation expense	-	(19)	-	(95)	-	-	(6)	(120)
Reclassified to/from investment property	(2,142)	(1,394)	-	-	-	-	-	(3,536)
Depreciation expense (discontinued operations)	-	-	-	-	(1,516)	-	-	(1,516)
Deconsolidation due to sale (discontinued operations)	-	-	-	-	(16,750)	-	-	(16,750)
Total changes in PPE	(2,142)	(1,413)	-	5	(18,266)	-	(19)	(21,835)
<b>Closing balance</b>	<b>-</b>	<b>1,632</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>1,146</b>	<b>2,892</b>

(1) As of December 31, 2016, the Company has classified part of its property, plant and equipment that is no longer used directly in its operations but is leased to third parties or kept for investment purposes as investment property, as detailed in Note 19.

(2) As of December 31, 2016, as described in notes 2 and 35 of this report, the Company presents expenses related to the PPE of its liquid bulk business unit, such as depreciation, in profit (loss) from discontinued operations.

## Note 18 Property, Plant and Equipment (continued)

The details and movements of the different categories of property, plant and equipment as of December 31, 2015, are provided in the following table:

As of December 31, 2015	Land	Buildings, Net	Machinery and Equipment, Net	Office Equipment, Net	Vessels, Net	Transportation Equipment, Net	Other Property, Plant and Equipment, Net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	2,142	3,818	131	18,019	5	1,171	25,286
Additions	-	-	8	2,734	-	13	2,755
Depreciation expense	-	(80)	(30)	(2,487)	(5)	(19)	(2,621)
Reclassified to/from investment property (1)	-	(693)	-	-	-	-	(693)
Total changes	-	(773)	(22)	247	(5)	(6)	(559)
<b>Closing balance</b>	<b>2,142</b>	<b>3,045</b>	<b>109</b>	<b>18,266</b>	<b>-</b>	<b>1,165</b>	<b>24,727</b>

(1) As of December 31, 2015, the Company has classified part of its property, plant and equipment that is no longer used directly in its operations but is leased to third parties or kept for investment purposes as investment property, as detailed in Note 19.

## Note 18 Property, Plant and Equipment (continued)

### (a) Commitments for the purchase and building of vessels and other property, plant and equipment:

#### (i) Vessels under construction

As of December 31, 2016, the Company has no construction orders or current shipbuilding contracts.

## Note 19 Investment Property

The details and movements of the different categories of investment property as of December 31, 2016 and 2015, are provided in the following table:

As of December 31, 2016	Land	Buildings, Net	Investment Property
	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	12,853	12,853
Transfers to (from) PPE	2,142	1,394	3,536
Depreciation expense	-	(178)	(178)
Total changes	2,142	1,216	3,358
<b>Closing balance</b>	<b>2,142</b>	<b>14,069</b>	<b>16,211</b>

As of December 31, 2015	Land	Buildings, Net	Investment Property
	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	12,286	12,286
Transfers to (from) PPE	-	693	693
Depreciation expense	-	(126)	(126)
Total changes	-	567	567
<b>Closing balance</b>	<b>-</b>	<b>12,853</b>	<b>12,853</b>

#### **Note 19   Investment Property (continued)**

As of December 31, 2016, the Company has classified part of its property, plant and equipment that is not directly used in its operations but is leased to third parties or kept for investment purposes as investment property (see Note 18) in accordance with the accounting policy described in Note 3 section 3.6 to these consolidated financial statements.

During the years ended December 31, 2016 and 2015, the Company has disclosed revenue associated with its investment property of ThUS\$1,787 and ThUS\$2,084, respectively.

The estimated fair value of the Company's investment property as of December 31, 2016, amounts to ThUS\$30,376, which is greater than its carrying amount.

## Note 20 Tax Assets and Liabilities

The balances of current and non-current tax assets and liabilities are detailed as follows:

### Current Tax Assets:

Current Tax Assets	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Current tax assets		
Recoverable income taxes	640	834
Monthly provisional tax payments	89	270
Other recoverable taxes	1,585	2,085
<b>Total current tax assets</b>	<b>2,314</b>	<b>3,189</b>

### Current Tax Liabilities:

Current Tax Liabilities	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Current tax liabilities		
Income taxes payable	48	438
Property taxes payable	1	-
Other taxes payable	2	1
<b>Total current tax liabilities</b>	<b>51</b>	<b>439</b>

## **Note 21 Current and Deferred Income Taxes**

- (a) CSAV has calculated an estimated tax loss of ThUS\$1,077,076 according to tax laws and regulations in effect as of December 31, 2016. Therefore, it has not made a standalone income tax provision. As of December 31, 2015, the Company had a standalone tax loss of ThUS\$1,141,891, calculated in estimating deferred taxes in its financial statements.

Taxable income for the year ended December 31, 2016, was calculated using a rate of 24% for 2016, on the basis of Law 20,780 (2014 Tax Reform), published in the Official Gazette on September 29, 2014.

Among the main amendments is a progressive increase in corporate income tax rates, set to reach 27% in 2018 for entities applying the semi-integrated system.

Law No. 20,899 was published on February 8, 2016. This law simplifies the taxation system established in the aforementioned tax reform, improves other legal provisions and makes the semi-integrated system mandatory for all corporations starting January 1, 2017.

Therefore, because CSAV is a publicly-held corporation, deferred tax assets and liabilities have been valued and accounted for using the semi-integrated taxation system, in accordance with laws and regulations in effect on the date these financial statements were issued.

- (b) As of December 31, 2016, CSAV has recorded a provision for single tax under Article 21 of the Income Tax Law of ThUS\$24. The Company had a provision for this tax of ThUS\$13 as of December 31, 2015.
- (c) As of December 31, 2016 and 2015, the Company has not recorded any accumulated earnings and profits or any retained non-taxable earnings.

### **(d) Deferred Taxes**

Deferred tax assets and liabilities are offset if the right to set-off has been legally recognized and if the deferred taxes are associated with the same tax authority, and if the type of temporary differences is equivalent. The offset amounts are as follows:

## Note 21 Current and Deferred Income Taxes (continued)

### (d) Deferred Taxes (continued)

The detail of deferred tax assets as of December 31, 2016 and 2015, is as follows:

Types of Temporary Differences	Deferred Tax Assets	
	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Tax losses	289,300	307,051
Provisions	3,676	6,359
Revaluation of financial instruments	-	238
<b>Total</b>	<b>292,976</b>	<b>313,648</b>

The Company has recorded the aforementioned amount for the balance of tax losses as of year end as deferred tax assets, since it is likely that its future tax earnings will enable it to use that asset, in accordance with IAS 12. As of December 31, 2016, the Company estimates that these future tax earnings will come mainly from the container shipping segment and CSAV's investment in the HLAG joint venture.

The detail of deferred tax liabilities as of December 31, 2016 and 2015, is as follows:

Types of Temporary Differences	Deferred Tax Liabilities	
	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Revaluation of financial instruments	(205)	-
Depreciation	-	(1,604)
Other	(411)	(345)
<b>Total</b>	<b>(616)</b>	<b>(1,949)</b>

## Note 21 Current and Deferred Income Taxes (continued)

### (d) Deferred Taxes (continued)

The following table shows movements of deferred tax assets and liabilities recorded during the year ended December 31, 2016:

Types of Temporary Differences	Balance as of January 1, 2016	Recognized in Profit (Loss)	Recognized in Equity	Other Variations	Balance as of December 31, 2016
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Tax losses	307,051	(17,751)	-	-	289,300
Provisions	6,359	(2,679)	-	(4)	3,676
Revaluation of financial instruments	238	-	(238)	-	-
<b>Total deferred tax assets</b>	<b>313,648</b>	<b>(20,430)</b>	<b>(238)</b>	<b>(4)</b>	<b>292,976</b>

Types of Temporary Differences	Balance as of January 1, 2016	Recognized in Profit (Loss)	Recognized in Equity	Other Variations	Balance as of December 31, 2016
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revaluation of financial instruments	-	-	205	-	205
Depreciation	1,604	-	-	(1,604)	-
Other deferred taxes	345	66	-	-	411
<b>Total deferred tax liabilities</b>	<b>1,949</b>	<b>66</b>	<b>205</b>	<b>(1,604)</b>	<b>616</b>

Other variations include the deconsolidation of deferred tax assets and liabilities related to the liquid bulk cargo business which, as described in Note 2 b) and Note 35 of this report, was sold during the last quarter of 2016, in accordance with IFRS 5. The effects on profit and loss related to deferred taxes for the year ended December 31, 2016, have been classified as profit (loss) from discontinued operations. Additional information on the financial position of discontinued operations is contained in Note 35 of this report.

