COMPANY REGISTRATION NUMBER 27767

ANTOFAGASTA RAILWAY COMPANY plc

Annual Report and Financial Statements

31 December 2015

ANTOFAGASTA RAILWAY COMPANY plc

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

CONTENTS	PAGE(S)

ANTOFAGASTA RAILWAY COMPANY plc

OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors	I Arriagada A Atucha F Veloso
Company Secretary	J T R Anderson
Registered Office	Cleveland House 33 King Street London SW1Y 6RJ
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditor
Solicitors	Clifford Chance LLP

ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2015

STRATEGIC REPORT

The Directors present their Strategic Report and the audited financial statements for the year ended 31 December 2015.

Principal Activities

The principal activity of Antofagasta Railway Company plc ("the Company") during the year was and will continue to be the transport of freight by rail. This activity is based in Chile, the Ferrocarril Antofagasta a Bolivia ("FCAB").

Business Review

The Company uses a number of financial and non-financial key performance indicators in order to measure performance, which are set out below. Other key performance indicators relating to the Antofagasta plc group as a whole, including information relating to employees, health and safety and the environment, are contained within the Group's 2015 Annual Report, available from the Group's website, www.antofagasta.co.uk.

		2015	2014
Turnover	US$'000	**129,377**	137,047
Operating profit	US$'000	**41,876**	49,266
Capital expenditure	US$'000	**9,690**	11,447
Rail tonnage transported	000 tons	**4,933**	4,951

Turnover decreased by US$7,670,000 or 6% to US$129,377,000, which mainly reflected a decrease in tariffs due to lower oil prices and the weaker Chilean peso (tariffs are set in pesos). Operating profit decreased by US$7,390,000 or 15% to US$41,876,000, mainly reflecting the lower turnover. Capital expenditure in the year was US$9,690,000 (2014 – US$11,447,000).

Future Developments

The Company's ongoing focus is firstly on ensuring it continues to operate its existing long-term customer contracts to the highest standards. The Company is also continuing to explore opportunities to expand its existing core business, as well as other related opportunities.

Results And Financial Position

During 2015 the Antofagasta Group disposed of its 100% subsidiary undertaking Aguas de Antofagasta S.A. The Group's investment in Aguas de Antofagasta S.A. was held via the Company, with a 1% interest being held directly by the Company, and the remaining 99% held indirectly via the Company's direct subsidiary Inversiones Punta de Rieles Ltda. The disposal resulted in a profit of US$7,389,000 being recognised by the Company in respect of its directly held stake. In addition, during 2015 the Company received dividends of US$755,214,000 from Inversiones Punta de Rieles Ltda, principally relating to the proceeds from the disposal of Aguas de Antofagasta S.A. received by Inversiones Punta de Rieles Ltda.

The profit on ordinary activities before taxation was US$798,921,000 in 2015 compared with a profit of US$48,160,000 in 2014. This increase reflected the significant dividends paid to the Company by its subsidiary Inversiones Punta de Rieles Ltda in the current year, as detailed above. Total dividends of US$755,214,000 were received in 2015 compared with $420,000 in 2014.

Preference shares carry the right to a fixed cumulative dividend of 5 per cent per annum. The preference shares are classified within borrowings, and preference dividends are included within finance costs. The total cost of preference dividends paid and recognised as an expense in the profit and loss account was US$152,000 (2014 – US$161,000).

The retained profit for the financial year of US$733,056,000 (2014 loss of US$28,623,000) has been transferred to reserves. At 31 December 2015 the Company had a net asset position of $100,615,000 (2014 - $56,958,000).

STRATEGIC REPORT *(continued)*

Principal Risks And Uncertainties

Introduction

The Company is exposed to a range of risks and uncertainties which may affect it. These risks include strategic, commercial, operational, regulatory and financial risks. A summary of the key risks facing the Company is set out below. There may be additional risks unknown to the Company and other risks, currently believed to be insignificant, could turn out to be significant. These risks, whether they materialise individually or simultaneously, could significantly affect the Company's business and financial results. In addition to the Company-specific risks discussed below, the risks and uncertainties relating to the Antofagasta plc Group as a whole are described in the Group's Annual Report, available from the Group's website.

Economic Environment And Customer Demand

The Company's main business is the transportation of copper cathodes from, and sulphuric acid to, copper mines located in the Antofagasta region of Chile. As such, demand for the Company's services is affected by the performance of the copper mining industry and the development of new mining projects in that region.

The financial performance of mining companies is directly related to commodity price levels, which are influenced strongly by world economic growth, and can fluctuate widely. Demand for supplies, equipment, skilled personnel and contractors could affect capital and operating costs, which may impact the development of new mining projects and the expansion of existing mining operations.

Mining operations and project developments are also subject to a number of circumstances not wholly within their control, including damage to or breakdown of equipment or infrastructure, natural disasters, unexpected geological variations and industrial actions. Increasing regulatory and environmental approvals and litigation could result in significant delays in construction and/or increases in construction costs. These events could materially and adversely affect a mining project's economics or its successful completion.

The majority of the Company's sales are based on medium to long-term contracts with customers, which reduces the Company's short term exposure to volatility in the mining sector.

