UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15b-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

August 2019
Date of Report (Date of Earliest Event Reported)

Embotelladora Andina S.A.
(Exact name of registrant as specified in its charter)

Andina Bottling Company, Inc.
(Translation of Registrant´s name into English)

Avda. Miraflores 9153
Renca
Santiago, Chile
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the Registrant is submitting this Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ☐ No ☒

Indicate by check mark if the Registrant is submitting this Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ☐ No ☒

Indicate by check mark whether the registrant by furnishing the information contained in this Form 6-K is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes ☐ No ☒

Consolidated Interim Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Santiago, Chile
As of June 30, 2019, and December 31, 2018

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Interim Financial Statements

As of June 30, 2019 (unaudited) and December 31, 2018

Report of the Independent Auditor
(Translation of the report originally issued in Spanish)

To
Shareholders and Directors
Embotelladora Andina S.A.

We have reviewed the accompanying interim consolidated financial statements of Embotelladora Andina S.A. and Subsidiaries, which comprise the interim consolidated statement of financial position as of June 30, 2019, and the interim consolidated comprehensive income statement for the six and three month periods ended June 30, 2019 and 2018, the interim consolidated statements of changes in equity and cash flows for the six month periods then ended and the related notes to the interim consolidated financial statements.

Management's Responsibility for the Interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the interim consolidated financial statements in conformity with *IAS 34 "Interim Financial Reporting" of the International Financial Reporting Standards (IFRS).* This includes the design, implementation and maintainenance of sufficient internal control that provides the basis for the preparation and fair presentation of interim consolidated financial statements in accordance with the applicable financial reporting preparation and presentation framework.

Auditor's Responsibility

Our responsibility is to perform a review in accordance with Generally Accepted Auditing Standards in Chile applicable to interim financial statement reviews. An interim financial statement review involves performing analytical procedures and making inquiries of the persons in charge of accounting and financial matters. The review is substantially less broad in scope than an audit to the financial statements in accordance with Generally Accepted Auditing Standards in Chile for the purpose of expressing an opinion on the financial statements. Therefore, we express no such opinion.

Conclusion

On the basis of our review, we are not aware of any material modifications that should be made to the interim consolidated financial statements referred to above for it to be in conformity with *IAS 34 "Interim Financial Reporting" of the International Financial Reporting Standards (IFRS).*

Other matters

On February 28, 2019 we issued an unqualified opinion on the consolidated financial statements as of December 31, 2018 and 2017 of Embotelladora Andina S.A and Subsidiaries, which includes the statement of financial position as of December 31, 2018 as presented in the accompanying consolidated interim financial statements, and corresponding notes.

Tatiana Ramos S. EY Audit SpA.

Santiago, July 30, 2019

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Consolidated Interim Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

As of June 30, 2019, and December 31, 2018

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Financial Position

	NOTE	06.30.2019 (unaudited) CLP (000's)	12.31.2018 CLP (000's)
ASSETS			
Current assets:			
Cash and cash equivalents	**4**	117,450,341	137,538,613
Other financial assets	**5**	—	683,567
Other non-financial assets	**6.1**	16,904,319	5,948,923
Trade and other accounts receivable, net	**7**	122,174,667	174,113,323
Accounts receivable from related companies	**12.1**	7,240,512	9,450,263
Inventory	**8**	155,701,481	151,319,709
Current tax assets	**9**	5,858,023	2,532,056
Total Current Assets		**425,329,343**	**481,586,454**
Non-Current Assets:			
Other financial assets	**5**	96,518,349	97,362,295
Other non-financial assets	**6.2**	33,350,240	34,977,264
Trade and other receivables	**7**	189,511	1,270,697
Accounts receivable from related parties	**12.1**	122,506	74,340
Investments accounted for under the equity method	**14**	101,187,696	102,410,945
Intangible assets other than goodwill	**15**	655,962,412	668,822,553
Goodwill	**16**	117,733,476	117,229,173
Property, plant and equipment	**11.1**	714,339,943	710,770,968
Deferred tax assets	**10**	1,618,274	—
Total Non-Current Assets		**1,721,022,407**	**1,732,918,235**
Total Assets		**2,146,351,750**	**2,214,504,689**

The accompanying notes 1 to 32 form an integral part of these Consolidated Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Financial Position

	NOTE	06.30.2019 (unaudited) CLP (000's)	12.31.2018 CLP (000's)
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities:			
Other financial liabilities	**17**	60,322,732	56,114,977
Trade and other accounts payable	**18**	173,269,063	238,109,847
Accounts payable to related parties	**12.2**	44,088,670	45,827,859
Provisions	**19**	2,033,033	3,485,613
Income taxes payable	**9**	2,078,402	9,338,612
Employee benefits current provisions	**13**	25,749,718	33,210,979
Other non-financial liabilities	**20**	31,643,175	33,774,214
Total Current Liabilities		**339,184,793**	**419,862,101**
Other financial liabilities	**17**	719,660,254	716,563,778
Trade and other payables	**18**	791,700	735,665
Provisions	**19**	51,881,214	58,966,913
Deferred income tax liabilities	**10.2**	147,528,637	145,245,948
Employee benefits non-current provisions	**13**	13,469,147	9,415,541
Other non-financial liabilities, non-current		167,682	—
Non-Current Liabilities:		**933,498,634**	**930,927,845**
Equity:	**20**		
Issued capital		270,737,574	270,737,574
Retained earnings		509,581,413	462,221,463
Other reserves		73,896,103	110,854,089
Equity attributable to equity holders of the parent		**854,215,090**	**843,813,126**
Non-controlling interests		**19,453,233**	**19,901,617**
Total Equity		**873,668,323**	**863,714,743**
Total Liabilities and Equity		**2,146,351,750**	**2,214,504,689**