## Note 21 Current and Deferred Income Taxes (continued)

### (d) Deferred Taxes (continued)

The following table shows movements of deferred tax assets and liabilities recorded during the year ended December 31, 2015:

Temporary Differences on Assets	Balance as of January 1, 2015	Recognized in Profit (Loss)	Recognized in Equity	Balance as of December 31, 2015
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Tax losses	298,368	8,683	-	307,051
Provisions	8,240	(1,881)	-	6,359
Revaluation of financial instruments	-	346	(108)	238
Accruals	23	(23)	-	-
Other deferred taxes	753	(753)	-	-
<b>Total deferred tax assets</b>	<b>307,384</b>	<b>6,372</b>	<b>(108)</b>	<b>313,648</b>

Temporary Differences on Liabilities	Balance as of January 1, 2015	Recognized in Profit (Loss)	Recognized in Equity	Balance as of December 31, 2015
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revaluation of PP&E	577	(577)	-	-
Depreciation	435	881	288	1,604
Accruals	2	(2)	-	-
Other deferred taxes	54	291	-	345
<b>Total deferred tax liabilities</b>	<b>1,068</b>	<b>593</b>	<b>288</b>	<b>1,949</b>

## Note 21 Current and Deferred Income Taxes (continued)

### (e) Effect of Current and Deferred Income Taxes on Profit or Loss

	For the year ended December 31,	
	2016	Restated 2015
	ThUS\$	ThUS\$
Current income tax expense		
Current tax expense	(229)	56
Expense for ITL Art. 21 tax (*)	(27)	(19)
Adjustments to prior period taxes		(175)
Other tax expenses	173	49
<b>Total current tax expense, net</b>	<b>(83)</b>	<b>(89)</b>
Deferred tax expense		
Origin and reversal of temporary differences	(20,496)	6,372
Reversal of deferred tax assets	-	-
Other deferred tax expenses	-	(188)
<b>Total deferred tax benefit (expense), net</b>	<b>(20,496)</b>	<b>6,184</b>
<b>Income tax benefit (expense)</b>	<b>(20,579)</b>	<b>6,095</b>
Income tax (expense) benefit, continuing operations	(20,579)	6,095
Income tax (expense) benefit, discontinued operations	(435)	(219)

(\*) ITL: Income tax law (Chile).

**Note 21 Current and Deferred Income Taxes (continued)**

**(f) Taxes Recognized in Profit or Loss by Foreign and Chilean Entities:**

	For the year ended December 31,	
	2016	Restated 2015
	ThUS\$	ThUS\$
<b>Current tax expense:</b>		
Current tax expense, net, foreign	(747)	(115)
Current tax expense, net, Chilean	664	26
<b>Current tax expense, net</b>	<b>(83)</b>	<b>(89)</b>
<b>Deferred tax expense:</b>		
Deferred tax benefit, foreign	(11)	-
Deferred tax benefit (expense), Chilean	(20,485)	6,184
<b>Deferred tax benefit (expense), net</b>	<b>(20,496)</b>	<b>6,184</b>
<b>Income tax benefit (expense), net</b>	<b>(20,579)</b>	<b>6,095</b>
Income tax (expense) benefit, continuing operations	(20,579)	6,095
Income tax expense, discontinued operations	(435)	(219)

## Note 21 Current and Deferred Income Taxes (continued)

### (g) Reconciliation of Effective Tax Rate

An analysis and reconciliation of the income tax rate calculated in accordance with Chilean tax legislation and of the effective tax rate are detailed below:

Reconciliation of Effective Tax Rate		For the year ended December 31,	
		2016	Restated 2015
		ThUS\$	ThUS\$
<b>Loss for the year</b>		<b>(22,295)</b>	<b>(15,059)</b>
Total income tax benefit (expense)		(20,579)	6,095
Loss before taxes		(1,716)	(21,154)
Reconciliation of effective tax rate	24.00%	<b>412</b>	22.50% <b>4,760</b>
Tax effect of rates in other jurisdictions	238.64%	(4,095)	78.85% 16,507
Tax effect of non-taxable revenue	58.62%	(1,006)	2.02% 422
Tax calculated with applicable rate	(98.60%)	1,692	16.13% 3,411
Other decreases in statutory taxes	1024.59%	(17,582)	89.84% (19,005)
<b>Total adjustments to tax benefit (expense) using statutory rate</b>	<b>1223.25%</b>	<b>(20,991)</b>	<b>6.31% 1,335</b>
<b>Income tax benefit (expense) using effective rate</b>	<b>1199.25%</b>	<b>(20,579)</b>	<b>16.19% 6,095</b>
Income tax benefit (expense), continuing operations		(20,579)	6,095
Income tax benefit (expense), discontinued operations		(435)	(219)

Law No. 20,780, published on September 29, 2014, modified the corporate tax rate applicable to profits obtained in 2014 and subsequent years, leaving the rate at 20%. The calculation of current and deferred income taxes takes into account these new tax rates as detailed in Note 3.13 to these consolidated financial statements.

## **Note 21 Current and Deferred Income Taxes (continued)**

### **(d) Reconciliation of Effective Tax Rate (continued)**

The item “other increase (decrease) in statutory taxes” presented in the table above includes a charge for deferred taxes of ThUS\$17,233 arising from an adjustment in the calculation of CSAV's taxable income in Chile for tax year 2015 (commercial year 2014, hereinafter “TY2015”). This adjustment arose from a review conducted by the Chilean Internal Revenue Service (hereinafter “SII”) of the annual tax return for the aforementioned tax year, which included a series of observations related to the business combination with Hapag Lloyd AG closed in December 2014 and concluded that the transaction had been satisfactorily resolved by the Company. As a result of this process the Company amended its annual income tax return for TY2015 in order to correctly recognize for tax purposes the tax cost of its investment in HLAG. This adjustment impacted deferred tax assets and the account “income tax expense” in the consolidated statement of comprehensive income.

This is directly related to the information described by the Company as an event after the reporting period in Note 39 section (c) of the interim consolidated financial statements as of March 31, 2016.

## Note 22 Other Financial Liabilities

Other financial liabilities are detailed as follows:

Other Financial Liabilities	As of December 31, 2016	As of December 31, 2015
	Current	Current
	ThUS\$	ThUS\$
Bank loans (a)	530	2,045
Hedging liabilities (Note 12)	-	994
<b>Total current</b>	<b>530</b>	<b>3,039</b>

Other Financial Liabilities	As of December 31, 2016	As of December 31, 2015
	Non-Current	Non-Current
	ThUS\$	ThUS\$
Bank loans (b)	44,345	47,604
Bonds payable (c)	49,262	-
<b>Total non-current</b>	<b>93,607</b>	<b>47,604</b>

## Note 22 Other Financial Liabilities (continued)

### (a) Current Bank Loans:

As of December 31, 2016

Taxpayer ID of Debtor	Name of Debtor	Country of Debtor	Taxpayer ID of Creditor	Creditor Entity (Bank)	Country of Creditor	Currency	Type of Amortization	Up to 90 Days	Over 90 Days up to 1 Year	Current Portion
								ThUS\$	ThUS\$	ThUS\$
90.160.000-7	Compañía Sud Americana de Vapores S.A.	Chile	76.645.030-K	Banco Itaú Chile	Chile	US\$	Semi-annual	530	-	530
<b>Total</b>								<b>530</b>	<b>-</b>	<b>530</b>

As of December 31, 2015

Taxpayer ID of Debtor	Name of Debtor	Country of Debtor	Taxpayer ID of Creditor	Creditor Entity (Bank)	Country of Creditor	Currency	Type of Amortization	Up to 90 Days	Over 90 Days up to 1 Year	Current Portion
								ThUS\$	ThUS\$	ThUS\$
0-E	OV Bermuda Limited	Bermuda	0-E	DNB Bank ASA (1)	Norway	US\$	Semi-annual	-	878	878
0-E	OV Bermuda Limited	Bermuda	0-E	Odfjell Chemical Tankers III (2)	Norway	US\$	Annual	-	758	758
90.160.000-7	Compañía Sud Americana de Vapores S.A.	Chile	76.645.030-K	Banco Itaú Chile	Chile	US\$	Semi-annual	409	-	409
<b>Total</b>								<b>409</b>	<b>1,636</b>	<b>2,045</b>

(1) DNB Bank ASA is a banking entity related to Odfjell Chemical Tankers III, one of the shareholders of OV Bermuda Limited.

(2) Odfjell Chemical Tankers III is a shareholder of OV Bermuda Limited.

