ANALYSIS
OF THE
FINANCIAL POSITION
AS OF 03.31.2017

Abbreviations:

M$	Million Chilean pesos
Th$	Thousand Chilean pesos

ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the first quarter ended March 31, 2017

1. REVIEW

As of March 31, 2017, Empresas Lipigas S.A. (the "Company") recorded earnings after taxes amounting to M$ 6,670 with a decrease of M$ 694 (9.4%) with respect to the M$ 7,364 recorded in the same period of the previous year.

Consolidated EBITDA reached M$ 15,354, a 3.5% lower figure than the one recorded for the same period of the previous year, which reached M$ 15,910.

Gross earnings for the period reached M$ 30,994, an increase of M$ 2,369 (8.3%) regarding the same period of the previous year, resulting from greater volumes in equivalent LPG tons in the three countries and an increase in unit gross margin in Colombia. This result was offset by an increase in other expenses by function, distribution costs and management expenses amounting to M$ 3,464 (20.3%) mainly in Chile, an increase that relates to the development of integration strategies of the distribution chain to the final customer. This increase was expected within the year's business plan and it is estimated they will have a positive impact in the generation of income of the second half of the year.

Accumulated LPG sales volume as of March 2017 compared with the same period of the previous year increases 2.4% equivalent to 3,548 tons. In Chile, volume grows 3.3%, in Colombia it increases by 8.6% and in Peru, it decreases 3.1%.

Natural gas sales (in its different formats) totaled 27.6 million m3, a strong increase compared to the 18.9 million m3 recorded during the first quarter of 2016, due to the incorporation of CNG operations in Peru, which in 2016 are only considered since February and the increased sales volume of liquefied natural gas (LNG) in Chile. LNG accumulated sales volume as of March 2017, amounted to 4.3 million m3, a 10.2% higher compared to those recorded during the same period of the previous year.

Revenue from ordinary activities amounted to M$ 99,113, increasing 16% regarding the same period of the previous year. This increase essentially resulted from greater sales volume of liquefied gas of 3,548 tons, increased sales of natural gas in its different formats of 8.7 million cubic meters influenced by the incorporation of the Limagas Natural Perú S.A. operation, and higher sales prices associated to the increase in gas prices.

Non-operating income was negative by M$1,376 that is lower than the M$ 2,027 loss recorded during the same period of the previous year. This variation mainly resulted from lower financial costs due to restatement of other non-current liabilities and lower negative results by indexation units due to lower inflation in Chile.

MATERIAL DISCLOSURES DURING THE QUARTER AND AS OF THE DATE OF ISSUANCE OF THIS ANALYSIS

On January 12, 2017, the resignation as alternate director of Mr. Roberto Priz Simonetti was reported.

On January 25, 2017, the controllers of Empresas Lipigas S.A. reported the amendment of the company's joint action agreement.

On March 8, 2017, the report of the Consolidated Results as of December 31, 2016 was announced.

On March 9, 2017, a payment of an interim dividend charged against 2017 results for CLP 62 per share was announced.

On March 30, 2017, the Shareholders' Meeting convened for April 27, 2017 was reported.

Different share acquisition operations on behalf of the controlling group were reported during the quarter. As of March 31, 2017, ownership interest reached 75.13%.

On April 26, 2017, the resignation of the director Mr. Ernesto Noguera Gorget was reported.

On April 28, 2017, the agreements reached during the General Shareholders' Meeting held April 27, 2017 were reported.

2. CONSOLIDATED INCOME STATEMENT BY FUNCTION

Income statement by function	01.01.2017 through 03.31.2017 M$	01.01.2016 through 03.31.2016 M$	Var. Jan - Mar (2017 - 2016)	
			M$	%
Revenue	99,113	85,437	13,676	16.0 %
Cost of sales	(68,119)	(56,812)	(11,307)	19.9 %
Gross Earnings	**30,994**	**28,625**	**2,369**	**8.3 %**
Other income by function	52	51	0	0.0 %
Other expenses by function	(5,350)	(4,040)	(1,310)	32.4 %
Distribution costs	(8,070)	(6,600)	(1,470)	22.3 %
Administrative expenses	(7,139)	(6,455)	(684)	10.6 %
Operating income	**10,487**	**11,582**	**(1,095)**	**(9.5)%**
Financial costs	(1,350)	(1,736)	386	(22.2)%
Financial income	400	322	78	24.1 %
Exchange differentials	8	211	(203)	(96.3)%
Profit (loss) on indexation units	(549)	(807)	258	100.0 %
Other gains (losses)	116	(17)	133	(771.8)%
Earnings (loss) before taxes	**9,111**	**9,555**	**(444)**	**(4.6)%**
Income tax expense	(2,441)	(2,191)	(250)	11.4 %
Profit (loss)	**6,670**	**7,364**	**(694)**	**(9.4)%**
Profit (loss) attributable to the owners of the controller	6,648	7,331	(683)	(9.3)%
Profit (loss) attributable to non-controlling interests	22	33	(11)	(33.2)%
Profit (loss)	**6,670**	**7,364**	**(694)**	**(9.4)%**
Depreciation and amortization	**4,867**	**4,329**	**538**	**12.4 %**
EBITDA	**15,354**	**15,910**	**(557)**	**(3.5)%**

Earnings after taxes for the first quarter 2017 amounted to M$ 6,670 a 9.4% decrease regarding the M$ 7,364 recorded for the same period of the previous year. The main variations resulted from:

- Consolidated gross earnings reached M$ 30,994 that is 8.3% higher than the M$ 28,625 recorded during the same period of the previous year. This increase resulted from an improved gross margin due to increased sales volume in equivalent LPG tons in the three countries and greater unit margins in Colombia.