Operational Risks

The costs of capital projects or ongoing operating expenses could increase beyond current levels, due to changes in the general economic environment or project specific factors, resulting in a reduction in profitability.

Political Environment

The Company could be affected by any political or regulatory developments in Chile in which it operates, including controls on imports, exports and prices, expropriation of assets, or new forms or rates of taxation and royalties.

Health, Safety And Environment

The Company operates in an industry that is subject to numerous health and safety laws and regulations. Developments in regulatory standards could result in increased costs and/or litigation, which could impact on earnings and cash flows.

Financial Risk And Risk Management

The Company periodically uses derivative financial instruments to reduce exposure to foreign exchange movements. The Company does not use such derivative instruments for speculative trading purposes.

STRATEGIC REPORT *(continued)*

Foreign Exchange Risk

The Company is exposed to a variety of currencies. The currency in which the majority of the Company's sales and operating costs are determined is the US dollar. In addition to the US dollar, the Chilean peso is the most important currency influencing costs and, to a lesser extent, sales.

The functional and presentation currency of the Company for internal and external reporting is the US dollar, given its significance to the Company's operations. The US dollar is also the principal currency for borrowing and holding surplus cash, although a portion of this may be held in other currencies, notably Chilean pesos, to meet short-term operational and capital commitments.

When considered appropriate the Company uses forward exchange contracts and currency swaps to limit the effects of movements in exchange rates in foreign currency denominated assets and liabilities. The Company also uses these instruments to reduce currency exposure on future transactions and cash flows.

Interest Rate Risk

The Company's policy is generally to invest cash at floating rates. Fluctuations in interest rates may impact on the Company's net finance income, and to a lesser extent, the value of financial assets. The Company's borrowings are generally at fixed interest rates or are non-interest bearing, and accordingly the Company is not exposed to significant risk from fluctuations in interest rates in respect of its borrowings.

Price Risk

The majority of the Company's sales are based on medium to long-term contracts with customers for which transport tariffs are adjusted for inflation in the US and Chile, and fuel prices. Tariffs are also based on transport volumes and transport distances. Prices achieved by the Company may therefore vary with these factors.

Credit Risk

Credit risk arises from trade and other receivables, cash in bank and in hand and term deposits. The Company's credit risk is primarily related to trade receivables. The credit risk on cash in bank and in hand and term deposits is limited because the counterparties are banks with high credit ratings assigned by international credit agencies. The carrying value of financial assets recorded in the financial statements represents the maximum exposure to credit risk. The amounts presented in the balance sheet are net of allowances for any doubtful receivables.

Cash Flow Risk

The Company's future cash flows depend on a number of factors, including transport tariffs, transport volumes, operating costs, capital expenditure levels and financial income and costs. Its cash flows are therefore subject to the exchange rate; interest rate and price risks described above as well as operational factors and input costs.

Liquidity Risk

The Company typically holds surplus cash balances either on demand deposits or short-term deposits.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Determining many of the amounts included in the financial statements involves the use of judgement and/or estimation based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Changes in judgements or the assumptions underlying estimates could result in a significant impact on the financial statements. Details of principal accounting policies are set out in Note 2(b) to the financial statements and details of critical accounting judgements and key sources of estimation uncertainty are set out in Note 2(c) to the financial statements.

STRATEGIC REPORT *(continued)*

Environment

The environmental policies and activities for the Antofagasta plc group as a whole are discussed on pages 54 - 58 in the Group's 2015 Annual Report, available from the Group's website.

Approved by the Board and signed on its behalf by:

A Atucha
Director

22 July 2016

Registered office:
Cleveland House
33 King Street,
London SW1Y 6RJ

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2015.

The directors of the company who were in office during the year and up to the date of signing the financial statements (other than as indicated below) were:

J-P Luksic	(resigned 8 October 2015)
G S Menendez	(resigned 8 October 2015)
R F Jara	(resigned 8 October 2015)
J Lavin	(resigned 8 October 2015)
C R Mladinic	(resigned 8 October 2015)
D Hernandez	(appointed 8 October 2015, resigned 25 April 2016)
I Arriagada	(appointed 25 April 2016)
A Atucha	(appointed 8 October 2015)
F Veloso	(appointed 8 October 2015)

Dividends

During 2015 ordinary dividends of US$690,000,000 were declared and paid (2014 US$181,494,165). The Directors do not recommend the payment of any further final dividend for the year (2014 – nil).

The total cost of preference dividends paid and recognised as an expense in the profit and loss account was US$152,000 (2014 – US$161,000).

Creditor Days

The Company does not trade in the United Kingdom. Creditor days for the Company have been calculated at 48 days (2014 – 102 days). Credit terms are agreed with individual suppliers and payment is made in accordance with terms agreed.

Fixed Assets

Details of movements in tangible assets during the year are given in Note 10 to the financial statements.

Disclosures contained within the Strategic Report

The following disclosures are contained with the Strategic Report:

- the Company's business activities, together with those factors likely to affect its future performance
- details of the key risks facing the Company and financial risk management, including details on the management of liquidity and credit risk.