The accompanying notes 1 to 32 form an integral part of these Consolidated Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Income by Function
For the periods ended June 30, 2019 and 2018

	NOTE	01.01.2019 06.30.2019 (unaudited) CLP (000's)	01.01.2018 06.30.2018 (unaudited) CLP (000's)	04.01.2019 06.30.2019 (unaudited) CLP (000's)	04.01.2018 06.30.2018 (unaudited) CLP (000's)
Net sales		840,180,450	817,504,239	379,717,932	363,485,018
Cost of sales	**25**	(496,674,197)	(471,433,525)	(228,330,444)	(215,499,328)
Gross Profit		**343,506,253**	**346,070,714**	**151,387,488**	**147,985,690**
Other income	**26**	263,560	237,141	178,597	155,673
Distribution expenses	**25**	(80,186,199)	(79,623,760)	(36,613,404)	(35,797,299)
Administrative expenses	**25**	(158,566,505)	(160,120,728)	(79,625,359)	(78,234,627)
Other expenses	**27**	(1,975,892)	(8,791,015)	490,898	(3,388,562)
Other (loss) gains	**29**	—	(1,693,257)	—	(896,659)
Financial income	**28**	2,910,856	2,119,138	1,489,405	1,107,834
Financial expenses	**28**	(22,319,856)	(22,025,288)	(11,046,152)	(10,810,241)
Share of profit (loss) of investments in associates and joint ventures accounted for using the equity method	**14.3**	7,885	783,534	(608,547)	(163,135)
Foreign exchange differences		(724,633)	1,049,520	319,037	1,028,915
Income by indexation units		(3,183,062)	(1,374,481)	(3,110,161)	(102,999)
Net income before income taxes		**79,732,407**	**76,631,518**	**22,861,802**	**20,884,590**
Income tax expense	**10.1**	(17,750,421)	(28,637,977)	(7,829,534)	(12,272,842)
Net income		**61,981,986**	**47,993,541**	**15,032,268**	**8,611,748**
Net income attributable to					
Owners of the controller		61,618,029	47,561,768	15,199,739	8,786,505
Non-controlling interests		363,957	431,773	(167,471)	(174,757)
Net income		**61,981,986**	**47,993,541**	**15,032,268**	**8,611,748**
Earnings per Share, basic and diluted					
Earnings per Series A Share	**21.5**	**62.0**	**47.85**	**15.98**	**6.51**
Earnings per Series B Share	**21.5**	**68.2**	**52.64**	**17.58**	**7.16**

The accompanying notes 1 to 32 form an integral part of these Consolidated Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Comprehensive Income
For the periods ended June 30, 2019 and 2018

	01.01.2019 06.30.2019 (unaudited) CLP (000's)	01.01.2018 30.06.2018 (unaudited) CLP (000's)	04.01.2019 06.30.2019 (unaudited) CLP (000's)	04.01.2018 06.30.2018 (unaudited) CLP (000's)
Net income				
Other Comprehensive Income:	**61,981,986**	**47,993,541**	**15,032,268**	**8,611,748**
Components of other comprehensive income that will not be reclassified to net income for the period, before taxes				
Actuarial losses from defined benefit plans	—	(37,314)	—	(29,236)
Components of other comprehensive income that will be reclassified to net income for the period, before taxes				
Gain (losses) from exchange rate translation differences	(48,822,177)	(67,423,926)	8,501,378	(29,448,317)
Gain (losses) from cash flow hedges	1,134,306	(9,112,683)	(620,728)	6,666,012
Income tax related to components of other comprehensive income that will not be reclassified to net income for the period				
Income tax benefit related to defined benefit plans	—	10,075	—	7,892
Income tax related to components of other comprehensive income that will be reclassified to net income for the period				
Income tax related to exchange rate translation differences	10,857,577	22,814,096	(479,310)	1,879,018
Income tax related to cash flow hedges	(453,628)	2,886,418	385,918	(2,225,128)
Other comprehensive income, total	**(37,283,922)**	**(50,863,336)**	**(7,787,258)**	**(23,149,759)**
Total comprehensive income	**24,698,064)**	**(2,869,793)**	**22,819,526**	**(14,538,011)**
Total comprehensive income attributable to:				
Equity holders of the parent	25,024,000	(2,425,147)	23,483,460	(14,585,770)
Non-controlling interests	(325,936)	(444,646)	(663,934)	47,759
Total comprehensive income	**24,698,064**	**(2,869,793)**	**22,819,526**	**(14,538,011)**