- Operating costs and expenses increased M$ 3,464 due to higher expenses regarding salaries, freights, and other expenses in Chile. The greater costs recorded in Peru must also be added to the previous, which resulted from the consolidation of the company Limagas Natural only since February in 2016.

- Operating income reached M$ 10,487 which is M$ 1,095 (-9.5%) lower than the M$ 11,582 recorded during the first quarter of 2016.

- EBITDA (operating income before depreciation and amortization) for the first quarter 2017 reached M$ 15,354 that is 3.5% lower than the M$ 15,910 of the same period of the previous year.

INCOME BY SEGMENT

M$	From 01.01.2017 to 03.31.2017			
	Segments			Group Total
	Chile	Colombia	Peru	
Revenue	66,674	11,044	21,395	99,113
Purchases charged to cost of sales	(36,552)	(6,081)	(14,999)	(57,631)
Expenses charged to cost of sales	(4,558)	(763)	(1,053)	(6,375)
Depreciation and amortization	(3,329)	(296)	(488)	(4,113)
Gross profit	**22,235**	**3,904**	**4,855**	**30,994**
Other income by function	52	0	0	52
Other operating expenses	(13,697)	(2,269)	(3,838)	(19,804)
Depreciation and amortization	(247)	(212)	(295)	(754)
Operating Income	**8,343**	**1,423**	**721**	**10,487**
EBITDA	**11,918**	**1,932**	**1,504**	**15,354**

M$	From 01.01.2016 to 03.31.2016			
	Segments			Group Total
	Chile	Colombia	Peru	
Revenue	56,965	8,854	19,618	85,437
Purchases charged to cost of sales	(29,054)	(5,112)	(13,859)	(48,025)
Expenses charged to cost of sales	(3,677)	(664)	(856)	(5,197)
Depreciation and amortization	(3,035)	(252)	(303)	(3,591)
Gross profit	**21,199**	**2,826**	**4,600**	**28,625**
Other income by function	51	0	0	51
Other operating expenses	(11,420)	(2,121)	(2,816)	(16,357)
Depreciation and amortization	(200)	(174)	(364)	(738)
Operating Income	**9,630**	**531**	**1,421**	**11,582**
EBITDA	**12,865**	**958**	**2,088**	**15,910**

M$	Var. 1Q2017 vs. 1Q2016			
	Segments			Group Total
	Chile	Colombia	Peru	
Revenue	9,709	2,190	1,777	13,676
Purchases charged to cost of sales	(7,498)	(968)	(1,140)	(9,607)
Expenses charged to cost of sales	(881)	(99)	(198)	(1,178)
Depreciation and amortization	(294)	(44)	(184)	(522)
Gross profit	**1,036**	**1,078**	**255**	**2,369**
Other income by function	0	0	0	0
Other operating expenses	(2,277)	(148)	(1,023)	(3,448)
Depreciation and amortization	(47)	(38)	69	(16)
Operating Income	**(1,240)**	**930**	**(768)**	**(1,078)**
EBITDA	**(947)**	**974**	**(584)**	**(556)**

Chile: EBITDA during the quarter was 7.4% lower regarding the same period of the 2016 fiscal year mainly due to greater operating expenses. Gross earnings were 4.9% higher regarding the same period of the previous year, mainly due to increased sales volume and a stable unit margin. Expenses increased by 19.9% mainly due to greater expenses in salaries, freights and marketing

expenses. This increase in expenses mainly relates to the Company's strategy of integrating the distribution chain, getting closer to the final customer, and it is estimated it will have a positive impact on the results of the second semester.

Colombia: EBITDA during the quarter was 101.7% higher regarding the same period of the previous fiscal year due to greater gross earnings recorded. Gross earnings were 38.2% higher given the increase in sales volume and higher unit margins recorded. The first quarter of 2016 was marked by a high level of price competition in the different segments, a situation that was not repeated during the first quarter of 2017. The increase in sales volume (+8.6%) is influenced by a specific increase corresponding to our customers' restoration of stock resulting from product shortages occurred during the last quarter of 2016. Operating expenses increased by 7%. The Colombian peso revalued 3.9% against the Chilean peso.

Peru: EBITDA during the quarter was 28% lower regarding the same period of the previous year. Greater operating expenses negatively affect this variation. Gross earnings were 5.5% higher regarding the same period of the previous year, mainly given the increase in CNG sales volume. LPG sales decreased 3.1% given lower sales in the automotive sector, added to the drop in unit margin of said sales, a situation that had already occurred during the last quarter of 2016. Expenses increased by 36.3% mainly because during the first quarter of 2016, the Limagas Natural operation begins consolidating only since February. The Peruvian sol devalued 2% on average during the period against the Chilean peso.