Going Concern

After making appropriate enquiries, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements. In assessing the Company's going concern status the Directors have taken into account the financial position of the Company, in particular its net cash position and its positive net asset position. While the Company had net current liabilities at the balance sheet date, this mainly reflected intercompany liabilities. The Company's cash and liquid investment balances at the balance sheet date were significantly in excess of its third-party liabilities.

Directors' Indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

DIRECTORS' REPORT *(continued)*

Independent Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This statement is made and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

The Antofagasta plc group conducted a tender process in respect of its external auditors during 2014. This resulted in the Antofagasta plc Board approving the appointment of PricewaterhouseCoopers LLP ("PwC") as the Group's auditors for the 2015 financial year onwards, and Antofagasta plc shareholders confirmed the appointment at Antofagasta plc's 2015 Annual General Meeting. Accordingly, the Company has appointed PwC as its auditors for the 2015 financial year onwards.

Approved by the Board and signed on its behalf by:

A Atucha
Director

22 July 2016

Registered office:
Cleveland House
33 King Street,
London SW1Y 6RJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ANTOFAGASTA RAILWAY COMPANY plc

Report on the financial statements

Our opinion

In our opinion, Antofagasta Railway Company Plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.
Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jason Burkitt

Jason Burkitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 July 2016

ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2015

PROFIT AND LOSS ACCOUNT

	Notes	2015 US$'000	2014 US$'000
Turnover	3	129,377	137,047
Cost of sales		(69,488)	(71,401)
Gross profit		59,889	65,646
Administrative expenses		(17,883)	(17,724)
Other operating income		600	2,899
Other operating expense		(730)	(1,555)
Operating profit		41,876	49,266
Loss on disposal of tangible assets		(2,631)	(337)
Gain on disposal of investment in subsidiary		7,389	-
Income from other fixed asset investments		755,214	420
Interest receivable and similar income	5	754	895
Interest payable and similar charges	5	(3,681)	(2,084)
Profit on ordinary activities before taxation	9	798,921	48,160
Tax on profit on ordinary activities	9	(65,865)	(76,783)
Profit/(loss) for the financial year		733,056	(28,623)

The movements in reserves for the year are analysed in Statement of Changes in Equity. There were no operations other than continuing operations during the year.

STATEMENT OF COMPREHENSIVE INCOME

	2015 US$'000	2014 US$'000
Profit/(loss) for the financial year	**733,056**	(28,623)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) of defined benefit plans	**260**	(90)
Deferred tax on actuarial losses	**(54)**	23
Items reclassified subsequent to profit or loss:		
Cash flow hedges	**490**	(975)
Deferred taxes on cash flow hedges	**(95)**	205
Total comprehensive income/(expense) for the year	**733,657**	(29,460)

ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2015

BALANCE SHEET

	Notes	31 December 2015 US$'000	31 December 2014 (restated) US$'000
Non-current assets			
Tangible assets	11	141,350	145,688
Investment in subsidiary undertakings	12	76,456	78,754
Investments	13	13	13
		217,819	224,455
Current assets			
Stocks (Raw materials and consumables)		16,482	13,992
Debtors – amounts falling due after more than one year	14	6,848	11,505
Debtors – amounts falling due within one year	14	94,156	87,021
Current asset investments – term deposits		193,639	61,031
Cash at bank and in hand		20,306	2,340
		331,431	175,889
Total assets		549,250	400,344
Current liabilities			
Loans	16	(29,367)	-
Trade and other creditors	14	(16,402)	(15,498)
Deferred tax liability	9(b)	(12,924)	(27,779)
Derivative financial instruments		(592)	(1,002)
Amounts owed to parent undertaking		(9,536)	(74,384)
Amounts owed to fellow subsidiary undertakings		(277,879)	(62,316)
		(346,700)	(180,979)
Non-current liabilities	16	(92,584)	(151,665)
Provisions for liabilities	17	(9,351)	(10,742)
Total liabilities		(448,635)	(343,386)
Net assets		100,615	56,958
Capital and reserves			
Called up share capital	18	11,372	11,372
Retained earnings		89,243	45,586
Total shareholders' funds		100,615	56,958

The financial statements of Antofagasta Railway Company plc (Company no. 27767) on pages 11 to 31 were approved by the Board of Directors and authorised for issue on 22 July 2016. They were signed on its behalf by:

A Atucha
Director

STATEMENT OF CHANGES IN EQUITY

	Called up share capital (Note 18) US$'000	Retained earnings US$'000	Total shareholders' funds US$'000
Balance at 1 January 2014	**11,372**	**256,540**	**267,912**
Loss for the financial years	-	(28,623)	(28,623)
Other comprehensive expense for the year	-	(837)	(837)
Total comprehensive income for the year	**-**	**(29,460)**	**(29,460)**
Dividends	-	(181,494)	(181,494)
Balance at 31 December 2014 and 1 January 2015	**11,372**	**45,586**	**56,958**
Profit for the financial year	-	733,056	733,056
Other comprehensive income for the year	-	601	601
Total comprehensive income for the year	**-**	**733,657**	**733,657**
Dividends	-	(690,000)	(690,000)
Balance at 31 December 2015	**11,372**	**89,243**	**100,615**

ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Antofagasta Railway Company plc is a company incorporated and domiciled in the United Kingdom under the provisions of the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the business review on page 2.