The accompanying notes 1 to 32 form an integral part of these Consolidated Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES
Consolidated Interim Statements of Changes in Equity
As of June 30, 2019 and 2018 (unaudited)

	Issued capital	Other reserves: Reserves for exchange rate differences	Other reserves: Cash flow hedge reserve	Other reserves: Actuarial gains or losses in employee benefits	Other reserves: Other reserves	Other reserves: Total other reserves	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Opening balance as of 01/01/2019	**270,737,574**	**(306,674,528)**	**(13,668,932)**	**(1,954,077)**	**433,151,626**	**110,854,089**	**462,221,463**	**843,813,126**	**19,901,617**	**863,714,743**
Changes in Equity										
Comprehensive Income										
Earnings	—	—	—	—	—	—	61,618,029	61,618,029	363,957	61,981,986
Other comprehensive income	—	(37,632,712)	674,726	—	—	(36,957,986)	—	(36,957,986)	(325,936)	(37,283,922)
Comprehensive income	—	(37,632,712)	674,726	—	—	(36,957,986)	61,618,029	24,660,043	38,021	24,698,064
Dividends	—	—	—	—	—	—	(42,737,646)	(42,737,646)	(486,405)	(43,224,051)
Increase (decrease) from other changes	—	—	—	—	—	—	28,479,567	28,479,567	—	28,479,567
Total changes in equity	**—**	**(37,632,712)**	**674,726**	**—**	**—**	(36,957,986)	**47,359,950**	**10,401,964**	**(448,384)**	**9,953,580**
Ending balance as of 06/30/2019	**270,737,574**	**(344,307,240)**	**(12,994,206)**	**(1,954,077)**	**436,415,009**	**73,896,103**	**509,581,413**	**854,215,090**	**19,453,233**	**873,668,323**

	Issued capital	Other reserves: Reserves for exchange rate differences	Other reserves: Cash flow hedge reserve	Other reserves: Actuarial gains or losses in employee benefits	Other reserves: Other reserves	Other reserves: Total other reserves	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Opening balance as of 01/01/2018	**270,737,574**	**(237,077,572)**	**(3,094,671)**	**(1,915,587)**	**427,137,058**	**185,049,228**	**335,523,254**	**791,310,056**	**21,923,293**	**813,233,349**
Changes in accounting policies							**79,499,736**	**79,499,736**		**79,499,736**
Restated opening balance	**270,737,574**	**(237,077,572)**	**(3,094,671)**	**(1,915,587)**	**427,137,058**	**185,049,228**	**415,022,990**	**870,809,792**	**21,923,293**	**892,733,085**
Changes in Equity										
Comprehensive Income										
Earnings	—	—	—	—	—	—	47,561,768	47,561,768	431,773	47,993,541
Other comprehensive income	—	(44,219,851)	(6,171,836)	(27,001)	—	(50,418,688)	—	(50,418,688)	(444,646)	(50,863,334)
Comprehensive income	**—**	**(44,219,851)**	**(6,171,836)**	**(27,001)**	**—**	**(50,418,688)**	**47,561,768**	**(2,856,920)**	**(12,873)**	**(2,869,793)**
Dividends	—	—	—	—	—	—	(42,737,646)	(42,737,646)	(1,793,799)	(44,531,445)
Increase (decrease) from other changes	—	—	—	—		—	18,741,460	18,741,460	—	18,741,460
Total changes in equity	**—**	**(44,219,851)**	**(6,171,836)**	**(27,001)**	**—**	**(50,418,688)**	**23,565,582**	**(26,853,106)**	**(1,806,672)**	**(28,659,778)**
Ending balance as of 06/30/2018	**270,737,574**	**(281,297,423)**	**(9,266,507)**	**(1,942,588)**	**427,137,058**	**134,630,540**	**438,588,572**	**843,956,686**	**20,116,621**	**864,073,307**

The accompanying notes 1 to 32 form an integral part of these Consolidated Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Interim Statements of Direct Cash Flows
As of June 30, 2019 and 2018