3. ANALYSIS OF THE CONSOLIDATED FINANCIAL POSITION

ASSETS

	03.31.2017 M$	12.31.2016 M$	Var. M$	Var. %
Current assets	64,214	69,997	(5,783)	(8.3%)
Non-current assets	313,193	304,646	8,547	2.8%
Total assets	**377,407**	**374,643**	**2,764**	**0.7%**

The assets of Empresas Lipigas S.A. as of March 31, 2017 recorded a slight increase of M$ 2,764 or 0.7% regarding figures recorded as of December 31, 2016. The main variations correspond to:

- Current assets decrease M$ 5,783 mainly by lower cash and cash equivalent, which is partially offset by an increase in trade accounts and other current accounts receivable and current tax assets.

- Non-current assets increased M$ 8,547 mainly due to the incorporation of property, plant and equipment in Chile as well as in Colombia.

LIABLITIES

	03.31.2017 M$	12.31.2016 M$	Var. M$	Var. %
Current liabilities	52,792	52,329	463	0.9%
Non-current liabilities	186,688	185,105	1,582	0.9%
Total liabilities	**239,480**	**237,434**	**2,046**	**0.9%**

The liabilities of Empresas Lipigas S.A. as of March 31, 2017 recorded a slight increase of M$ 2,046 or 0.9% regarding figures recorded as of December 31, 2016. The main variations correspond to:

- Current liabilities increased M$ 463. The main variations are generated by increased trade accounts and other current accounts payable, which was partially offset by a decrease in current financial liabilities in Chile as well as in Peru.
- Non-current liabilities increased M$ 1,582, mainly due to increased deferred tax liabilities (M$ 1,016) and an increase in other non-current financial liabilities (M$ 352).

EQUITY

The equity of Empresas Lipigas S.A. as of March 31, 2017 presents an increase of M$ 718 regarding figures recorded as of December 31, 2016. A lower negative balance of other reserves generates the main variation.

4. ANALYSIS OF STATEMENT OF CASH FLOW

CONSOLIDATED STATEMENT OF DIRECT CASH FLOW	01.01.2017 through 03.31.2017 M$	01.01.2016 through 03.31.2016 M$	Var. M$	Var. %
Cash flows provided by (used in) operating activities	**10,058**	**16,897**	**(6,839)**	**(40.5%)**
Cash flows provided by (used in) investing activities	**(10,302)**	**(21,743)**	**11,440**	**(52.6%)**
Net cash flows provided by (used in) financing activities	**(9,564)**	**(3,194)**	**(6,370)**	**199.4%**
Net Increase (decrease) in cash and cash equivalents, before effects of variation in foreign exchange rates	**(9,808)**	**(8,039)**	**(1,769)**	**106.4%**
Effects of variations in foreign exchange rate on cash and cash equivalents	126	(142)	268	(188.8%)
Net increase (decrease) in cash and cash equivalents	**(9,682)**	**(8,181)**	**(1,500)**	**(82.4%)**
Cash and cash equivalents - beginning of the period or fiscal year	18,122	31,215	(13,093)	(41.9%)
Cash and cash equivalents - end of the period or fiscal year	**8,440**	**23,034**	**(14,593)**	**(87.7%)**

Cash and cash equivalent as of March 31, 2017 recorded a balance of M$ 8,440 decreasing M$ 14,593 regarding the figure recorded for end of the same period of the previous year. The following movements mainly explain said variations:

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating activities generated a positive net cash flow amounting to M$ 10,058 of March 31, 2017 decreasing M$ 6,839 with respect to the cash flow for the same period of previous year. The main variations correspond to higher payments to suppliers for goods and services provided (M$ 8,301) and greater other payments for operating activities (M$ 3,750). Collections from the sale of goods and services provided increased M$ 10,454. Lower operating cash flows is impacted by a specific increase of working capital in Chile.

CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES

Net cash flow used in investment activities as of March 31, 2017 was M$ 10,302 decreasing M$ 11,440 regarding cash flow used in the same period of the previous year. The decrease mainly resulted from lower cash flows to obtain control of subsidiaries and other businesses (M$ 15.077) due to the investment carried out in 2016 for the acquisition of the company Neogas Perú S.A. (currently Limagas Natural S.A.). The previous was partially offset by higher purchases of property, plant and equipment in Chile and Colombia (M$ 3,172).

CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES

Net cash flow used in financing activities as of March 31, 2017 is a negative by M$ 9,564 and presents a negative variation of M$ 6,370 regarding the negative net cash flow for the same period of the previous year. The main difference resulted from higher dividend payments (M$ 7,042).

5. FINANCIAL INDICATORS

LIQUIDITY

Indicators	Units	03.31.2017	12.31.2016
Liquidity ratio (1)	Times	1.22	1.34
Acid-test ratio (2)	Times	0.89	1.02

(1) Liquidity ratio = Current Assets /Current Liabilities
(2) Acid-test ratio = (Current Assets-Inventories)/ Current Liabilities

Liquidity indicators as of March 31, 2017 present a decrease regarding December 2016, mainly from the decrease in cash and cash equivalents.