## Note 22 Other Financial Liabilities (continued)

### (b) Non-Current Bank Loans:

As of December 31, 2016

Taxpayer ID of Debtor	Name of Debtor	Country of Debtor	Taxpayer ID of Creditor	Creditor Entity (Bank)	Country of Creditor	Currency	Type of Amortization	1 to 2 Years	2 to 3 Years	3 to 5 Years	5 to 10 Years	Non-Current Portion	Total Debt	Average Annual Interest Rate	
								ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	Nominal	Effective
90.160.000-7	Compañía Sud Americana de Vapores S.A.	Chile	76.645.030-K	Banco Itaú Chile (1)	Chile	US\$	Semi-annual	-	9,854	19,709	14,782	44,345	44,875	LB 6M+2.5%	LB 6M+2.5%
<b>Total</b>								<b>-</b>	<b>9,854</b>	<b>19,709</b>	<b>14,782</b>	<b>44,345</b>	<b>44,875</b>		

(1) The Banco Itaú loan is presented net of origination and underwriting fees. Face value of the loan is ThUS\$45,000.

As of December 31, 2015

Taxpayer ID of Debtor	Name of Debtor	Country of Debtor	Taxpayer ID of Creditor	Creditor Entity (Bank)	Country of Creditor	Currency	Type of Amortization	1 to 2 Years	2 to 3 Years	3 to 5 Years	5 to 10 Years	Non-Current Portion	Total Debt	Average Annual Interest Rate		
								ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	Nominal	Effective	
0-E	OV Bermuda Limited.	Bermuda	0-E	DNB Bank ASA (1)	Norway	US\$	Semi-annual	849	2,544	-	-	3,393	4,271	LB 3M+2.9%	LB 3M+2.9%	
0-E	OV Bermuda Limited.	Bermuda	0-E	Odfjell Chemical Tankers III (2)	Norway	US\$	Annual	-	-	-	-	-	758	LB 6M+3.5%	LB 6M+3.5%	
90.160.000-7	Compañía Sud Americana de Vapores S.A.	Chile	76.645.030-K	Banco Itaú Chile	Chile	US\$	Semi-annual	-	-	19,650	24,561	44,211	44,620	LB 6M+2.5%	LB 6M+2.5%	
Total								-	849	2,544	19,650	24,561	47,604	49,649		

(2) DNB Bank ASA is a banking entity related to Odfjell Chemical Tankers III, one of the shareholders of OV Bermuda Limited.

(3) Odfjell Chemical Tankers III is a shareholder of OV Bermuda Limited.

## Note 22 Other Financial Liabilities (continued)

### (c) Non-Current Bonds Payable:

As of December 31, 2016

Registration Number	Series	Currency	Nominal Amount Placed	Contractual Interest Rate	Type of Amortization	Issuing Company	Country of Issuer	More than 1 up to 2	More than 2 up to 3	More than 3 up to 5	More than 5 up to 10	Total Non-Current
									ThUS\$	ThUS\$	ThUS\$	ThUS\$
839	B	US\$	50,000	5.2%	At maturity	Compañía Sud Americana de Vapores S.A.	Chile	-	-	-	49,262	49,262
<b>Total</b>								-	-	-	<b>49,262</b>	<b>49,262</b>

## Note 22 Other Financial Liabilities (continued)

### Bank Loans (continued):

Certain financial obligations place restrictions on management and require fulfillment of certain financial indicators, as described in Note 36 to these consolidated financial statements.

CSAV's total financial debt and liquidity lines subject to restrictions or covenants as of December 31, 2016, include:

1. Bank loan with Banco Itaú Chile for US\$ 45,000,000, fully drawn down.
2. Bond for US\$ 50,000,000, line fully issued and placed.

As of December 31, 2016, the Company has complied with all applicable covenants set forth in its financial obligations, detailed in the table below.

Financial Entity	Covenant	Condition	As of December 31, 2016	As of December 31, 2015
Bank loans - Banco Itaú Chile (US\$ 45,000,000)	(Consolidated) Leverage Ratio	No greater than 1.3	0.08	0.09
	Ratio of (Consolidated) Unencumbered Assets	Greater than 1.3	21.9	26.22
	Total Assets	Minimum of ThUS\$1,730,325 (1)	ThUS\$2,168,159	ThUS\$2,225,718
Bank loans Bond issuance (US\$ 50,000,000)	(Consolidated) Leverage Ratio	No greater than 1.3	0.08	N/A
	Ratio of (Consolidated) Unencumbered Assets	Greater than 1.3	21.9	N/A
	Total Assets	Minimum of ThUS\$1,730,000 (1)	ThUS\$2,168,159	N/A

- (1) This limit may be adjusted proportionally if the Company is required to decrease its total assets, due to the application of IFRS accounting standards, but not due to the disposal, transfer or assignment of assets.

## Note 23 Trade and Other Payables

Accounts payable are summarized as follows:

Accounts payable primarily represent amounts owed to regular service providers in the Group's normal course of business, which are detailed as follows:

	As of December 31, 2016 Current	As of December 31, 2015 Current		As of December 31, 2016 Non-Current	As of December 31, 2015 Non-Current
	ThUS\$	ThUS\$		ThUS\$	ThUS\$
Consortia and other	-	2,997	Consortia and other	-	-
Other operating income	16,146	24,282	Other operating income	2,500	-
Administrative	335	351	Administrative	-	-
Dividends	53	50	Dividends	-	-
Other	548	254	Other	-	-
<b>Total</b>	<b>17,082</b>	<b>27,934</b>	<b>Total</b>	<b>2,500</b>	-

Up-to-date and past-due trade payables as of December 31, 2016, are as follows:

Up-to-date trade payables:

Type of Supplier	Amount by Payment Terms						Total
	Up to 30 Days	31-60	61-90	91-120	121-365	Over 366 Days	
Products	1,661	6	1	-	-	-	1,668
Services	13,453	96	75	171	-	-	13,795
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>15,114</b>	<b>102</b>	<b>76</b>	<b>171</b>	<b>-</b>	<b>-</b>	<b>15,463</b>

Past-due trade payables:

Type of Supplier	Amounts by Days Past Due						Total
	Up to 30 Days	31-60	61-90	91-120	121-180	Over 181 Days	
Products	-	-	-	-	-	0	0
Services	308	329	295	117	479	91	1,619
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>308</b>	<b>329</b>	<b>295</b>	<b>117</b>	<b>479</b>	<b>91</b>	<b>1,619</b>

## Note 23 Trade and Other Payables (continued)

Up-to-date and past-due trade payables as of December 31, 2015, are as follows:

Up-to-date trade payables:

Type of Supplier	Amount by Payment Terms						Total
	Up to 30 Days	31-60	61-90	91-120	121-365	Over 366 Days	
Products	571	-	-	-	-	-	571
Services	15,510	2,763	2,158	438	3,090	-	23,959
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>16,081</b>	<b>2,763</b>	<b>2,158</b>	<b>438</b>	<b>3,090</b>	<b>-</b>	<b>24,530</b>

Past-due trade payables:

Type of Supplier	Amounts by Days Past Due						Total
	Up to 30 Days	31-60	61-90	91-120	121-180	Over 181 Days	
Products	818	-	-	-	-	-	818
Services	795	233	1,254	74	211	19	2,586
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>1,613</b>	<b>233</b>	<b>1,254</b>	<b>74</b>	<b>211</b>	<b>19</b>	<b>3,404</b>

As of December 31, 2016, the estimated average payment period for past-due receivables is 50 days. As of the date of issuance of this report, none of the accounts disclosed above include interest payments for the Company.

## Note 24 Provisions

Current provisions as of December 31, 2016, are detailed as follows:

Current	Legal Claims	Onerous Contracts	Other Provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Balance as of January 1, 2016</b>	17,847	490	4,018	22,355
Additions during the period	358	4,045	-	4,403
Decreases during the period	(10,609)	(491)	(2,326)	(13,426)
Transfer from (to) non-current provisions	15,174	-	3,126	18,300
Disposal because of transaction	(539)	-	-	(539)
<b>Closing balance of current provisions</b>	<b>22,231</b>	<b>4,044</b>	<b>4,818</b>	<b>31,093</b>

Current provisions as of December 31, 2015, are detailed as follows:

Current	Legal Claims	Onerous Contracts	Other Provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Balance as of January 1, 2015</b>	<b>51,956</b>	<b>8,912</b>	<b>9,698</b>	<b>70,566</b>
Additions during the period	4,113	491	1,063	5,667
Decreases during the period	(7,600)	(8,913)	(3,617)	(20,130)
Transfer from (to) non-current provisions	(30,622)	-	(3,126)	(33,748)
<b>Closing balance of current provisions</b>	<b>17,847</b>	<b>490</b>	<b>4,018</b>	<b>22,355</b>

## Note 24 Provisions (continued)

Non-current provisions as of December 31, 2016, are detailed as follows:

Non-Current	Legal Claims	Onerous Contracts	Other Provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Balance as of January 1, 2016	30,622	-	3,126	33,748
Decreases during the period	(6,000)	-	-	(6,000)
Transfer from (to) current provisions	(15,174)	-	(3,126)	(18,300)
<b>Closing balance of non-current provisions</b>	<b>9,448</b>	<b>-</b>	<b>-</b>	<b>9,448</b>

Non-current provisions as of December 31, 2015, are detailed as follows:

Non-Current	Legal Claims	Onerous Contracts	Other Provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Balance as of January 1, 2015	-	-	-	-
Initial recording from current provisions	35,625	-	3,126	38,751
Transfer from (to) current provisions	(5,003)	-	-	(5,003)
<b>Closing balance of non-current provisions</b>	<b>30,622</b>	<b>-</b>	<b>3,126</b>	<b>33,748</b>

Provisions for legal claims correspond mainly to estimated disbursements for legal claims related to transported cargo and lawsuits and other legal proceedings to which the Company is exposed, mainly including those related to investigations carried out by anti-monopoly authorities in the car carrier business, as indicated in Note 36 to the consolidated financial statements.