	NOTE	01.01.2019 06.30.2019 (unaudited) CLP (000's)	01.01.2018 06.30.2018 (unaudited) CLP (000's)
Cash flows provided by (used in) Operating Activities			
Cash flows provided by Operating Activities			
Receipts from the sale of goods and the rendering of services (including taxes)		1.271.549.665	1,048,352,436
Payments for Operating Activities			
Payments to suppliers for goods and services (including taxes)		(883,431,125)	(676,143,545)
Payments to and on behalf of employees		(104,793,892)	(103,180,143)
Other payments for operating activities (value-added taxes on purchases, sales and others)		(153,423,164)	(142,531,513)
Interest payments		(20,797,233)	(22,834,529)
Interest received		1,496,854	1,847,083
Income tax payments		(19,838,714)	(13,861,423)
Other cash movements (tax on bank debits Argentina and others)		(2,028,355)	(3,425,974)
Cash flows provided by (used in) Operating Activities		**88,734,036**	**88,222,392**
Cash flows provided by (used in) Investing Activities			
Contributions made in associates	**14.2**	—	(1,500,000)
Dividends received		240,804	
Proceeds from sale of Property, plant and equipment		1,989	147,031
Purchase of Property, plant and equipment		(57,250,050)	(56,993,193)
Purchase of intangible assets		(426,949)	—
Proceeds from other long-term assets (redemption of term deposits over 90 days)		—	13,883,132
Payments on forward, term, option and financial exchange agreements		117,814	122,955
Net cash flows used in Investing Activities		**(57,316,392)**	**(44,339,175)**
Cash Flows generated from (used in) Financing Activities			
Proceeds from short-term loans obtained		1,494,143	22,575,209
Loan payments		(1,093,885)	(34,835,638)
Lease liability payments		(1,228,976)	(1,613,440)
Dividend payments by the reporting entity		(42,737,646)	(43,699,278)
Other inflows (outflows) of cash (Placement and payment of public obligations)		(6,686,473)	(6,339,409)
Net cash flows (used in) generated by Financing Activities		**(50,252,837)**	**(63,912,556)**
Net increase in cash and cash equivalents before exchange differences		**(18,835,193)**	**(20,029,339)**
Effects of exchange differences on cash and cash equivalents		(136,948)	(853,934)
Effects of inflation on cash and cash equivalents		(1,116,131)	(5,703,105)
Net decrease in cash and cash equivalents		**(20,088,272)**	**(26,586,377)**
Cash and cash equivalents — beginning of period		137,538,613	136,242,116
Cash and cash equivalents - end of period	**4**	**117,450,341**	**109,655,739**

The accompanying notes 1 to 32 form an integral part of these Consolidated Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

1 - CORPORATE INFORMATION

Embotelladora Andina S.A. RUT (Chilean Tax Id. N°) 91.144.000-8 (hereinafter "Andina," and together with its subsidiaries, the "Company") is an open stock corporation, whose corporate address and principal offices are located at Miraflores 9153, borough of Renca, Santiago, Chile. The Company is registered under No. 00124 of the Securities Registry and is regulated by Chile's Financial Market Commission (hereinafter "CMF") and pursuant to Chile's Law 18,046 is subject to the supervision of this entity. It is also registered with the U.S. Securities and Exchange Commission (hereinafter "SEC") and its stock is traded on the New York Stock Exchange since 1994.

The principal activities of Embotelladora Andina S.A. are to manufacture, bottle, commercialize and/or distribute Coca-Cola products and brands registered by The Coca-Cola Company ("TCCC"). The Company has operations and is licensed by The Coca-Cola Company in its territories Chile, Brazil, Argentina and Paraguay. In Chile, the geographic areas in which the Company has distribution franchises are the Metropolitan Region II Region of Antofagasta, III Region of Atacama, IV Region of Coquimbo, the Province of San Antonio, V Region of Valparaiso, the province of Cachapoal, VI Region del Libertador General Bernardo O'Higgins, XI Region de Aysén del General Carlos Ibáñez del Campo; and XII Region of Magallanes and Chilean Antartic.. In Brazil, its territories include the city of Rio de Janeiro and the central and northern parts of the state of Rio de Janeiro, the city of Vitória and the whole state of Espirito Santo and the city of Ribeirão Preto and part of the state of Sao Paulo and Minas Gerais. In Argentina, the territories include Mendoza, Córdoba, San Luis, Entre Ríos, Santa Fe, Rosario, Santa Cruz, Neuquén, El Chubut, Tierra del Fuego, Río Negro, La Pampa and the western zone of the Province of Buenos Aires. In Paraguay, the franchised territory covers the whole country. While some of the licenses for the territories in Chile are in the renewal process, others expire in October 2023. In Argentina they expire in 2022; in Brazil they expire in 2022 and in Paraguay they expire in 2020.

Said licenses are renewable upon the request of the licensee and at the sole discretion of The Coca-Cola Company. The licenses currently in the renewal process are expected to be renewed under similar conditions on the date of expiration.

As of the date of these interim consolidated financial statements, regarding Andina's principal shareholders, the Controlling Group holds 55.72% of the outstanding shares with voting rights, corresponding to the Series A shares. The Controlling Group is composed of the Chadwick Claro, Garcés Silva, Hurtado Berger, Said Handal and Said Somavía families, who control the Company in equal parts.

These Interim Financial Statements reflect the consolidated financial position of Embotelladora Andina S.A. and its subsidiaries, which were approved by the Board of Directors on July 30, 2019.

2 - BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND APPLICATION OF ACCOUNTING CRITERIA

2.1 Accounting principles and basis of preparation

The Company's Consolidated Interim Financial Statements for the periods ended June 30, 2019and December 31, 2018, have been prepared in accordance with International Accounting Standard No. 34 (IAS 34) included in the International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board (hereinafter "IASB").

These consolidated interim financial statements have been prepared following the going concern principle by applying the historical cost method, with the exception, according to IFRS, of those assets and liabilities that are recorded at fair value.