INDEBTEDNESS

Indicators	Units	03.31.2017	12.31.2016
Indebtedness ratio (1)	Times	1.74	1.73
Portion of current debts (2)	%	22.0%	22.0%
Portion on non-current debts (3)	%	78.0%	78.0%
Net financial debt / Equity (4)	Times	0.87	0.82

(1) Indebtedness ratio = Total liabilities / Equity.
(2) Portion of current debts = Current liabilities / Total liabilities.
(3) Portion on non-current debts = Non-current liabilities / Total liabilities.
(4) Net financial debt / Equity = (Other financial liabilities - cash and cash equivalent) / Equity.

Indebtedness ratio as of March 2017 does not undergo significant changes between the periods ended December 2016 and March 31, 2017.

Net indebtedness ratio over equity increases due to the decrease in cash and cash equivalents.

PROFITABILITY

Indicators	Units	03.31.2017	12.31.2016
Equity profitability (1)	%	27.6%	28.2%
Asset profitability (2)	%	10.1%	10.3%
EBITDA (3)	M$	77,562	78,118
EAT (4)	M$	38,044	38,738

(1) Equity profitability = Gain (Loss) LTM / Equity.
(2) Asset profitability = Gain (Loss) LTM / Total assets.
(3) EBITDA = Operating income + depreciation and amortization (LTM)
(4) EAT = Earnings after taxes (LTM)

Equity profitability decreased slightly regarding December 2016 mainly due to a decrease in earnings in the amount of M$ 694 during the last 12 months and an increase in equity in the amount of M$ 718. Asset profitability decreased slightly due to a decrease in earnings previously mentioned added to a higher average level of assets for the period (M$ 2,764) regarding December 2016. EBITDA slightly decreased regarding December 2016 due to higher operating expenses in freights, salaries and other expenses, which was partially offset by the increase in gross margin. Earnings after taxes decreased due to higher expenses, which was partially offset by greater gross margin and improved non-operating income resulting from lower financial expenses and lower negative results by indexation units.

INVENTORIES

Indicators	Units	03.31.2017	12.31.2016
Inventory turnover (1)	Times	16.4	17.7
Inventory permanence (2)	Days	21.9	20.4

(1) Inventory turnover = Cost of sales / Inventory average (Beginning inventory + final inventory) / 2
(2) Inventory permanence = 360 days / Inventory turnover

Inventory turnover decreased regarding December 2016, mainly due to increased average inventory levels.

6. BUSINESS ANALYSIS

Empresas Lipigas S.A. participates in the Chilean market for LPG with its brand Lipigas. It has over 50 years of presence in the market reaching a moving annual average market share of 36.7% as of December 2016 according to data provided by Chile's Superintendence of Electricity and Fuels *(Superintendencia de Electricidad y Combustibles - SEC)*.

For the distribution and commercialization of LPG in Chile, the Company has 14 storage and/or bottling plants, a maritime terminal in the commune of Quintero and 18 sales offices distributed throughout the country. In addition, it has an outsourced distribution network of more than 2,400 mobile sales points achieving nationwide coverage from the Region of Arica and Parinacota to the Region of Aysén.

It also has natural gas (NG) residential distribution networks in the city of Calama, enabling a continuous supply of this energy to nearly 3,000 homes, thus satisfying heating, hot water and cooking needs.

It has supply, sale and distribution operations of liquefied natural gas (LNG) shipped in trucks to industrial customers far from gas pipelines, which incorporate this type of fuel to their productive processes in industries of power generation, construction, food, manufacturing and others seeking to comply with environmental-regulatory standards given the benefits of LNG in this field, as well as lower costs with regard to other types of energy. Investments performed and territorial coverage reached - from the Region of Coquimbo to the Region of Los Lagos – place Empresas Lipigas as one of the major players in the industrial LNG market.

In 2010, Empresas Lipigas entered the Colombian market through Chilco Distribuidora de Gas y Energía S.A.S. E.S.P. This company commercializes LPG and participates in the Colombian market with its brands: Gas País and Lidergas.

It has presence in 26 of the 32 departments of the country, reaching a moving annual average market share of 14.2% as of December 2016, according to data from Colombia's Single Information System of the Superintendence of Public Services (*Sistema Único de Información de la Superintendencia de Servicios Públicos*.)

For the commercialization of LPG in Colombia, the Company has 16 bottling plants and an own distribution network that together with the third-party distribution network service approximately 450,000 customers.

Empresas Lipigas S.A. enters the Peruvian market in 2013 through the purchase of Lima Gas S.A., an LPG company. The decision was based mainly on the sustained growth of the LPG market and favorable conditions of the Peruvian economy.

Lima Gas participates in the Peruvian LPG market in the cylinder and bulk business and commercializes the product under two brands: Lima Gas and Caserito. Together, both brands reached a moving annual average market share of 8.8% as of December 2016, according to data provided by Peru's Energy and Mines Investment Regulator - *Osinergmin*.