Within onerous contracts, the Company provisions estimates of services to which it has committed (in-transit voyages or contracts) for which there is reasonable certainty that the revenue obtained will not cover the costs incurred at the end of the voyage and, therefore, the voyages or contracts are expected to end with operating losses. These provisions are expected to be used within the current period, based on the Company's business cycle. Nevertheless, new provisions may be made in future periods.

## **Note 24 Provisions (continued)**

As of December 31, 2016, provisions for legal claims and other provisions include certain claims made against CSAV and estimated contingencies as a result of merging its container shipping business with HLAG. All legal contingencies related to the direct operations of the container shipping business are presently the legal and financial responsibility of HLAG, including legal expenses and possible disbursements, even when CSAV is party to the claim. The Company has established provisions for other contingencies not related to the direct operation of this business where it believes disbursements to be reasonably likely.

During the second half of 2016, the Company successfully resolved its dispute with the “NYSA-ILA” Pension Fund covering the longshoremen at the ports of New York and New Jersey (USA) brought against CSAV for an alleged withdrawal liability of approximately ThUS\$12,000, related to the business combination with HLAG. The Company promptly challenged the claim and ultimately resolved the issue. After resolving the claim, during the first half of 2016 the Company reversed total provisions of ThUS\$12,515 recorded in legal claims. These provisions were for the amount of the claim plus certain legal expenses, divided into a current portion (ThUS\$6,515) and a non-current portion (ThUS\$6,000). These movements are presented within this note in the item "decreases during the period", separated into their current and non-current portions. The final effect on profit or loss of resolving this dispute is recorded in “other gains (losses)” in the interim consolidated statement of comprehensive income and is also explained in Note 30 of this report.

As of the reporting date, all amounts provisioned by the Company and its subsidiaries have been classified as either current or non-current based on the best estimate of the timing of their use or consumption.

## Note 25 Other Non-Financial Liabilities

Other non-financial liabilities are detailed as follows:

Current	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Revenue from voyages in transit	2,993	2,361
<b>Total current</b>	<b>2,993</b>	<b>2,361</b>

Non-Current	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Other non-financial liabilities	181	211
<b>Total non-current</b>	<b>181</b>	<b>211</b>

Revenue from voyages in transit corresponds to income documented as of the reporting date for vessels in transit towards their destinations at that date (i.e. that have not yet completed the transport service). These amounts are presented in profit or loss once the voyages have been completed, normally within the following 30 days.

## Note 26 Employee Benefit Obligations

### a) Employee Benefit Expenses

	For the year ended December 31,	
	2016	2015
	ThUS\$	ThUS\$
Salaries and wages	7,579	6,012
Short-term employee benefits	758	671
<b>Total employee benefits expense</b>	<b>8,337</b>	<b>6,683</b>

### b) Employee Benefit Provisions

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Vacations payable	273	369
Other benefits	1,420	750
<b>Total employee benefits provision</b>	<b>1,693</b>	<b>1,119</b>

The Company had no employee benefits provisions classified as non-current as of December 31, 2016 and 2015.

## Note 27 Classes of Financial Assets and Liabilities

The following table details the carrying amount and fair value of consolidated financial assets and liabilities:

Description of Financial Assets	Note	Current		Non-Current		Fair Value	
		As of December 31, 2016	As of December 31, 2015	As of December 31, 2016	As of December 31, 2015	As of December 31, 2016	As of December 31, 2015
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	7	54,608	52,388	-	-	54,608	52,388
Other financial assets	8	804	-	63	1,550	867	1,550
Trade and other receivables	9	20,799	17,112	-	-	20,799	17,112
Receivables from related parties	10	50	1,288	-	-	50	1,288
<b>Total</b>		<b>76,261</b>	<b>70,788</b>	<b>63</b>	<b>1,550</b>	<b>76,324</b>	<b>72,338</b>

Description of Financial Liabilities	Note	Current		Non-Current		Fair Value	
		As of December 31, 2016	As of December 31, 2015	As of December 31, 2016	As of December 31, 2015	As of December 31, 2016	As of December 31, 2015
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Bank loans	22	530	2,045	44,345	47,604	44,875	49,649
Bonds payable	22	-	-	49,262	-	49,262	-
Hedging liabilities	12	-	994	-	-	-	994
Trade and other payables	23	17,082	27,934	2,500	-	19,582	27,934
Payables to related parties	10	1,901	4,020	-	30,000	1,901	34,020
<b>Total</b>		<b>19,513</b>	<b>34,993</b>	<b>96,107</b>	<b>77,604</b>	<b>115,620</b>	<b>112,597</b>

## Note 27 Classes of Financial Assets and Liabilities (continued)

The average interest rates used to determine the fair value of financial liabilities as of December 31, 2016 and 2015, are summarized below:

	As of December 31, 2016	As of December 31, 2015
Variable-rate financial liabilities	Libor + 2.53%	Libor + 2.54%
Fixed-rate financial liabilities	5.20%	-

Other financial assets and liabilities are recorded at fair value or their carrying amount is a reasonable approximation of their fair value.

Bank loans have been valued in accordance with IFRS 13 using level 2 of the valuation ranking (i.e. market interest rates for similar transactions).

All other financial assets and liabilities have been valued in accordance with IFRS 13 using level 1 of the valuation ranking (i.e. market value).

## **Note 28    Equity and Reserves**

### **(a) Changes in Capital - 2016**

#### **(i)      Issued Capital**

In 2016, based on agreements adopted by shareholders at the extraordinary meeting held on April 20, 2016, share issuance and placement costs of US\$2,683,131.91, recorded until that date in other miscellaneous reserves within equity, were deducted from share capital.

After this change, the Company's capital as of December 31, 2016, amounts to US\$3,199,108,383.17, equivalent to 30,696,876,188 subscribed and paid shares.

#### **(ii)     Capital Increase Agreements**

During 2016, the Company has not agreed to carry out any capital increases, reductions or other adjustments.

### **(b) Changes in Capital - 2015**

#### **(i)      Issued Capital**

As of December 31, 2015, capital amounts to US\$ 3,201,791,515.08, equivalent to 30,696,876,188 subscribed and paid shares.

#### **(ii)     Capital Increase Agreements**

During 2015, the Company did not agree to carry out any capital increases, reductions, adjustments or deductions of any type.

As of year-end 2015, the Company has no remaining treasury shares resulting from shareholders exercising their appraisal right in 2014 that have not been deducted from its share capital, in accordance with article 27 of the Corporations Law.

## Note 28 Equity and Reserves (continued)

### (c) Movements in Shares for 2016 and 2015

As of December 31, 2016, the Company's shares are detailed as follows:

Series	Number of Subscribed Shares	Number of Paid-in Shares	Number of Voting Shares
Single	30,696,876,188	30,696,876,188	30,696,876,188

	As of December 31, 2016	As of December 31, 2015
<b>Number of Shares</b>	<b>Common Stock</b>	<b>Common Stock</b>
Issued as of January 1	30,696,876,188	26,261,999,637
From capital increase	-	4,851,373,731
Shares canceled	-	(416,497,180)
<b>Total at end of period</b>	<b>30,696,876,188</b>	<b>30,696,876,188</b>

As indicated in section d) of this same note, during 2014 the Company repurchased 416,497,180 treasury shares from its shareholders, as a result of appraisal rights exercised during the HLAG business combination. During 2015, all of these shares were canceled, as detailed below.

## Note 28 Equity and Reserves (continued)

### (d) Treasury Shares

On March 21, 2014, an extraordinary meeting of the Company's shareholders was held for the purpose, among other matters, of approving the business combination with HLAG involving the container shipping business. At that meeting, 84.5% of voting shareholders present and represented approved the merger, opening a 30-day period for dissenting shareholders to exercise their appraisal right, which could not be exercised by more than 5% of all shares in order for the merger to proceed. This period ended on April 20, 2014, at which time the appraisal right had been exercised for 2.7% of the shares.