1.1 Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

The financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101.

The financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard) "Reduced Disclosure Framework" as issued by the Financial Reporting Council, which applies the recognition and measurement bases of IFRS with reduced disclosure requirements.

These financial statements have been prepared under the historical cost basis convention, as modified by the use of fair values to measure certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The Company is a wholly-owned subsidiary of Antofagasta plc and is included in the consolidated financial statements of Antofagasta plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The financial information has also been prepared on a going concern basis as explained in the Directors' Report.

These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the Company operates.

As permitted by FRS 101, and because the Company is a wholly-owned subsidiary of Antofagasta plc, it has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet affective, impairment of assets and related party transactions. Where required equivalent disclosures are given in the group financial statements of Antofagasta plc.

A reclassification between tangible assets and stocks has been made in the prior year comparative figures, resulting in an increase in stocks and a corresponding decrease in tangible assets of $13,216,000 as at 31 December 2014.

1.2 Adoption of new accounting standards.

The following accounting standards, amendments and interpretations became effective in the current reporting period:

- Annual improvements 2011 – 2013 Cycle - improvements to four IFRSs
- IFRIC 21, Levies

The application of these standards and interpretations effective for the first time in the current year has had no significant impact on the amounts reported in these financial statements.

1. General information (continued)

1.3 Accounting standards issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 9, *Financial Instruments*
- IFRS 14, *Regulatory Deferral Accounts*
- IFRS 15, *Revenue from Contracts with Customers*
- IFRS 16, *Leases*
- IAS 19, Defined Benefit Plans, *Employee Contributions (Amendments to IAS 19)*
- Annual improvements 2010 – 2012 Cycle - improvements to six IFRSs
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, (Amendments to IFRS 10 and IAS 28)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)
- Annual improvements 2012 – 2014 Cycle – improvements to four IFRSs
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)
- Disclosure Initiative (Amendments to IAS 7)

The Company is continuing to evaluate the impact of adopting these new standards and interpretations.

2. Accounting Polices

a) Principal accounting policies

A summary of the principal accounting policies, which have been applied consistently throughout the current and prior years, is set out below.

(i) Currency translation

The Company's functional currency and presentation currency is the US dollar. Transactions denominated in other currencies, including the issue of shares, are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities, including amounts due from or to subsidiaries, are translated at the rate of exchange ruling at the end of the financial year. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are charged or credited to the profit and loss account in the year in which they arise.

2. Accounting Polices *(continued)*

(ii) Turnover and revenue recognition

Sale of goods and services

Turnover represents the value of goods and services supplied to third parties during the year. Turnover is measured at the fair value of consideration received or receivable, and excludes any applicable sales tax. A sale is recognised when the significant risks and rewards in respect of the goods and services have passed and the turnover can be reliably measured. In the case of freight transportation this is generally when the freight arrives at its intended destination. The Company has only one business and geographical segment, relating to the transport of freight by rail in Chile.

Dividend and interest income

Dividends proposed by subsidiaries are recognised as income by the Company when they represent a present obligation of the subsidiaries, i.e. in the period in which they are formally approved for payment.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accounted for on an accruals basis.

(iii) Tangible assets and depreciation

Tangible assets are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation commences when the assets are ready for their intended use. Freehold land is not depreciated.

Depreciation is provided to write down the carrying value of fixed assets to their estimated residual value in equal instalments at the following rates based on their estimated useful lives;

a. *Freehold land* – freehold land is not depreciated.
b. *Buildings and infrastructure* – straight-line basis over 10 to 25 years.
c. *Railway track* – straight-line basis over 20 to 25 years.
d. *Wagons and rolling stock* – straight-line basis over 10 to 20 years.
e. *Machinery,equipment and other assets* – straight-line basis over 5 to 10 years.
f. *Assets under construction* – no depreciation until asset is available for use.

(iv) Impairment of property, plant and equipment

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Accounting Polices *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(v) Investments in subsidiaries

Investments in subsidiaries represent equity holdings in subsidiaries. Such investments are valued at cost less any impairment provisions. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher.

(vi) Taxation

Tax expense comprises the charges or credits for the period relating to both current and deferred tax. Current tax is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable and deductible in different years and also excludes items that are not taxable or deductible. The liability for current tax is calculated using tax rates which have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates that have been enacted or substantively enacted by the balance sheet date, and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is provided in respect of the undistributed earnings of subsidiaries, associates and joint ventures except where the Company is able to control the remittance of profits and it is probable that there will be no remittance of past profits earned in the foreseeable future. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(vii) Retirement benefits and severance indemnities

The Company operates defined contribution schemes for a limited number of employees. For such schemes, the amount charged to the profit and loss account is the contributions paid or payable in the year.

Employment terms may also provide for payment of a severance indemnity when an employment contract comes to an end. This is typically at the rate of one month for each year of service (and may be subject to a cap as to the number of qualifying years of service) and based on final salary level. The calculation of the severance indemnity obligation is based on valuations performed by an independent actuary using the projected unit credit method which are regularly updated. The obligation recognised in the balance sheet represents the present value of the severance indemnity obligation. Actuarial gains and losses are immediately recognised in the statement of total other comprehensive income.