These Interim Consolidated Statements reflect the consolidated financial position of Embotelladora Andina S.A. and its Subsidiaries as of June 30, 2019 and December 31, 2018 and the results of operations for the periods between January 1 and June 30, 2019 and 2018 and April 1 and June 30, 2019 and 2018, together with the statements of changes in equity and cash flows for the periods between January 1 and June 30, 2019 and 2018.

These Interim Consolidated Financial Statements have been prepared based on the accounting records maintained by the Parent Company and by the other entities that are part of the Company and are presented in thousands of Chilean pesos (unless expressly stated) as this is the functional and presentation currency of the Company. Foreign operations are included in accordance with the accounting policies established in Notes 2.5.

2.2 Subsidiaries and consolidation

Subsidiary entities are those companies directly or indirectly controlled by Embotelladora Andina. Control is obtained when the Company has power over the investee, when it has exposure or is entitled to variable returns from its involvement in the investee and when it has the ability to use its power to influence the amount of investor returns. They include assets and liabilities, results of operations, and cash flows for the periods reported. Income or losses from subsidiaries acquired or sold are included in the Consolidated Financial Statements from the effective date of acquisition through the effective date of disposal, as applicable.

The acquisition method is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of the subsidiary is the fair value of assets transferred, equity securities issued, liabilities incurred or assumed on the date that control is obtained. Identifiable assets acquired, and identifiable liabilities and contingencies assumed in a business combination are accounted for initially at their fair values at the acquisition date. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between Group entities are eliminated. Unrealized losses are also eliminated. When necessary, the accounting policies of the subsidiaries are modified to ensure uniformity with the policies adopted by the Group.

The interest of non-controlling shareholders is presented in the consolidated statement of changes in equity and the consolidated statement of income by function under "Non-Controlling Interest" and "Earnings attributable to non-controlling interests", respectively.

The consolidated financial statements include all assets, liabilities, income, expenses, and cash flows of the Company and its subsidiaries after eliminating balances and transaction among the Group's entities, the subsidiary companies included in the consolidation are the following:

		Ownership interest					
		06.30.2019			12.31.2018		
Taxpayer ID	Name of the Company	Direct	Indirect	Total	Direct	Indirect	Total
59.144.140-K	Abisa Corp S.A.	—	99.99	99.99	—	99.99	99.99
Foreign	Aconcagua Investing Ltda.	0.71	99.28	99.99	0.71	99.28	99.99
96.842.970-1	Andina Bottling Investments S.A.	99.90	0.09	99.99	99.90	0.09	99.99
96.972.760-9	Andina Bottling Investments Dos S.A.	99.90	0.09	99.99	99.90	0.09	99.99
Foreign	Andina Empaques Argentina S.A.	—	99.98	99.98	—	99.98	99.98
96.836.750-1	Andina Inversiones Societarias S.A.	99.98	0.01	99.99	99.98	0.01	99.99
76.070.406-7	Embotelladora Andina Chile S.A.	99.99	—	99.99	99.99	—	99.99
Foreign	Embotelladora del Atlántico S.A.	0.92	99.07	99.99	0.92	99.07	99.99
96.705.990-0	Envases Central S.A.	59.27	—	59.27	59.27	—	59.27
96.971.280-6	Inversiones Los Andes Ltda.	99.99	—	99.99	99.99	—	99.99
Foreign	Paraguay Refrescos S.A.	0.08	97.75	97.83	0.08	97.75	97.83
76.276.604-3	Red de Transportes Comerciales Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
Foreign	Rio de Janeiro Refrescos Ltda.	—	99.99	99.99	—	99.99	99.99
78.536.950-5	Servicios Multivending Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
78.861.790-9	Transportes Andina Refrescos Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
96.928.520-7	Transportes Polar S.A.	99.99	—	99.99	99.99	—	99.99
76.389.720-6	Vital Aguas S.A.	66.50	—	66.50	66.50	—	66.50
93.899.000-k	Vital Jugos S.A.	15.00	50.00	65.00	15.00	50.00	65.00

2.3 Investments in associates and joint ventures

Ownership interest held by the Group in joint ventures and associates are recorded following the equity method. According to the equity method, the investment in an associate or joint venture is initially recorded at cost. As of the date of acquisition, the investment in the statement of financial position is recorded by the proportion of its total assets, which represents the Group's participation in its capital, once adjusted, where appropriate, the effect of the transactions made with the Group, plus capital gains that have been generated in the acquisition of the company.

Dividends received from these companies are recorded by reducing the value of the investment and the results obtained by them, which correspond to the Group according to its ownership, are recorded under the item "Participation in profit (loss) of associates accounted for by the equity method."

2.3.1 Investments in Associates

Associates are all entities over which the Group exercises significant influence but does not have control, significant influence is the power to intervene in the financial and operating policy decisions of the associate, without having control or joint control over it. The results of these associates are accounted for using the equity method. Accounting policies of the associates are changed, where necessary, to ensure conformity with the policies adopted by the Company and unrealized gains are eliminated.

2.3.2 Joint arrangements

Joint arrangements are those entities in which the Group exercises control through an agreement with other shareholders and jointly with them, that is, when decisions on their relevant activities require the unanimous consent of the parties that share control.