As a result of this process, on May 2, 2014, the Company began to repurchase shares from shareholders who exercised their appraisal right. As of December 31, 2014, the Company had repurchased 416,497,180 shares with a disbursement of ThUS\$20,908. As of December 31, 2016 and 2015, all of these treasury shares have been canceled and deducted from the Company's share capital since the deadline set in article 27 of the Corporations Law has passed.

### (e) Share Issuance Costs

At the extraordinary shareholders' meeting held on April 20, 2016, the shareholders agreed to deduct share issuance and placement costs of ThUS\$2,683, recorded until that date in other miscellaneous reserves within equity, from share capital. As a result, as of December 31, 2016, other equity reserves contain no share issuance costs. As of December 31, 2015, this balance was ThUS\$2,683.

### (f) Other Reserves

Other reserves are detailed as follows:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Translation adjustment reserve	(18,714)	(16,941)
Cash flow hedge reserve	2,393	(340)
Reserve for gains and losses on defined-benefit plans	1,510	15,210
Other miscellaneous reserves	5,749	2,974
<b>Total reserves</b>	<b>(9,062)</b>	<b>903</b>

## Note 28 Equity and Reserves (continued)

### (f) Other Reserves (continued)

#### Explanation of movements:

##### *Translation Adjustment Reserve*

The translation reserve includes all exchange differences that arise from the translation of the financial statements of foreign operations from functional currency to reporting currency in accordance with IAS 21.

The balance and movement of the translation adjustment reserve are explained as follows:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
<b>Balance as of January 1</b>	<b>(16,941)</b>	<b>287</b>
Subsidiaries and other investments	(274)	(151)
Share of loss of equity method associates and joint ventures (Note 15)	(1,499)	(17,077)
<b>Closing balance</b>	<b>(18,714)</b>	<b>(16,941)</b>

##### *Cash Flow Hedge Reserve*

The hedge reserve includes the effective portion of the net accumulated effect on fair value of cash flow hedging instruments related to hedged transactions that have not yet taken place. The movement during the period is explained by the realization of accounting hedges recognized in equity at the beginning of the period.

The balance and movement of this reserve are explained below:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
<b>Balance as of January 1</b>	<b>(340)</b>	<b>(1,261)</b>
Amount realized for transfers	-	1
Deferred taxes on hedges	(444)	(142)
Increase from hedge derivatives	1,798	665
Share of loss of equity method associates and joint ventures (Note 15)	1,379	397
<b>Closing balance</b>	<b>2,393</b>	<b>(340)</b>

## Note 28 Equity and Reserves (continued)

### (f) Other Reserves (continued)

#### *Reserve for Profits and Losses on Defined Employee Benefit Plans*

The reserve for actuarial gains on post-employment benefits consists of the variation in the actuarial values of the post-employment benefits provision.

The balance and movement of this reserve are explained below:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
<b>Balance as of January 1</b>	<b>15,210</b>	-
Share of loss of equity method associates and joint ventures (Note 15)	(13,700)	15,210
<b>Closing balance</b>	<b>1,510</b>	<b>15,210</b>

#### *Other Miscellaneous Reserves*

The balance and movement of other miscellaneous reserves are explained as follows:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
<b>Balance as of January 1</b>	<b>2,974</b>	<b>(139)</b>
Share issuance costs	2,683	(2,519)
Share of loss of equity method associates and joint ventures (Note 15)	41	5,612
Other movements in reserves	51	20
<b>Closing balance</b>	<b>5,749</b>	<b>2,974</b>

### (g) Dividends and Accumulated Losses

CSAV's dividend policy, which is summarized in Note 3.22 to these consolidated financial statements, establishes that profits are to be distributed in accordance with instructions in SVS Ruling 1945, which is detailed as follows: As of December 31, 2016 and 2015, the Company has not recorded provisions for the minimum mandatory dividend because it has accumulated financial losses.

## Note 28 Equity and Reserves (continued)

### (g) Dividends and Accumulated Losses (continued)

Distributable net profits are determined on the basis of “profit attributable to owners of the Company” presented in the consolidated income statement for each reporting period. This profit shall be adjusted, if necessary, to reflect all gains resulting from variations in the fair value of certain assets and liabilities that have not been realized as of period end. Thus, these gains will be incorporated into the determination of distributable net profits in the year in which they are realized or accrued.

The Company has decided to maintain adjustments from first-time adoption of IFRS, included in retained earnings as of December 31, 2009, as non-distributable profits. For the purpose of determining the balance of distributable retained earnings or accumulated losses, separate records are kept for these first-time adoption adjustments and they are not considered in determining that balance.

The following table details how distributable net profits as of December 31, 2016 and 2015, are determined:

	As of December 31, 2016	As of December 31, 2015
	ThUS\$	ThUS\$
Initial distributable profit	(1,300,749)	(1,286,095)
Loss attributable to owners of the Company	(23,317)	(14,654)
<b>Distributable net profit</b>	<b>(1,324,066)</b>	<b>(1,300,749)</b>
<b>Accumulated losses</b>	<b>(1,183,582)</b>	<b>(1,160,265)</b>

## Note 29 Revenue, Cost of Sales and Administrative Expenses

Revenue and cost of sales are detailed in the following table:

For the year ended December 31,		
	2016	2015
	ThUS\$	ThUS\$
<b>Revenue</b>		
Revenue from transport services	119,785	164,072
Other income	7,345	2,914
<b>Total operating income</b>	<b>127,130</b>	<b>166,986</b>
<b>Cost of sales</b>		
Cargo, intermodal and other related costs	(24,872)	(38,214)
Vessel charter, port, canal and other related expenses	(76,698)	(98,885)
Cost of fuel	(14,841)	(24,445)
Other costs	(3,632)	(2,648)
<b>Total cost of sales</b>	<b>(120,043)</b>	<b>(164,192)</b>

As indicated in Note 3.17, since the implementation of IFRS, revenue and cost of sales for maritime services in-transit are recognized in the income statement based on the degree of completion.

For voyages in transit not included in the provision for onerous contracts, income is recognized only to the extent that the related costs (incurred) can be recovered, and as a result the Company recognizes income and expenses for the same amount, taking a position with a neutral effect on its margin until the voyage is completed.

These changes implied recognizing income and expenses for an amount of ThUS\$2,834 for the year ended December 31, 2016, and income and expenses for an amount of ThUS\$398 for the year ended December 31, 2015, which form part of revenues and cost of sales, as indicated above.

Should the Company determine that a voyage or committed contract will produce a loss, it shall be provisioned in cost of sales (onerous contract as described in Note 24) without recording its income and expenses separately.

## Note 29 Revenue, Cost of Sales and Administrative Expenses (continued)

Administrative expenses are detailed in the following table:

	For the year ended December 31,	
	2016	Restated 2015
	ThUS\$	ThUS\$
Personnel payroll expenses	(8,337)	(6,683)
Advisory and other services	(2,768)	(7,310)
Communications and reporting expenses	(554)	(507)
Depreciation and amortization	(286)	(278)
Other	(4,147)	(4,569)
<b>Total administrative expenses</b>	<b>(16,092)</b>	<b>(19,347)</b>

As described in Note 6 (Segment Reporting) to this report, consolidated administrative expenses have been separated for the purposes of controlling and measuring the performance of each CSAV business segment. During the year ended December 31, 2016, total administrative expenses were ThUS\$16,092—the container shipping business segment represents ThUS\$4,098 and the other transport services business segment (vehicle transport and others) represents ThUS\$11,994—accounting for 25% and 75% of total administrative expenses, respectively. These percentages were 13% and 87%, respectively, during the year ended December 31, 2015.

## **Note 30 Other Expenses and Other Gains (Losses)**

### **(a) Other Expenses**

The Company had no expenses classified under the heading "other expenses" for the year ended December 31, 2016.

For the year ended December 31, 2015, the Company records in "other expenses" a total expense of ThUS\$7 mainly related to other operating activities of its subsidiaries.

### **(b) Other Gains**

For the year ended December 31, 2016, this account includes:

- (i) Gain of ThUS\$1,355, net of costs and equity reserves, on the sale of CSAV's minority interests in other companies, maintained as financial investments in "other non-current financial assets" in the consolidated statement of financial position.
- (ii) Reversal of provision that CSAV recorded for the legal contingency in the "NYSA-ILA" Pension Fund case, which was resolved in the Company's favor. Net effect in profit and loss of ThUS\$12,498 (see Notes 24 and 36).
- (iii) Gain on the sale of the liquid bulk business unit of ThUS\$392.
- (iv) Other gains or losses from operating the other transport services segment resulting in a gain of ThUS\$7.