(viii) Current asset investments and cash at bank and in hand

Current asset investments comprise highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in value, typically maturing within twelve months.

Cash at bank and in hand comprise cash in hand and deposits repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Accounting Polices *(continued)*

(ix) Other financial Instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

a. *Investments* - Investments which are not subsidiaries, associates or joint ventures are initially measured at cost, including transaction costs.

   Investments are classified as either held-for-trading or available-for-sale, and are normally measured at subsequent reporting dates at fair value. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised in profit or loss.

   Securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised in profit or loss.

   Dividends on available for sale equity investments are recognised in the profit and loss account when the right to receive payment is established.

b. *Trade and other receivables* - Trade and other receivables do not generally carry any interest and are normally stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

c. *Trade and other payables* - Trade and other payables are generally not interest bearing and are normally stated at their nominal value.

d. *Borrowings (loans and preference shares)* - Interest-bearing loans and bank overdrafts are recorded at the proceeds received, net of direct issue costs.

   Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method. Amounts are recorded as financing costs in the profit and loss account. Finance charges are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

   The sterling-denominated preference shares issued by the Company carry a fixed rate of return without the right to participate in any surplus. They are accordingly classified within borrowings and translated into US dollars at period end rates of exchange. Preference share dividends are included within finance costs.

   Intercompany borrowings are non-interest bearing.

e. *Equity instruments* - Equity instruments issued are recorded at the proceeds received, net of direct issue costs. Equity instruments of the Company comprise its sterling-denominated issued ordinary share capital and related share premium.

   As explained in Note 2(b)(i), the functional and presentation currency of the Company is the US dollar, and ordinary share capital and share premium are translated into US dollars at historical rates of exchange based on dates of issue.

f. *Derivative financial instruments* - the Company occasionally uses derivative financial instruments to reduce exposure to foreign exchange movements. The Company does not use such derivative instruments for trading purposes. The Company does not generally apply the hedge accounting provisions of IAS 39 "Financial Instruments.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Accounting Polices *(continued)*

Accordingly, derivatives are initially measured at cost (which may be US$nil) including transaction costs, and are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are included in the profit and loss account within net finance costs.

Any derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value. Changes in fair value are reported in the profit and loss for the period.

(b) Key sources of estimation uncertainty and critical accounting judgements

In the application of the Company's accounting policies, which are described in note 1 above, the Directors' are required to use estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. Information about such judgements and estimates is included in the principal accounting policies in Note 2(b) or the other notes to the financial statements, and the key areas are set out below.

(i) Useful economic lives of tangible assets

As explained in Note 2(b)(iii), tangible assets are depreciated on a straight-line basis over their useful economic lives. Management reviews the appropriateness of useful economic lives at least annually and any changes could affect prospective depreciation rates and asset carrying values.

(ii) Impairment of tangible fixed assets

As explained in Note 2(b)(v), the Company reviews the carrying value of its tangible fixed assets to determine whether there is any indication that those assets are impaired. In making assessments for impairment, assets that do not generate independent cash flows are allocated to an appropriate income generating unit ("IGU"). The recoverable amount of those assets, or IGU, is measured at the higher of their fair value less costs to sell and value in use.

Management necessarily applies its judgement in allocating assets to IGUs, in estimating the probability, timing and value of underlying cash flows and in selecting appropriate discount rates to be applied within the value in use calculation. Subsequent changes to IGU allocation or estimates and assumptions in the value in use calculation could impact the carrying value of the respective assets.

(iii) Severance indemnities

As explained in Note 2(b)(vii), the expected costs of severance indemnities relating to employee service during the period are charged to the profit and loss account. Any actuarial gains or losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the statement of other comprehensive income.

Assumptions in respect of the expected costs are set in consultation with an independent actuary. These include the selection of the discount rate used, service lives and expected rates of salary increases. While management believes the assumptions used are appropriate, a change in the assumptions used would impact the earnings of the Company.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. Turnover

Continuing operations	2015 US$'000	2014 US$'000
Transportation of freight	**129,377**	137,047
Other operating income	**600**	2,899
Interest receivable and similar income (Note 4)	**754**	895
Income from other fixed asset investment	**755,214**	420
Total	**885,945**	141,261

4. Profit On Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after (charging)/crediting:

	2015 US$'000	2014 US$'000
Depreciation of tangible assets	**(11,097)**	(9,991)
Loss on disposal of tangible assets	**(2,631)**	(337)
Staff costs	**(19,958)**	(23,586)

5. Finance Charges

	2015 US$'000	2014 US$'000
Interest receivable and similar income		
Interest receivable	**754**	452
Foreign exchange gains	**-**	443
	754	895
Interest payable and similar charges		
Interest payable	**(2,857)**	(1,476)
Unwinding of discount – severance liability	**(426)**	(447)
Preference dividends	**(152)**	(161)
Exchange loss	**(246)**	-
	(3,681)	(2,084)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's annual financial statements were US$97,000 (2014 – US$106,760).