Currently, Lima Gas has eight bottling plants and two distribution centers, enabling a relevant logistic capacity to supply LPG to its clients. The distribution network of bottled gas is composed of more than 400 distributors that supply LPG to end customers. In the case of bulk, direct distribution reaches over 2,000 clients.

In November 2015, the Company reached an agreement to acquire Neogas Perú S.A. through an approximate 42 million dollar investment. Neogas Perú S.A. is a company dedicated to the distribution of compressed natural gas to industrial clients and supply service stations for automobiles. The Company took control over this new operation in February 2016. In November 2016, the company changed its name to Limagas Natural Perú S.A.

7. RISK MANAGEMENT

Risk factors inherent to the Company's business are the markets in which it participates and the activity developed by the Company and its subsidiaries. The Board of Directors and Management periodically review the map of the Company's significant risks in order to design and monitor the implementation of suitable measures for mitigating risks. The following is a breakdown of the main risk factors that affect the business:

7.1 Credit risk

Credit risk arises in losses that might occur because of a breach of the contractual obligations on behalf of counterparties of the Company's different financial assets.

The Company has credit policies that mitigate risks of non-collection of trade accounts receivable. These policies consist of establishing limits to the credit of each client based on their financial background and behavior, which is permanently monitored.

The Company's financial assets consist of cash and cash equivalents balance, commercial debtors and other accounts receivable and other non-current financial assets.

Credit risk is mainly related to commercial debtors and other accounts receivable. The balance of cash and cash equivalent is also exposed to a lesser extent.

The exposure of cash and cash equivalents to credit risk is limited because cash is deposited in banks with a high credit rating. The Company's cash surplus investments are diversified among different financial institutions that also have high credit ratings.

As described in Note 4.1 of the Consolidated Financial Statements, the Company has signed an agreement that commits to give advances to Oxiquim S.A. with which it has signed contracts for the provision of the service of reception, storage and dispatch of liquefied gas at facilities already built at the maritime terminal property of that company. The Company has performed a solvency analysis of Oxiquim S.A., concluding that there are no significant non-collection risks. These advances are offset by the financial lease liability entered into with Oxiquim S.A. because of the beginning of operations in March 2015 of the maritime terminal.

The maximum exposure to credit risk is as follows:

Financial Assets	Note	03.31.2017 Th$	12.31.2016 Th$
Cash and cash equivalents	3	8,440,299	18,121,977
Trade receivables and other accounts receivable	7	32,719,169	31,580,348
Other financial assets, non-current	4	1,845,283	1,866,935
Total		**43,004,751**	**51,569,260**

Policy on uncollectible debt

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

This policy sets out the following criteria for provisions:

- Expired documents: provisioning balances more than 180 days due.
- Bounced checks: provisioning the total balance of the debt.
- Invoices and/or sales receipts:
    - Balances more than 180 days due are provisioned
    - If there is a debt of more than 180 days and the sum of the debt of more than 90 days is higher than 30% of the total debt, then the total debt is provisioned.
- Special provision:
    a. A special provision is made, considering partial or total debt, should the Company detect clients are presenting payment inability, even when it has not been classified within the above criteria.
    b. A special provision is made, considering partial or total debt, should a client refinance a relevant amount of its debt.

7.2 Liquidity Risk

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

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

The Company maintains relationships with major financial institutions in the markets in which it operates. This allows counting on credit lines to deal with particular illiquidity situations.

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

Note 14 of the Consolidated Financial Statements presents an analysis of the Company's financial liabilities classified according to their expiration.

7.3 Market risk

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

Exchange rate and indexation unit risk

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

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

As of March 31, 2017 and December 31, 2016, the balances of accounts in currencies other than the functional currency of the Parent Company and its subsidiaries were as follows:

Originating transaction currency: US dollar

Current and non-current assets	Assets at 03.31.2017 Th$	Assets at 12.31.2016 Th$
Cash and cash equivalent	1,504,926	676,219
Trade accounts and other accounts receivable, current	3,402,667	2,111,361
Other financial assets, current	446,116	300,331
Other non-financial assets, non-current	359,655	470,787

Current and non-current liabilities	Liabilities at 03.31.2017 Th$	Liabilities at 12.31.2016 Th$
Other financial liabilities, current	228,948	283,354
Trade accounts and other accounts payable, current	10,836,332	8,891,864
Other provisions, current	659,716	623,625
Other financial liabilities, non-current	143,355	175,645

- Foreign investments: as of March 31, 2017 the Company holds net foreign investments in Colombian pesos for an amount equivalent to Th$ 30,761,661 (Th$ 28,172,175 as of December 31, 2016) and in Peruvian soles for an amount equivalent to Th$ 40,944,856 (Th$ 42,283,046 as of December 31, 2016).

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

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

- Debt securities: The Company's indebtedness for this concept corresponds to the placement of Series E bonds in the local market carried out during the month of April 2015 (mnemonic code BLIPI-E), charged to the 30-year bond line registered in the Securities Register under number 801, for the amount of UF 3,500,000, proceeding to cancel most of the Company's bank liabilities in Chile. The placement rate was 3.44% for a face rate of 3.55%. Interest is payable semi-annually and the principal will be amortized in one single installment on February 4, 2040. This liability is denominated in Unidades de Fomento (UF), which is indexed to inflation in Chile and differs from the Parent Company's functional currency (CLP). However, this risk is mitigated since most of the Parent Company's profit margins are correlated to the variation in the UF.