For the year ended December 31, 2015, this account includes:

- (i) The reversal of certain liabilities recorded by CSAV related to the closing of the transaction with HLAG, for which there exists reasonable assurance as of December 31, 2015, that they will not result in contingencies or cash disbursements. The total effect of this reversal is a gain of ThUS\$5,529.
- (ii) An impairment loss on the goodwill acquired from the investments of CSAV and Tollo Shipping Co. S.A. in the subsidiaries Navibras Comercial Marítima e Afretamentos Ltda. and Compañía Naviera Rio Blanco S.A. The total loss was ThUS\$4,259, as explained in Note 17 of these consolidated financial statements.
- (iii) Other gains or losses of CSAV and subsidiaries equivalent to a gain of ThUS\$296.

## Note 31 Finance Income and Costs

Finance income and costs are detailed as follows:

	For the year ended December 31,	
	2016	2015
	ThUS\$	ThUS\$
<b>Finance income</b>		
Interest income from time deposits	255	172
Other finance income	67	134
<b>Total finance income</b>	<b>322</b>	<b>306</b>
<b>Finance costs</b>		
Interest expense on financial liabilities	(2,878)	(1,988)
Interest expense on other financial instruments	(480)	(133)
Other finance expenses	(761)	(1,597)
<b>Total finance costs</b>	<b>(4,119)</b>	<b>(3,718)</b>

## Note 32 Exchange Differences

Exchange differences generated by items in foreign currency, other than differences generated by financial investments at fair value through profit and loss, were credited (charged) to profit or loss for the period according to the following table:

	For the year ended December 31,	
	2016	Restated 2015
	ThUS\$	ThUS\$
Cash and cash equivalents	(131)	(2,410)
Trade and other receivables, net	377	(881)
Receivables from related parties	9	169
Current tax receivables	5	(50)
Other assets	(21)	105
Other financial assets	-	(20)
<b>Total assets</b>	<b>239</b>	<b>(3,087)</b>
Provisions	(29)	5,250
Trade and other payables	(220)	964
Payables to related parties	(194)	160
Other liabilities	150	14
<b>Total liabilities</b>	<b>(293)</b>	<b>6,388</b>
<b>Total exchange differences</b>	<b>(54)</b>	<b>3,301</b>

### Note 33 Foreign Currency

Current assets		As of December 31, 2016	As of December 31, 2015
	Currency	ThUS\$	ThUS\$
Cash and cash equivalents	CH\$	413	842
	US\$	53,534	48,797
	EUR	84	890
	BRL	33	43
	OTHER	544	1,816
Other financial assets	US\$	804	
Other non-financial assets	CH\$	76	-
	US\$	1,143	3,899
	BRL	-	16
	OTHER	125	39
Trade and other receivables	CH\$	1,297	481
	US\$	18,530	13,523
	EUR	292	-
	BRL	223	95
	OTHER	457	3,013
Receivables from related parties	CH\$	-	157
	US\$	50	1,110
	BRL	-	19
	OTHER	-	2
Inventories	CH\$	72	-
	US\$	4,178	2,238
Current tax assets	CH\$	316	6
	US\$	1,589	2,158
	OTHER	409	1,025
Total current assets	CH\$	2,174	1,486
	US\$	79,828	71,725
	EUR	376	890
	BRL	256	173
	OTHER	1,535	5,895
Total		84,169	80,169

### Note 33 Foreign Currency (continued)

Non-Current Assets		As of December 31, 2016	As of December 31, 2015
	Currency	ThUS\$	ThUS\$
Other financial assets	US\$	63	1,550
Other non-financial assets	US\$	-	97
	EUR	1	2
	OTHER	8	22
Equity method investments	US\$	1,771,634	1,792,436
	EUR	103	102
Intangible assets other than goodwill	BRL	82	92
	US\$	-	-
	OTHER	3	3
Goodwill	US\$	17	17
Property, plant and equipment	CH\$	-	-
	US\$	2,810	24,644
	BRL	21	27
	OTHER	61	56
Investment property	US\$	16,211	12,853
Deferred tax assets	US\$	292,976	312,998
	OTHER	-	650
Total non-current assets	CH\$	-	-
	US\$	2,083,711	2,144,595
	EUR	104	104
	BRL	103	119
	OTHER	72	731
	<b>Total</b>	<b>2,083,990</b>	<b>2,145,549</b>
TOTAL ASSETS	CH\$	2,174	1,486
	US\$	2,163,539	2,216,320
	EUR	480	994
	BRL	359	292
	OTHER	1,607	6,626
	<b>Total</b>	<b>2,168,159</b>	<b>2,225,718</b>

### Note 33 Foreign Currency (continued)

Current Liabilities		As of December 31, 2016			As of December 31, 2015		
		90 Days	90 Days to 1 Year	Total	90 days	90 Days to 1 Year	Total
	Currency	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Other financial liabilities	US\$	-	530	530	660	2,379	3,039
Trade and other payables	CH\$	2,609	-	2,609	3,342	-	3,342
	US\$	10,403	-	10,403	17,473	200	17,673
	EUR	2,048	-	2,048	109	-	109
	BRL	1,729	-	1,729	2,401	-	2,401
	OTHER	293	-	293	3,951	458	4,409
Payables to related parties	CH\$	912	-	912	411	-	411
	US\$	810	-	810	1,857	-	1,857
	BRL	-	-	-	26	-	26
	OTHER	179	-	179	1,726	-	1,726
Other provisions	CH\$	184	-	184	-	-	-
	US\$	30,833	-	30,833	22,239	-	22,239
	EUR	-	-	-	40	-	40
	OTHER	76	-	76	76	-	76
Current tax liabilities	US\$	1	-	1	-	-	-
	OTHER	50	-	50	-	439	439
Employee benefits provisions	CH\$	1,631	-	1,631	1,079	-	1,079
	US\$	51	-	51	40	-	40
	OTHER	11	-	11	-	-	-
Other non-financial liabilities	US\$	2,993	-	2,993	2,361	-	2,361
<b>Total current liabilities</b>	CH\$	5,336	-	5,336	4,832	-	4,832
	US\$	45,091	530	45,621	44,630	2,579	47,209
	EUR	2,048	-	2,048	149	-	149
	BRL	1,729	-	1,729	2,427	-	2,427
	OTHER	609	-	609	5,753	897	6,650
<b>Total</b>		<b>54,813</b>	<b>530</b>	<b>55,343</b>	<b>57,791</b>	<b>3,476</b>	<b>61,267</b>

**Note 33 Foreign Currency (continued)**

Non-Current Liabilities		As of December 31, 2016				As of December 31, 2015			
		1 to 3 Years	3 to 5 Years	5 to 10 Years	Total	1 to 3 Years	3 to 5 Years	5 to 10 Years	Total
	Currency	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Other financial liabilities	US\$	9,854	68,971	14,782	93,607	1,386	21,746	24,472	47,604
Trade and other payables	US\$	2,500	-	-	2,500				
Payables to related parties	US\$	-	-	-	-	30,000	-	-	30,000
Other provisions	US\$	9,448	-	-	9,448	33,748	-	-	33,748
Deferred tax liabilities	US\$	616	-	-	616	1,949	-	-	1,949
Other non-financial liabilities	US\$	181	-	-	181	211	-	-	211
<b>Total non-current liabilities</b>	US\$	22,599	68,971	14,782	106,352	67,294	21,746	24,472	113,512
	<b>Total</b>	<b>22,599</b>	<b>68,971</b>	<b>14,782</b>	<b>106,352</b>	<b>67,294</b>	<b>21,746</b>	<b>24,472</b>	<b>113,512</b>
<b>TOTAL LIABILITIES</b>	CH\$				5,336				4,832
	US\$				151,973				160,721
	EUR				2,048				149
	BRL				1,729				2,427
	OTHER				609				6,650
	<b>Total</b>				<b>161,695</b>				<b>174,779</b>

## Note 34 Loss per Share

Loss per share as of December 31, 2016 and 2015, are determined as follows:

	For the year ended December 31, 2016	For the year ended December 31, 2015
Loss from continuing operations attributable to owners of the company	(24,355)	(14,254)
Profit (loss) from discontinued operations attributable to owners of the company	1,038	(400)
<b>Loss attributable to owners of the company</b>	<b>(23,317)</b>	<b>(14,654)</b>
Weighted average number of shares	30,696,876,188	30,358,617,220
Loss per share for continuing operations US\$	(0.0008)	(0.0005)
Loss per share for discontinued operations US\$	0.0000	(0.0000)
<b>Loss per share US\$</b>	<b>(0.0008)</b>	<b>(0.0005)</b>

Number of Subscribed and Paid Shares	For the year ended December 31, 2016	For the year ended December 31, 2015
Issued as of January 1	30,696,876,188	26,261,999,637
From capital increase	-	4,851,373,731
Shares canceled	-	(416,497,180)
<b>Issued as of year end</b>	<b>30,696,876,188</b>	<b>30,696,876,188</b>
Weighted average number of shares	30,696,876,188	30,358,617,220

## Note 35 Discontinued Operations

As described in Note 2 b) of this report, since the Company had a disposal plan for its liquid bulk cargo business unit as of September 30, 2016, which was part of the other transport services segment defined in Note 6, and because that plan: (i) had been approved by the board and management, (ii) was underway at that time, and (iii) had a high likelihood of success; the Company decided to classify all assets and liabilities related to that business unit as "held for sale" in the interim consolidated financial statements as of September 30, 2016. This was done in accordance with IFRS 5.