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

7. Staff Costs

The monthly average number of employees including directors by location and class of business during the year was:

	2015 Number	2014 Number
Chile		
-Railway operations in Northern Chile	723	634
-Management and administration	213	190
	936	824

The aggregate remuneration comprised:

	2015 US$'000	2014 US$'000
Wages and salaries	(18,681)	(21,341)
Social security costs	(781)	(936)
Post-employment benefits – severance charge in year	(496)	(1,309)
	(19,958)	(23,586)

8. Directors' Remuneration and Transactions

	2015	2014
Total Directors' remuneration	US$'000	US$'000
Base salary and fees	175	1,020
Highest paid Director		
Base salary and fees	55	871

None of the Directors (2014 – none) exercised any share options in the year and had no shares receivable under long-term incentive schemes.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Tax On Profit On Ordinary Activities

(a) Analysis of tax charge for the year

The Company is resident outside the United Kingdom and accordingly is not liable to United Kingdom corporation tax. The Company is liable to Chilean corporation tax at the rate of 22.5% (2014 – 21%) on profits arising in Chile, with further tax payable of 35% less underlying tax already paid on such profits distributed overseas.

The Company's tax charge for the year comprises current and deferred tax as set out below

	2015	2014
	US$'000	US$'000
Current tax charge for the year		
- Chilean corporation tax	(10,541)	(9,205)
- Chilean withholding tax	(70,179)	(48,206)
Total current tax	(80,720)	(57,411)
Deferred tax charge for the year		
- origination and reversal of timing differences	1,983	(4,566)
- Chile withholding tax	12,872	(14,806)
Total deferred tax	14,855	(19,372)
Tax charge for the year	(65,865)	(76,783)

Chilean withholding tax arose following the declaration and payment of dividends of US$690,000,000 during the year as described in note 9. In May 2015 the Company's Chilean branch remitted a net amount of $65,000,000 to the Company in the UK, resulting in a Chilean withholding tax charge of $14,806,000. A deferred withholding tax provision was recognised in respect of this remittance in the 31 December 2014 balance sheet, given that the remittance of this amount was probable within the foreseeable future at the date of approval of those financial statements.

(b) Analysis of deferred tax liability

	Accelerated capital allowances	Timing differences on severance provision and other balance sheet items	Deferred withholding tax	Total
	US$'000	US$'000	US$'000	US$'000
1 January 2014	(12,403)	3,996	-	(8,407)
(Charge)/credit to profit and loss	(4,896)	330	(14,806)	(19,372)
31 December 2014	(17,299)	4,326	(14,806)	(27,779)
1 January 2015	(17,299)	4,326	(14,806)	(27,779)
(Charge)/credit to profit and loss	1,889	94	12,872	14,855
31December 2015	(15,410)	4,420	(1,934)	(12,924)

The deferred tax assets which form part of the net deferred tax liability balance have been recognised based on an assessment of the likelihood that the Company will generate sufficient future taxable profits in order to be able to utilise these amounts.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Tax On Profit On Ordinary Activities *(continued)*

(c) Profit on ordinary activities before taxation

	2015 US$'000	2014 US$'000
Profit on ordinary activities before taxation	798,921	48,160
Profit on ordinary activities multiplied by the standard rate of corporation tax in Chile of 22.5% (2014 – 21%)	179,757	10,114
Chilean withholding tax	57,307	63,012
Dividend income from other fixed asset investment not subject to further tax on receipt	(169,923)	(88)
Exchange difference	502	334
Net other items	(1,778)	3,411
Tax charge for the year	65,865	76,783

Dividend income from investments in Chile is received out of the post-tax profits of the investments and is not subject to further tax on receipt.

10. Dividends

	2015 US$'000	2014 US$'000
Dividend paid during the year, equivalent to US$107.55 per share) (2014 – dividend equivalent to US$28.29 per share)	690,000	181,494
	690,000	181,494

The Directors do not recommend the payment of any further final dividend for the year (2014 – nil).

The Company's redeemable preference shares are included in the balance sheet as a liability and, accordingly, the dividends payable on them are included in interest payable and similar charges.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11. Tangible Assets