- Financial lease risk: The Parent Company signed a lease agreement with Oxiquim S.A. for a period of 25 years for the use of reception, storage and office facilities to be built by Oxiquim S.A., in the amount of UF 1,520,773. The annual interest rate is 3.0%. The nomination currency of this liability is the Unidad de Fomento (UF), which is indexed to inflation in Chile, and differs from the Parent Company's functional currency (CLP). However, this risk is mitigated since most of the Parent Company's profit margins are correlated to the variation in the UF.

- Sensitivity analysis regarding exchange rate variations and adjustment units.

The Company estimates the following effects on results or and equity, resulting from variation of the exchange rate and indexation units:

Exchange rate variation	Increase Loss (Gain) Th$	Decrease Loss (Gain) Th$	Allocation
CLP/UF +/- 3%	3,348,640	(3,348,640)	Results: Indexation units
CLP/USD +/-3%	58,625	(58,625)	Results: Exchange rate differences
CLP/USD +/- 3%	(535,371)	535,371	Results: Reserves for cash flow hedging
CLP/COP +/- 2%	615,233	(615,233)	Equity: Reserves for exchange rate translation differences
CLP/PEN +/- 1%	409,449	(409,449)	Equity: Reserves for exchange rate translation differences

Interest rate risk

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

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

As of March 31, 2017, 96% of the Group's financial debt is at fixed rates. As a result, the risk of fluctuations in market interest rates is low regarding cash flows. Regarding the portion in variable rates, Management permanently monitors the outlook in terms of the expected evolution of interest rates.

The breakdown of financial liabilities, separated between fixed and variable interest rates is presented below as of March 31, 2017, and December 31, 2016:

Category	Note	Maturity in less than one year		Maturity in more than one year		Total	
		Fixed interest Th$	Variable interest Th$	Fixed interest Th$	Variable interest Th$	Fixed interest Th$	Variable interest Th$
Other financial liabilities	14	9,759,542	390,856	114,003,648	4,565,688	123,763,190	4.956.544
Total as of 03.31.2017		**11,767,514**	**9,759,542**	**390,856**	**114,003,648**	**4,565,688**	**123,763,190**

Category	Note	Maturity in less than one year		Maturity in more than one year		Total	
		Variable interest Th$	Fixed interest Th$	Variable interest Th$	Variable interest Th$	Fixed interest Th$	Variable interest Th$
Other financial liabilities	14	11,767,514	451,531	114,023,884	4,375,210	125,791,397	4.826.742
Total as of 12.31.2016		**11,767,514**	**451,531**	**114,023,884**	**4,375,210**	**125,791,397**	**4,826,742**

Risks related to commercialized products

a) LPG

The Company participates in the distribution of liquefied gas business in Chile, with coverage that extends between the Region of Arica and Parinacota and the Region of Aysén, reaching a moving average market share of 36.7% at December 2016, according to data provided by Chile's Superintendence of Electricity and Fuels *(Superintendencia de Electricidad y Combustibles - SEC)*.

At the end of 2010, the Company entered the Colombian market through the purchase of assets from Grupo Gas País, currently achieving a presence in 26 of the 32 Colombian departments and reaching a moving average market share of 14.2% at December 2016, according to data from Colombia's Single Information System of the Superintendence of Public Services (*Sistema Único de Información de la Superintendencia de Servicios Públicos*.)

Continuing with its internalization process in the LPG industry, in July 2013, the Company acquired 100% of Lima Gas S.A., a Peruvian-based LPG distributing company, which at December 2016 reached a moving average market share of 8.8%, according to data provided by Peru's Energy and Mines Investment Regulator - *Osinergmin*.

a.1) Demand

The demand for residential LPG is not significantly affected by economic cycles since it is a basic consumption good in all countries where the Company operates. However, factors such as temperature, precipitation levels and the price of LPG compared with other alternative fuels, could affect it. In some regions, demand has a high seasonality resulting from temperature variations.

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

a.2) Supply

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

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

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

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

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

a.3) Prices

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

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

b) Natural gas

The demand for residential natural gas is not significantly affected by economic cycles since it is a basic consumption good. Regarding the risk of product supply for the operation that the Company owns in the North of Chile, it is covered with long-term agreements with a local supplier.

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

c) Liquefied natural gas

The Company has agreements for the supply of liquefied natural gas (LNG) to industrial clients, including a "take or pay" clause. Such agreements contain formulas to establish the selling price that, in turn, transfer the agreed variation to the price of the agreements with the supplier of the product. To respond to commitments with customers, the Company entered into an LNG supply agreement with Enap Refinerías S.A., which includes the "take or pay" clause (with the same characteristics as of those signed with customers) offsetting the risk. ENAP S.A. in turn maintains supply agreements with the Quintero Terminal to comply with an Annual Supply Plan entered into by both parties.