As described before, in accordance with the other provisions of IFRS 5, the activities and transactions of the liquid bulk cargo business unit are considered discontinued operations from that date and are presented separately in the consolidated statement of income. The discontinued unit's results and net cash flows from operating, investing and financing activities are detailed separately in this note.

On October 19, 2016, CSAV disposed of that business unit by selling all shares of Odfjell y Vapores S.A., OV Bermuda Ltd. and Odfjell & Vapores Ltd. (Bermuda) directly and indirectly held by CSAV to its partner, Odfjell Tankers. As a result of that transaction, those companies are now wholly owned subsidiaries of the buyer. This information was disclosed in the interim consolidated financial statements as of September 30, 2016, in Note 40 on events after the reporting period. As a result, as of December 31, 2016, CSAV does not have any assets or liabilities related to the liquid bulk business unit and the current consolidated statement of financial position does not contain any assets or liabilities classified as held for sale.

Section a) of this note details the results of discontinued operations while section b) details net cash flows in comparison to the prior year. In accordance with IFRS 5, and for comparison purposes, certain restatements have been made to the consolidated statement of income for the year ended December 31, 2015.

## Note 35 Discontinued Operations (continued)

### (a) Statement of Income from Discontinued Operations

Statement of Income	For the year ended	
	December 31, 2016	2015
	ThUS\$	ThUS\$
<b>Profit (loss) for the year</b>		
Revenue	13,883	16,099
Cost of sales	(10,975)	(16,029)
<b>Gross profit</b>	<b>2,908</b>	<b>70</b>
Other income	1	-
Administrative expenses	(236)	(304)
Other gains	-	12
<b>Operating profit (loss)</b>	<b>2,673</b>	<b>(222)</b>
Finance income	1	-
Finance costs	(154)	(220)
Share of loss of equity method associates and joint ventures	(11)	-
Exchange differences	(13)	(142)
<b>Profit (loss) before tax</b>	<b>2,496</b>	<b>(584)</b>
Income tax expense	(435)	(219)
<b>Profit (loss) for the year</b>	<b>2,061</b>	<b>(803)</b>

## Note 35 Discontinued Operations (continued)

### (b) Statement of Cash Flows

Statement of Cash Flows	For the year ended	
	December 31,	
	2016	2015
	ThUS\$	ThUS\$
Net cash flows provided by operating activities	3,692	3,970
Net cash flows used in investing activities	-	(2,935)
Net cash flows used in financing activities	(1,068)	(1,038)
<b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b>	<b>2,624</b>	<b>(3)</b>
Effect of exchange rate changes on cash and cash equivalents	7	(98)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>2,631</b>	<b>(101)</b>

## Note 36 Contingencies and Commitments

### (a) Guarantees Granted

- (i) Bank guarantees: The Company and its subsidiaries have not granted any bank guarantees as of December 31, 2016.
- (ii) Guarantee notes: There are minor guarantees, mainly associated with rental of premises in subsidiaries, whose disclosure is not necessary for the interpretation of these financial statements.

### (b) Other Legal Contingencies

The Company is a defendant in certain lawsuits and arbitration claims relating to cargo transport, mainly seeking compensation for damages and losses. Most of these potential losses are covered by insurance policies. For the portion not covered by insurance, including the cost of the respective deductibles, the Company has recorded sufficient provisions to cover the estimated amount of likely contingencies. The amount of the respective provisions is presented in Note 24 of this report within current provisions for legal claims.

In connection with investigation proceedings carried out as a result of infringements to free competition regulations within the car carrier business referred to a material event filing dated September 14, 2012, as well as those currently in progress in other jurisdictions, in the first quarter of 2013 the board of directors decided to make a provision for ThUS\$40,000 to cover any eventual amounts that the Company may be forced to pay in the future as a result of these proceedings, based on car carrier business volumes covering multiple routes that it has operated worldwide. The amount provisioned is a reasonable estimate of these disbursements that has been used as payments have been recorded based on the procedures and agreements detailed in numbers 1 to 5 of the following paragraphs. To date, the original provision is considered a reasonable estimate of the overall cost of these proceedings. The Company does not currently have sufficient background information to predict the termination date of these proceedings, with the exception of the investigations conducted by the following authorities, whose status is explained below:

1. On February 27, 2014, CSAV signed a plea agreement with the United States Department of Justice (hereinafter DOJ) as part of the aforementioned investigation, by virtue of which CSAV agreed to pay a fine of ThUS\$8,900, which is covered by the aforementioned provision. The first three payments totaling ThUS\$6,750, not including legal expenses, were made in May 2014, 2015 and 2016. A fine imposed by the United States Federal Maritime Commission (hereinafter FMC) of ThUS\$625 was paid during 2014. These amounts have been properly deducted from the provision recorded in 2013. The final payment to the DOJ of ThUS\$2,150 will be made in May 2017, thus completing the full ThUS\$8,900 mentioned previously.

## Note 36 Contingencies and Restrictions (continued)

### (b) Other Legal Contingencies (continued)

In addition, based on investigations by the DOJ, some end buyers, car distributors and freight forwarders or direct contract holders have filed a class action suit "on their own behalf and on behalf of those in a similar situation" against a group of companies engaged in the car carrier business, including the Company and its former agency in New Jersey, for damages and losses suffered directly by contracting freight services or indirectly by buying imported cars in the United States. These class action suits were consolidated in the District Court of New Jersey. However, in late August 2015 the court ruled that they should be decided by the FMC, based on a motion filed by the Company. As of December 31, 2016, there are pending appeals against this ruling. In parallel, these class action suits have been re-initiated at the FMC, which has suspended processing until the appeals filed in the ordinary courts have been resolved. Rules contained in the US Shipping Act of 1984 and the FMC's rules do not provide for resolving class actions and in the past the FMC has rejected these cases when it has deemed that they do not fall within its administrative functions. Therefore, and given the fact that these lawsuits are in their initial stages, it is not yet possible to estimate whether it will have any economic impact on the Company beyond the provisions recorded.

2. On January 27, 2015, the Chilean National Economic Prosecutor's Office (FNE) issued a summons against several shipping companies, including CSAV, for violating letter a) of article 3 of Decree Law 211 of 1973, regarding the Defense of Free Competition ("DL 211"), in the car carrier business (the "Summons"). As indicated in the Summons and set forth in article 39 bis of DL 211, because the Company is cooperating with the FNE's investigation, it is exempt from fines relating to the practices referred to in the Summons and, therefore, these proceedings have no financial impact on CSAV's results. The Summons is being processed by Chile's Antitrust Court.

3. On November 25, 2015, Brazil's Court of the Administrative Council for Economic Defense (CADE) approved a suspension agreement (*compromisso de cessação*) previously agreed between the Company and the General Superintendent of CADE, which bound the Company to pay a fine of approximately ThUS\$1,822, which was covered by the provision referred to above.

## Note 36 Contingencies and Restrictions (continued)

### (b) Other Legal Contingencies (continued)

4. On December 9, 2015, the South African Competition Tribunal approved a consent agreement between CSAV and the South African Competition Commission, which commits the Company to pay a fine equivalent to approximately ThUS\$566, which was also covered by the provision referred to above.

5. The Company actively collaborated with an investigation initiated in China in June 2015. As a result, on December 15, 2015, the Prices and Antimonopoly Supervising Office of the National Commission for Development and Reforms of the Republic of China (NDRC) fined CSAV approximately ThUS\$475, out of total fines of approximately ThUS\$62,860 applied to eight international shipping companies. This fine of ThUS\$475 is also covered by the provision referenced above.

The fines referenced in 3, 4 and 5 above were paid before December 31, 2016, and were consequently deducted from the respective provision recorded in 2013. As a result, to date they are not part of the current provisions for legal claims.

As of December 31, 2016, claims have been filed against CSAV related to its container shipping business prior to the merger with HLAG. In accordance with the merger agreement between CSAV and HLAG, HLAG is now legally and financially liable for all legal contingencies related to the operations of the container shipping business, including legal expenses and possible disbursements, even when CSAV is party to the claim. This is the case with the administrative proceedings initiated by the Peruvian National Institute in Defense of Competition and Protection of Intellectual Property (INDECOPI) against several shipping companies, including CSAV, for participating in liner conferences, particularly the Asia West Coast South America Agreement (AWCSA) even though Peru ratified the United Nations' "Convention of a Code of Conduct for Liner Conferences."