Depending on the rights and obligations of the parties, joint arrangements are classified as:

- Joint venture: agreement whereby the parties exercising joint control are entitled to the net assets of the entity. Joint ventures are integrated into the consolidated financial statements by the equity method, as described above.

- Joint operation: agreement whereby the parties exercising joint control are entitled to the assets and obligations with respect to the liabilities related to the agreement. Joint operations are consolidated by proportionally integrating the assets and liabilities affected by said operation.

To determine the type of joint agreement that derives from a contractual agreement, Group Management evaluates the structure and legal form of the agreement, the terms agreed by the parties, as well as other relevant factors and circumstances.

Embotelladora Andina does not have joint ventures that qualify as a joint operation business.

2.4 Financial reporting by operating segment

"IFRS 8 Operating Segments" requires that entities disclose information on the results of operating segments. In general, this is information that Management and the Board of Directors use internally to assess performance of segments and allocate resources to them. Therefore, the following operating segments have been determined based on geographic location:

- Operation in Chile
- Operation in Brazil
- Operation in Argentina
- Operation in Paraguay

2.5 Functional currency and presentation currency

2.5.1 Functional currency

Items included in the financial statements of each of the entities in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of each of the Operations is the following:

Company	Functional currency
Embotelladora del Atlántico	Argentine Peso (ARS)
Embotelladora Andina	Chilean Peso (CLP)
Paraguay Refrescos	Paraguayan Guaraní (PYG)
Rio de Janeiro Refrescos	Brazil Real (BRL)

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing on the dates of the transactions. Losses and gains in foreign currency resulting from the liquidation of these transactions and the translation at the closing exchange rate of monetary assets and liabilities denominated in foreign currency are recognized in the income statements under foreign exchange rate differences, except when they correspond to cash flow hedges; in which case they are presented in the statement of comprehensive income.

Functional currency in hyperinflationary economies

Beginning July 2018, Argentina's economy is considered as hyperinflationary, according to the criteria established in the International Accounting Standard No. 29 "Financial information in hyperinflationary economies" (IAS 29). This determination was carried out on the basis of a series of qualitative and quantitative criteria, including an accumulated inflation rate of more than 100% for three years. In accordance with IAS 29, the financial statements of companies in which Embotelladora Andina S.A. participates in Argentina have been retrospectively restated by applying a general price index to the historical cost, in order to reflect the changes in the purchasing power of the Argentine peso, as of the closing date of these financial statements.

Non-monetary assets and liabilities were restated since February 2003, the last date an inflation adjustment was applied for accounting purposes in Argentina. In this context, it should be mentioned that the Group made its transition to IFRS on January 1, 2004, applying the attributed cost exemption for Property, plant and equipment.

For consolidation purposes in Embotelladora Andina S.A. and as a result of the adoption of IAS 29, the results and financial situation of our subsidiaries in Argentina were converted to the closing exchange rate (ARS/CLP) as December 31, 2018, in accordance with IAS 21 "Effects of foreign currency exchange rate variations", when dealing with a hyperinflationary economy. Previously, the results of the Argentinean subsidiaries were converted at the average exchange rate of the period, as is the case for the conversion of the results of the rest of the subsidiaries operating in other countries whose economies are not considered hyperinflationary.

Whereas the functional and presentation currency of Embotelladora Andina S.A. does not correspond to that of a hyperinflationary economy, according to the guidelines set out in IAS 29, the re-expression of periods is not required in the consolidated financial statements of the Group.

Inflation for the periods January to June 2019 and January to December 2018 amounted to 12.2% and 47.6%, respectively. The first-time adoption of IAS 29 in 2018 resulted in a positive adjustment in the accumulated consolidated results of Embotelladora Andina S.A., for CLP 79,499,736 thousand (net of deferred taxes) as of January 1, 2018.

The Interim Consolidated Financial Statements as of June 30, 2018 have been restated for comparative purposes.

2.5.2 Presentation currency

The presentation currency is the Chilean peso, which is the functional currency of the parent company, for such purposes, the financial statements of subsidiaries are translated from the functional currency to the presentation currency as indicated below:

a. Translation of financial statements whose functional currency does not correspond to hyperinflationary economies (Brazil and Paraguay)

Financial statements measured as indicated are translated to the presentation currency as follows:

- The statement of financial position is translated to the closing exchange rate at the financial statement date and the income statement is translated at the average monthly exchange rates, the differences that result are recognized in equity under other comprehensive income.
- Cash flow income statement are also translated at average exchange rates for each transaction.
- When an account receivable from related companies is designated as hedge investment, translation differences are recorded under comprehensive income, net of deferred taxes. On disposal of the investment, such translation differences are recognized in the income statement as part of the gain or loss on the disposal of the investment.

b. Translation of financial statements whose functional currency corresponds to hyperinflationary economies (Argentina)

Financial statements measured in their functional currency, with inflation adjustments since they correspond to a hyperinflationary economy, are translated to the presentation currency as follows:

- The statement of financial position sheet is translated at the closing exchange rate at the financial statements date;
- The income statement is translated at the closing exchange rate at the financial statements date
- When an account receivable from related companies is designated as hedge investment, translation differences are recorded under comprehensive income, net of deferred taxes. On disposal of the investment, such translation differences are recognized in the income statement as part of the gain or loss on the disposal of the investment.

c. Comparative figures

The financial information as of June 30 and December 31, 2018, related to entities in Argentina, were restated as of June 30, 2018 in order to present comparatively adjusted figures according to the criteria defined in IAS 29.