	Freehold land US$'000	Building & infra-structure US$'000	Railway track US$'000	Wagons & rolling stock US$'000	Machinery equipment & others US$'000	Assets under construction US$'000	Total US$'000
Cost or valuation							
1 January 2014	12,443	18,873	65,880	103,751	20,843	18,664	240,454
Reclassifications / transfers	-	1,159	4,792	7,991	726	(14,668)	-
Additions	-	-	-	842	(410)	11,015	11,447
Disposals	-	-	(1,827)	(314)	(17)	-	(2,158)
31 December 2014 (restated)	12,443	20,032	68,845	112,270	21,142	15,011	249,743
1 January 2015	12,443	20,032	68,845	112,270	21,142	15,011	249,743
Reclassifications / transfers	-	1,914	4,523	5,453	523	(12,413)	-
Additions	-	3	-	389	79	9,219	9,690
Disposals	-	-	(1,450)	(1,045)	1,589	(66)	(4,150)
31December 2015	**12,443**	**21,949**	**71,918**	**117,067**	**20,155**	**11,751**	**255,283**
Accumulated depreciation							
1 January 2014	-	(7,954)	(19,252)	(55,208)	(13,019)	-	(95,433)
Charge for the year	-	(953)	(2,282)	(5,717)	(1,039)	-	(9,991)
Disposals	-	-	819	534	16	-	1,369
31 December 2014	-	(8,907)	(20,715)	(60,391)	(14,042)	-	(104,055)
1 January 2015	-	(8,907)	(20,715)	(60,391)	(14,042)	-	(104,055)
Charge for the year	-	(1,040)	(2,679)	(6,329)	(1,049)	-	(11,097)
Disposals	-	-	584	618	17	-	1,219
31 December 2015	-	**(9,947)**	**(22,810)**	**(66,102)**	**(15,074)**	-	**(113,933)**
Net book value							
31 December 2015	**12,443**	**12,002**	**49,108**	**50,965**	**5,081**	**11,751**	**141,350**
31 December 2014 (restated)	**12,443**	**11,125**	**48,130**	**51,879**	**7,100**	**15,011**	**145,688**

At 31 December 2015, the Company had entered into contractual commitments for the acquisition of tangible assets amounting to US$169,000(2014 – US$160,000).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12. Investments In Subsidiary Undertakings

	Total US$'000
At 1 December 2014 and 31 December 2014	78,754
Disposal	(2,298)
At 31 December 2015	76,456

The investments in subsidiaries are all stated at cost less provision for impairment.

During 2015 the Antofagasta Group disposed of its 100% subsidiary undertaking Aguas de Antofagasta S.A. The Group's investment in Aguas de Antofagasta S.A. was held via the Company, with a 1% interest being held directly by the Company, and the remaining 99% held indirectly via the Company's direct subsidiary Inversiones Punta de Rieles Ltda. The disposal resulted in a profit of US$7,389,000 being recognised by the Company in respect of its directly held stake.

In addition, during 2015 the Company received dividends of US$755,214,000 from Inversiones Punta de Rieles Ltda, principally relating to the proceeds from the disposal of Aguas de Antofagasta S.A. received by Inversiones Punta de Rieles Ltda.

	Country of incorporation and operation	Nature of business	Effective equity Shareholding
Direct subsidiary undertakings of parent company			
Inversiones Punta de Rieles Ltda	Chile	Holding company and real estate	100%
Northern Mines SCM	Chile	Holding of mining properties	100%
The Andes Trust (Chile) SA	Chile	Holding company	100%
Forestal SA	Chile	Forestry	100%
Servicios de Transportes Integrados Ltda	Chile	Transport	100%
Indirect subsidiary undertakings			
FCAB Embarcadores Ltda	Chile	Transport	100%
Servicios Logisticos Capricornio Ltda	Chile	Transport	100%
Emisa Antofagasta SA	Chile	Engineering services	100%
Minera Santa Margarita de Astillas SCM	Chile	Mining	75%
Minera Penacho Blanco SA	Chile	Mining	66%
Bolivian Rail Investors Company Inc.	United States	Holding company	100%
Blue Ocean Overseas Inc.	British Virgin Is.	Holding company	100%
Inversiones Ferrobal Ltda	Bolivia	Holding company	100%

13. Investments

	US$'000
At 1 December 2014, 31 December 2014 and 31 December 2015	13

14. Debtors

	2015 US$'000	2014 US$'000
Amounts falling due after more than one year		
Amounts due from other Group entities	**6,848**	11,505
Amounts falling due within one year		
Trade debtors	**14,728**	18,633
Amounts due from other group companies	**234**	63,771
Other debtors and prepayments	**3,808**	4,617
Current tax receivable	**75,386**	-
	94,156	87,021
	101,004	98,526

Movements in the provision for doubtful debts were as follows:

	US$'000
Balance at 1 January 2014	(792)
Charge for the year	(556)
Balance at 31 December 2014 and 1 January 2015	(1,348)
Charge for the year	(49)
Unutilised amounts written-back	120
Balance at 31 December 2015	(1,277)

The ageing analysis of the trade receivables balance is as follows:

		Past due but not impaired			
	Neither past due nor impaired US$'000	Up to 3 months past due US$'000	3 – 6 months past due US$'000	More than 6 months past due US$'000	Total US$'000
2015	**15,530**	**-**	**-**	**475**	**16,005**
2014	19,350	-	-	631	19,981

15. Current liabilities

	2015 US$'000	2014 US$'000
Trade creditors	**(4,517)**	(6,122)
Other creditors and accruals	**(8,028)**	(9,225)
Current tax payable	**(1,953)**	-
Other taxation	**(1,904)**	(151)
	(16,402)	(15,498)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Loans

	2015 US$'000	2014 US$'000
Due within one year		
Floating rate loan	(29,367)	-
Due after more than one year		
Floating rate loan	(89,618)	(148,553)
5% Cumulative preference shares	(2,966)	(3,112)
	(92,584)	(151,665)
	(121,951)	(151,665)

The long-term loan is US dollar denominated and comprises a loan for $119,000,000 with a duration of 4.5 years and with an interest rate of LIBOR six-month plus 0.48%.The Company has used interest rate swaps to swap the floating rate interest for fixed rate interest. At 31 December 2015 the current notional amount hedged of the long-term loan was $120,000,000, at an average fixed rate of 1.6%.