The Company has established provisions for other contingencies not related to this business where it believes disbursements to be reasonably likely. As reported in prior reports, the case against the "NYSA-ILA" Pension Fund (hereinafter the "Fund"), was successfully resolved in CSAV's favor during the first half of 2016. As a result, the Fund refunded provisional payments made by the Company up to the date of the agreement. The Fund, which covers the longshoremen at the ports of New York and New Jersey (USA), and to which the Company contributed because of its container shipping business that is currently operated by HLAG, filed a claim against CSAV for an alleged withdrawal liability of approximately ThUS\$12,000. The Company promptly challenged and successfully resolved the claim. The financial effects of the resolution are detailed in Note 24 to these consolidated financial statements.

## **Note 36 Contingencies and Restrictions (continued)**

### **(c) Operating Restrictions**

The financing agreements and bond issuances signed by Compañía Sud Americana de Vapores S.A. and its subsidiaries include the following restrictions:

- (i) Loan with Banco Itaú Chile for ThUS\$45,000: a) Maintain consolidated leverage with a ratio of total liabilities to total equity no greater than 1.3; b) Maintain unencumbered assets for 130% of consolidated financial liabilities. c) Quiñenco S.A. shall be the controller of the Company or shall hold at least 37.4% of its subscribed and paid capital. d) Maintain total minimum consolidated assets of ThUS\$1,730,325.
- (ii) Bearer bonds for ThUS\$50,000, series B, SVS securities registration No. 839: a) Maintain consolidated leverage with a ratio of total liabilities to total equity no greater than 1.3; b) Maintain unencumbered assets for 130% of consolidated financial liabilities. c) Maintain total minimum consolidated assets of ThUS\$1,730,000.

Additionally, the loan and bond agreements oblige the Company to comply with certain positive restrictions, such as complying with the law, duly paying taxes, maintaining insurance, and other similar matters, and also to obey certain negative restrictions, such as not furnishing chattel mortgages, except those authorized by the respective instrument, not undergoing corporate mergers, except those authorized, or not selling PPE, among other similar obligations.

### **(d) Mortgages for Financial Commitments**

As of December 31, 2016, the Company has not mortgaged any of its assets to guarantee its financial obligations.

The only current guarantee recorded by CSAV in its consolidated interim financial statements as of September 30, 2016, was a naval mortgage for the vessel M/N Bow Cóndor, a chemical tanker owned by its former subsidiary OV Bermuda Ltd. This vessel was disposed of when that subsidiary and the rest of the liquid bulk business unit were sold to its partner Odfjell Tankers on October 19, 2016, as explained in Note 2 b) and Note 35 of this report.

### Note 37 Operating Lease Commitments

As of December 31, 2016, the Company charters, under an operating lease system, 7 vessels (6 as of December 2015) and has no lease commitments for containers or other maritime shipping equipment.

CSAV's charter term for vessels normally varies between one month and two years. The majority of the charter rates are fixed.

The cost of staffing and operating a vessel, known as its "running cost", varies between US\$ 7,000 and US\$ 9,000 per day and can be contracted in conjunction with the chartered vessel (time charter) or separately from the chartered vessel (bareboat charter). This note contains the total cost of commitments regarding chartered vessels. Therefore, time charter commitments include their running costs, as these are an integral part of the Company's obligations.

The following table presents the future minimum non-cancelable payments at nominal value for vessel charters as of December 31, 2016:

As of December 31, 2016	Total Commitments	Total Revenue	Total Net
	ThUS\$	ThUS\$	ThUS\$
Less than one year	23,671	-	23,671
One to three years	3,116	-	3,116
<b>Total</b>	<b>26,787</b>	<b>-</b>	<b>26,787</b>

As of December 31, 2015	Total Commitments	Total Revenue	Total Net
	ThUS\$	ThUS\$	ThUS\$
Less than one year	10,073	-	10,073
One to three years	32,713	-	32,713
<b>Total</b>	<b>42,786</b>	<b>-</b>	<b>42,786</b>

In the table above, vessel costs exclude all charter expenses that have already been provisioned as of the date of these financial statements as onerous contracts. If vessels have been chartered or sub-chartered to third parties, these future minimum non-cancelable receipts are offset against charter commitments.

#### **Note 38 Environmental Issues**

Due to the nature of its services, the Company has not incurred any material expenses related to improving and/or investing in production processes, verification and compliance with regulations on industrial processes and facilities or any other matter that could directly or indirectly impact environmental protection efforts.

#### **Note 39 Sanctions**

During the six months ended December 31, 2016, and the year ended December 31, 2015, neither the Company nor its subsidiaries, directors and managers have been sanctioned by the SVS. The Company and its subsidiaries have also not received any significant sanctions from any other regulatory bodies or jurisdictions, other than those included in Note 36 to these consolidated financial statements.

#### **Note 40 Events after the Reporting Period**

Between the closing date and issuance of these consolidated financial statements, the following relevant events occurred and the Company has decided to present them as subsequent events:

##### **(a) CSAV Extraordinary Shareholders' Meeting Called to Discuss Merger of Hapag-Lloyd and UASC**

On March 15, 2017, the Board agreed, in conformity with the Company's bylaws, to call an extraordinary meeting of the shareholders of Compañía Sud Americana de Vapores S.A. ("CSAV") for March 30, 2017, at 3:00 p.m. in the Ritz-Carlton A Ballroom at the Ritz-Carlton Hotel, located at El Alcalde N° 15, Las Condes, Santiago.

The following matters were to be addressed at that extraordinary shareholders' meeting (the "Meeting"):

1. To agree upon a capital increase of US\$ 260 million or another amount determined by shareholders, through a rights issue, which shall be subscribed and paid within the time period established at the Meeting;
2. To adopt the reforms to the Company's by-laws and any other agreements that are necessary or appropriate in order to carry out any of the decisions at the Meeting; and
3. To report any agreements involving related party transactions contained in Title XVI of the Corporations Law.

The proposed capital increase is designed to provide liquidity for the Company to acquire new shares of HLAG, so that CSAV retains a shareholding of at least 25% in the combined company.

If the merger of HLAG and United Arab Shipping Company Ltd. (UASC) goes through, the former will acquire all (100%) shares of UASC by issuing new shares to UASC's current shareholders, representing 28% of the combined entity's share capital. The new entity will maintain its listing on the German exchange and its headquarters in Hamburg. As a result, the shareholdings of Hapag-Lloyd's current shareholders will be reduced after the merger. CSAV's interest will decrease from 31.4% to 22.6%. However, the Company, along with the City of Hamburg and Kühne, through the shareholder agreement currently in effect, will continue to control HLAG with a combined interest of close to 52%.

As agreed by the partners, within six months of the merger close, HLAG will carry out a capital increase for the equivalent in euros of US\$ 400 million, through a rights issuance with preferential subscription rights for all shareholders to be offered on the German exchange. As part of this capitalization, the controlling partners of Hapag-Lloyd (CSAV, the City of Hamburg and Kühne) have signed agreements to increase CSAV's interest in the German shipping company to 25%.

**Note 40 Events after the Reporting Period (continued)**

**(a) CSAV Extraordinary Shareholders' Meeting Called to Discuss Merger of Hapag-Lloyd and UASC (continued)**

As reference, if the capital increase in Hapag-Lloyd were carried out at the current stock price and the current exchange rate, CSAV would need around US\$ 228 million, which would be raised through the aforementioned capital increase in CSAV, with the shares being issued during the first half of 2017. CSAV is asking for a capital increase of US\$ 260 million in order to provide clearance in case the placement price of the Hapag-Lloyd shares or the Euro/dollar exchange rate so require. At the time of the capital increase in CSAV, the Company estimates that it will need less clearance. Its intention is to only carry out the capital increase if the merger goes through for the amount required to reach at least 25%.

**(b) HLAG and UASC Extend Long-Stop Date for their Business Combination**

On March 17, 2017, HLAG and UASC agreed to extend the long-stop date of their merger in accordance with the Business Combination Agreement (BCA) until May 31, 2017, and modified the BCA as necessary. Both companies originally anticipated closing the transaction before March 31, 2017, but they now expect the closing to occur in subsequent weeks.

In the same press release, HLAG indicated that as of that date all respective merger approvals and government authorizations had been obtained as well as all bank consents needed for HLAG, and most bank consents needed for UASC, and that the companies to be merged are working on the final documentation to close the business combination. The final steps for the closing have taken more time than expected, but HLAG has stated that it does not believe that the transaction is at risk.

Regardless of the exact date of the closing, the new operating partnership in which HLAG is participating, known as “THE Alliance”, will begin to operate on April 1, 2017, including all HLAG and UASC vessels, as originally planned. UASC will be consolidated by HLAG for the first time as of the closing of the business combination.