2.5.3 Exchange rates and value of the Unidad de Fomento (UF)

Exchange rates and UF values in effect at the end of each period are as follows:

	Exchange rate to the Chilean Peso					
Date	USD	BRL	ARS	UF	PGY	EUR
06.30.2019	679.15	177.22	15.99	27,903.30	0.110	772.11
12.31.2018	694.77	179.30	18.43	27,565.79	0.117	794.75
30.06.2018	651.21	168.89	22.57	27,158.77	0.114	760.32

2.6 Property, plant, and equipment

The elements of Property, plant and equipment, are valued for their acquisition cost, net of their corresponding accumulated depreciation, and of the impairment losses they have experienced.

The cost of the items of Property, plant and equipment include in addition to the price paid for the acquisition: i) the financial expenses accrued during the construction period that are directly attributable to the acquisition, construction or production of qualified assets, which are those that require a substantial period of time before being ready for use, such as production facilities. The Group defines a substantial period as one that exceeds twelve months. The interest rate used is that corresponding to specific financing or, if it does not exist, the weighted average financing rate of the Company making the investment; and ii) personnel expenses directly related to the construction in progress.

Construction in progress is transferred to operating assets after the end of the trial period when they are available for use, from which moment depreciation begins.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the items of Property, plant and equipment will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to the income statement in the reporting period in which they are incurred.

Land is not depreciated since it has an indefinite useful life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

The estimated useful lives by asset category are:

Assets	Range in years
Buildings	30-50
Plant and equipment	10-20
Warehouse installations and accessories	10-30
Furniture and supplies	4-5
Motor vehicles	5-7
Other Property, plant and equipment	3-8
Bottles and containers	2-8

The residual value and useful lives of Property, plant and equipment are reviewed and adjusted at the end of each financial statement-reporting period, if appropriate.

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

Gains and losses on disposals of property, plant, and equipment are calculated by comparing the proceeds to the carrying amount and are charged to other expenses by function or other gains, as appropriate in the statement of comprehensive income.

If there are items available for sale and comply with the conditions of IFRS 5 "Non-current assets held for sale and discontinued operations" are separated from Property, plant and equipment and are presented within current assets at the lower value between the book value and its fair value less selling costs.

2.7 Intangible assets and Goodwill

2.7.1 Goodwill

Goodwill represents the excess of the consideration transferred over the Company's interest in the net fair value of the net identifiable assets of the subsidiary and the fair value of the non-controlling interest in the subsidiary on the acquisition date. Since goodwill is an intangible asset with indefinite useful life, it is recognized separately and tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Gains and losses on the sale of an entity include the carrying amount of goodwill related to that entity.

Goodwill is assigned to each cash generating unit (CGU) or group of cash-generating units, from where it is expected to benefit from the synergies arising from the business combination. Such CGUs or groups of CGUs represent the lowest level in the organization at which goodwill is monitored for internal management purposes.

2.7.2 Distribution rights

Distribution rights are contractual rights to produce and/or distribute products under the Coca-Cola brand and other brands in certain territories in Argentina, Brazil, Chile and Paraguay that were acquired during Business Combination. Distribution rights are born from the process of valuation at fair value of the assets and liabilities of companies acquired in business combinations. Distribution rights have an indefinite useful life and are not amortized, (as they are permanently renewed by The Coca-Cola Company) and therefore are subject to impairment tests on an annual basis.

2.7.3 Software

Carrying amounts correspond to internal and external software development costs, which are capitalized once the recognition criteria in IAS 38, *Intangible Assets*, have been met. Their accounting recognition is initially realized for their acquisition or production cost and, subsequently, they are valued at their net cost of their corresponding accumulated amortization and of the impairment losses that, if applicable, they have experienced. The aforementioned software is amortized within four years.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, such as intangibles related to distribution rights and goodwill, are not amortized and are tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Assets that are subject to amortization are tested for impairment whenever there is an event or change in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying value of the asset exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell or its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units - CGU).

Regardless of what was stated in the previous paragraph, in the case of CGUs to which capital gains or intangible assets have been assigned with an indefinite useful life, the analysis of their recoverability is carried out systematically at the end of each fiscal year. These indications may include new legal provisions, change in the economic environment that affects business performance indicators, competition movements, or the disposal of an important part of a CGU.