The preference shares are sterling-denominated and issued by the Company. There were 2,000,000 £1 shares authorised, issued and fully paid at both 31 December 2015 and 31 December 2014. The preference shares are non-redeemable and are entitled to a fixed cumulative dividend of 5% per annum. On winding up they are entitled to repayment and any arrears of dividend in priority to ordinary shareholders, but are not entitled to participate further in any surplus. Each preference share carries one vote in any general meeting of the Company.

The table below sets out an analysis of the loan maturities:

	2015 US$'000	2014 US$'000
Due within one year	(29,367)	-
Five years	(89,618)	(148,553)
Over five years	(2,966)	(3,112)
	(121,951)	(151,665)

17. Provisions For Liabilities

	Other US$'000
Balance at 1 January 2014	(11,189)
Charge to operating profit in year	(1,309)
Actuarial loss	(67)
Utilised in year	815
Foreign exchange	2,931
Unwinding of discount	(1,923)
Balance at 31 December 2014 and 1 January 2015	(10,742)
Charge to operating profit in year	(496)
Actuarial gain	206
Utilised in year	944
Foreign exchange	1,163
Unwinding of discount	(426)
Balance at 31 December 2015	(9,351)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. Provisions For Liabilities *(continued)*

The provision mainly relates to severance indemnities which are payable on termination of employment and are assessed on a discounted basis taking into account the expected service lives of employees. In addition, the balance also includes a provision relating to obligations in respect of the decommissioning of certain assets in the future. Further details of the employee severance indemnities are provided in note 18. The breakdown of the balance is:

	2015 US$'000	2014 US$'000
Employees severance indemnities	(8,903)	(10,294)
Asset decommissioning	(448)	(448)
	(9,351)	(10,742)

18. Called Up Share Capital

	31 December 2014 and 2015	
	Authorised US$'000	Allotted, issued and fully paid US$'000
6,415,344 (2014 – 6,415,344) ordinary shares of £1 each	11,372	11,372

The £1 ordinary shares carry 1 vote each.

19. Employee Severance Indemnities

Employment terms for the Company's employees generally provide for payment of a severance indemnity when an employment contract comes to an end. This is typically at the rate of one month for each year of service (subject in most cases to a cap as to the number of qualifying years of service) and based on final salary level. The severance indemnity obligation is treated as an unfunded defined benefit plan, and the obligation recognised is based on valuations performed by an independent actuary using the projected unit credit method, which are regularly updated. The liability is included within the provision balance as detailed in note 16. Actuarial gains and losses are immediately recognised in other comprehensive income.

The most recent valuation was carried out in 2015 by Ernst & Young, a qualified actuary in Santiago-Chile who is not connected with the Group.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19. Employee Severance Indemnities *(continued)*

The main assumptions used to determine the actuarial present value of benefit obligations were as follows:

	2015	2014
Average nominal discount rate	**4.84%**	4.53%
Average rate of increase in salaries	**4.60%**	4.35%
Average staff turnover	**10.96%**	8.56%

The movement in the provision during the year is:

	2015 US$'000	2014 US$'000
Balance at 1 January	**(10,294)**	(10,741)
Charge to operating profit in year	**(496)**	(1,309)
Actuarial gain/(loss)	**206**	(67)
Utilised in year	**944**	815
Foreign exchange	**1,163**	2,931
Unwinding of discount	**(426)**	(1,923)
Balance at 31 December	**(8,903)**	(10,294)

Amounts included in the profit and loss account in respect of severance provisions are as follows:

	2015 US$'000	2014 US$'000
Current service cost (charged to operating profit)	**(496)**	(1,309)
Unwinding of discount	**(426)**	(447)
Foreign exchange	**1,163**	2,225
Total charge to profit and loss account	**241**	469

20. Exchange Rates In US Dollars

The principal exchange rates expressed in US dollars used in the preparation of the financial statements are as follows:

	2015	2014
Year-end rates	**US$1.4828 = £1**	US$1.6426 = £1
	US$1 = Ch$710	US$1 = Ch$607
Average rates	**US$1.5284 = £1**	US$1.6072 = £1
	US$1 = Ch$654	US$1 = Ch$570

21. Ultimate Parent Company

The ultimate parent company is Metalinvest Establishment, which is controlled by the E.Abaroa Foundation, in which members of the Luksic family have an interest. Both Metalinvest Establishment and the E. Abaroa Foundation are domiciled in Liechtenstein.

This company does not produce group financial statements. The immediate parent company is Antofagasta plc, a company incorporated and domiciled in the United Kingdom and listed on the London Stock Exchange.

Antofagasta plc is the only parent undertaking to prepare group financial statements. This is the largest and smallest group for which consolidated financial statements are prepared. Copies of these group financial statements are available from Antofagasta plc, Cleveland House, 33 King Street, London, SW1Y 6RJ.