7.4 Regulatory Risk

The update of the Gas Services Law came into effect in February 2017, which collects the amendments made by Chile's National Congress during discussions of the project between 2015 and 2016.

The most relevant changes in the wake of the amendments to the concession network business is the establishment of a profitability cap of 3% above the capital cost rate for networks. The capital cost rate may not be lower than 6% with which resulting profitability is 9%. Capital cost rate will be calculated every four years and must consider the systematic risk, the risk-free return, the market risk premium and an individual factor by concession zone, which may not exceed one percent. In the case of networks built during the 15 years preceding the effective date of the amendments to the law and during the 10 years following the effective date of the amended law, a 5% profitability cap on the capital cost is established for a period of 15 years from its entry into operation, resulting in an 11% rate for the first 15 years of operation. In the event that the concessionaire exceeds the maximum profitability allowed, the National Energy Commission (CNE) will begin a tariff fixing process by Decree.

The Company currently has a natural gas operation in the city of Calama and it is developing projects in cities located in the South of Chile. The changes included in the law do not affect the evaluation of the natural gas projects currently being developed, since the Company has included the previously mentioned profitability restrictions within the evaluation parameters. For the city of Calama, annual profitabilities are below the maximum range allowed by the law. In the last annual profitability review published by the CNE for the year 2015, profitability the rate of return was 4%.

The freedom of fixing prices to consumers remains for non-concession networks. In addition, it reaffirms that customers or consumers with residential gas services are entitled to change the distribution company. Given the above, a maximum period of five years is set for the validity of relationship contracts between residential gas customers and distributing companies for new real estate projects or should the transfer to another company involve the replacement and adaptation of existing client facilities due to the amendment of supply specifications, in order to enable the connection to the distribution network. In the other cases, the maximum term of relationship contracts is two years.

Currently the residential bulk business is very competitive between the participants of the gas market. Additionally, LPG distributing companies must compete with other types of energy (natural gas, firewood, diesel, paraffin, etc.). The possibility that customers change the company that provides LPG supplies already existed before the amendments introduced by law. The service delivered to clients and the security both of supply and facilities, in addition to a competitive price, are relevant to the degree of customer satisfaction. The Company pretends to continue being a competitive energy option for those customers connected to LPG networks.

On February 10, 2016, Chile's Supreme Court accepted the query presented by Chile's National Consumers and Users Corporation *(Corporación Nacional de Consumidores y Usuarios – CONADECUS)* and ordered Chile's Court on Anti-Competition Cases (*Tribunal de Defensa de la Libre Competencia - TDLC*) to review the vertical and horizontal integration of the NG and LPG business. Chile's Court on Anti-Competition Cases in turn commissioned the analysis of the issue to Chile's National Economic Prosecutor (*Fiscalía Nacional Económica - FNE*). In April 2016, the FNE published its report stating what it thinks may be possible competition risks, focusing on the vertical integration of the companies and the existence of cross relations on the boards of directors of certain participants in the natural gas market and the liquefied gas market, Empresas Lipigas is not among those companies.

Significant changes in laws and regulations in the sectors in which the Company operates may adversely affect its business or the conditions thereof, can increase the Company's operating costs or affect the financial situation of the Company. In addition, change of rules or their interpretation could require incurring costs that could affect financial performance or impact the financial situation of the Company.

7.5 Accident risk

All human activities are exposed to dangers that can lead to accidents and certainly, the fuel distribution industry is no exception. To minimize the likelihood that these hazards will become unwanted situations, prevention and mitigation actions must be developed to reduce its consequences if hazards such as accidents or emergencies should exist.

For this, actions are continuously developed to ensure that all operations are carried out with high safety levels. Among these actions, the following can be mentioned:

- Training of collaborators and contractors regarding safe operations.
- Emergency response procedures with on-site service vehicles.
- Awareness actions on the safe handling of gas among clients and the community in general (firefighters, associations, etc.).
- Maintain OHSAS 18001:2007 Occupational Health and Safety Assessment Series at 13 storage and bottling plants in Chile and at the man offices.
- Implementation of management systems based on the OHSAS standard and safety systems pursuant to the Peruvian law N° 29.783, there are two plants that have this certification.
- Certification of 15 plants in Colombia, under ISO 9001 quality standard for the operation and maintenance of LPG storage tanks and bottling service of LPG cylinders, pursuant to legal requirements.
- Strict compliance of health, safety and environmental standards at all our operations

Complementing the reinforcement actions of the safe handling of fuel, the Company has insurance coverage deemed consistent with the industry's standard practices.

7.6 Reputation and corporate image risk

The Company's business is associated with the management of fossil fuels, particularly LPG, and its commercialization to a wide-ranging customer base. This business is subject to specific regulations in each of the countries where the Company operates. In addition, the Company is subject to several provisions relating to compliance with tax, environmental, labor, antitrust, and corporate regulations, among others. Should damage result from the commercialized products or in the event of observations from inspection bodies in compliance with the provisions that are applicable to the Company, this could lead to a deterioration of the Company's reputation and corporate image.

This risk is mitigated through the appropriate operating processes and compliance with regulations implemented within the Company.

7.7 Risk of litigation, penalties and fines

The Company may be subject to litigation, penalties or fines resulting from its business. These potential impacts are mitigated from their inception, by complying with relevant regulations. Note 27 to the consolidated financial statements describe the principal litigation and sanctioning procedures currently underway involving the company or its subsidiaries.

The Company's main business in this area is regulated by the Superintendence of Electricity and Fuels (SEC) in Chile, the Regulatory Commission of Energy and Gas (CREG) in Colombia and the Ministry of Energy and Mines and the Energy and Mines Investment Regulator (Osinergmin) in Peru, which ensure compliance with the laws, decrees, rules, memorandum and resolutions that govern the activity. In addition, different agencies in different countries are responsible for the control of compliance with the provisions related to tax, environmental, labor, antitrust, and corporate regulations, among others.

The Company's legal team has procedures in place and has the knowledge required to act under the protection of current laws and avoid penalties and fines.

7.8 Risk of changes in regulatory, political, economic and social conditions in the countries of operation.

The Company's financial and operating performance may be negatively affected by regulatory, political, economic and social conditions in countries in which we operate. In some of these jurisdictions, the Company is exposed to various risks such as potential renegotiation,

nullification or forced modification of existing contracts, expropriation, foreign exchange controls, and changes in laws, regulations and political instability. The Company also faces the risk of having to submit to the jurisdiction of a foreign court or arbitration panel or having to enforce a judgment in another country.

Company management permanently monitors the evolution of the regulatory, political, economic and social conditions of the countries in which it operates.

7.9 Acquisition strategy risk.

The Company has grown, in part, through a number of significant acquisitions, including:

- The assets of Gas País in 2010 through which the Company started operations in Colombia.
- Lima Gas S.A. in 2013 through which the Company entered the Peruvian LPG market.
- Neogas Perú S.A. (currently Limagas Natural Perú S.A.), through which the Company has presence in the natural gas market in Peru, since February 2016.

In the future, the Company will continue to be committed in several evaluations and pursuing other potential acquisitions, which could lead to the acquisition of other LPG and fuel distribution companies seeking to integrate them into our own operations.

Acquisitions involve known and unknown risks that could adversely affect the Company's future net sales and operating results. For example:

- Failing to precisely and appropriately identify companies, products or brands for acquisition;
- Experiencing difficulties in integrating the management, operations, technologies and distribution processes of the acquired companies or products;
- Failing to obtain the necessary regulatory approvals, including those of competition authorities, in the countries where acquisitions are being made;
- Entering new markets with which we are unfamiliar;
- Diverting management's attention from other business concerns;
- Acquiring a company that has known or unknown contingent liabilities that include, among others, patent infringement or product liability claims; and
- Incur in considerable additional indebtedness.

Any future or potential acquisitions, may result in substantial costs, disrupt our operations or materially adversely affect the Company's operating results.

Each acquisition carried out by the Company is analyzed in detail by multi-disciplinary teams with external consultants, if necessary, in order to analyze the consequences and mitigate the risks inherent in any new business acquisition.

7.10 Risk of production, storage and transportation of LPG

Operations carried out at the Company's plants involve safety risks and other operating risks, including the handling, storage and transportation of highly inflammable, explosive and toxic materials.

These risks could result in personal injury and death, severe damage to or destruction of property and equipment and environmental damage. Although the Company is very careful about the safety of our operations, a sufficiently large accident at one of our plants, facilities located at service stations or at client or storage facilities or during transportation or delivery of products being sold, could force to temporarily suspend operations at the location and result in significant remediation costs, loss of income and contingent liabilities, and adversely affect the Company's corporate image and reputation and that of its subsidiaries. In addition, insurance proceeds may not be available on a timely basis and may be insufficient to cover all losses. Equipment breakdowns, natural disasters and delays in obtaining imports of required replacement parts or equipment can also affect our distribution operations and consequently our operating results.

7.11 Risk that our insurance coverage may be insufficient to cover losses that we might incur.

The operation of any specialized distribution company specialized in logistic LPG operations and fuel distribution involves substantial risks of property damage and personal injury and may result in material costs and liabilities. Although the Company believes that current insurance levels are adequate, the occurrence of losses or other liabilities that are not covered by insurance or that exceed the limits of our insurance coverage could result in significant unexpected additional costs.

The Company permanently analyzes the risks that may be covered by insurance policies, both in the amount of possible losses for the Company as in the characteristics of the risks.

7.12 Risk of possible climate change could lead to regulatory changes

Due to concern over the risk of climate change, several countries have adopted, or are considering the adoption of, regulatory frameworks to, among other things, reduce greenhouse gas emissions. These could include adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy. These requirements could reduce demand for hydrocarbons, as well as shifting hydrocarbon demand toward relatively lower-carbon sources. In addition, many governments may provide tax advantages

and other subsidies and mandates to make alternative energy sources more competitive against oil and gas. Governments may also promote research into new technologies to reduce the cost and increase the scalability of alternative energy sources, all of which could lead to a decrease in demand for our products. In addition, current and pending greenhouse gas regulations may substantially increase our compliance costs and, consequently, increase the price of the products that the Company distributes.

The Company permanently monitors the evolution of legislation on climate change.