Management reviews business performance based on geographic segments. Goodwill is monitored at the operating segment level that includes the different cash generating units in operations in Chile, Brazil, Argentina and Paraguay. The impairment of distribution rights is monitored geographically in the CGU or group of cash generating units, which correspond to specific territories for which Coca-Cola distribution rights have been acquired. These cash generating units or groups of cash generating units are composed of the following segments:

- Operation in Chile (excluding the Metropolitan Region, Rancagua Province and San Antonio Province);
- Operation in Argentina (North and South region);
- Operation in Brazil (State of Rio de Janeiro and Espirito Santo, Ipiranga territories, investment in the Sorocaba associate and investment in the Leão Alimentos S.A. associate);
- Operation in Paraguay

To check if goodwill has suffered a loss due to impairment of value, the Company compares the book value thereof with its recoverable value, and recognizes an impairment loss, for the excess of the asset's carrying amount over its recoverable amount. To determine the recoverable values of the CGU, management considers the discounted cash flow method as the most appropriate.

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The main assumptions used in the annual test are:

a) Discount rate

The discount rate applied in the annual test carried out in December 2018 was estimated using the CAPM (Capital Asset Pricing Model) methodology, which allows estimating a discount rate according to the level of risk of the CGU in the country where it operates. A nominal discount rate before tax is used according to the following table:

	Discount rates 2018
Argentina	17.1%
Chile	7.2%
Brazil	9.6%
Paraguay	9.1%

Management carries out the process of annual goodwill impairment assessments as of December 31 of each year for each CGU.

No impairment indicators have been identified during the 2019 period.

b) Other assumptions

The financial projections to determine the net present value of the future cash flows of the CGUs are modeled based on the main historical variables and the respective budgets approved by the CGU. In this regard, a conservative growth rate is used, which reaches 3% for the carbonated beverage category and up to 7% for less developed categories such as juices and waters. Beyond the fifth year of projection, growth perpetuity rates are established per operation ranging from 1% to 2.5% depending on the degree of maturity of the consumption of the products in each operation. In this sense, the variables with greatest sensitivity in these projections are the discount rates applied in the determination of the net present value of projected cash flows, growth perpetuities and EBITDA margins considered in each CGU.

In order to sensitize the impairment test, variations were made to the main variables used in the model. Ranges used for each of the modified variables are:

- Discount Rate: Increase / Decrease of up to 100 bps as a value in the rate at which future cash flows are discounted to bring them to present value
- Perpetuity: Increase / Decrease of up to 75 bps in the rate to calculate the perpetual growth of future cash flows
- EBITDA margin: Increase / Decrease of 100bps of EBITDA margin of operations, which is applied per year for the projected periods, that is, for the years 2020-2024

2.9 Financial assets

Pursuant to IFRS 9 “Financial Instruments”, except for certain trade accounts receivable, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset that is not at fair value, reflecting changes in P&L.

According to IFRS 9, financial assets are subsequently measured at (i) fair value with changes in P&L (FVPL), (ii) amortized cost or (iii) fair value through other comprehensive income (FVOCI). The classification is based on two criteria: (a) the Group’s business model for the purpose of managing financial assets to obtain contractual cash flows; and (b) if the contractual cash flows of financial instruments represent “solely payments of principal and interest” on the outstanding principal amount (the “SPPI criterion”).

The classification and measurement of the Group’s financial assets are as follows:

- Financial asset at amortized cost for financial instruments that are maintained within a business model with the objective of maintaining the financial assets to collect contractual cash flows that meet the SPPI criterion. This category includes the Group’s trade and other accounts receivable.

- Financial assets measured at fair value with changes in other comprehensive income (FVOCI), with gains or losses recognized in P&L at the time of liquidation. Financial assets in this category correspond to the Group’s instruments that meet the SPPI criterion and are kept within a business model both to collect cash flows and to sell.

Other financial assets are classified and subsequently measures as follows:

- Equity instruments at fair value with changes in other comprehensive income (FVOCI) without recognizing earnings or losses in P&L at the time of liquidation. This category only includes equity instruments that the Group intends to keep in the foreseeable future and that the Group has irrevocably chosen to classify in this category in the initial recognition or transition.

- Financial assets at fair value with changes in P&L (FVPL) include derivative instruments and equity instruments quoted that the Group had not irrevocably chosen to classify at FVOCI in the initial recognition or transition. This category also includes debt instruments whose cash flow characteristics do not comply with the SPPI criterion or are not kept within a business model whose objective is to recognize contractual cash flows or sale.

The Group’s financial liabilities accounting, to a large extent continues to be same as the one set forth in IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires that assets for contingent services be treated as financial instruments measured at fair value, with changes in fair value recognized in P&L.

Pursuant to IFRS 9, implicit derivatives are no longer separated from a principal financial asset. Financial assets, however, are classified according to contractual terms and the Group’s business model.

2.10 Derivatives financial instruments and hedging activities

The Company and its subsidiaries use derivative financial instruments to mitigate risks relating to changes in foreign currency and exchange rates associated with raw materials, and loan obligations.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

2.10.1 Derivative financial instruments designated as cash flow hedges

At the inception of the transaction, the group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement within “other gains (losses)”.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when foreign currency denominated financial liabilities are translated into their functional currencies). The gain or loss relating to the effective portion of cross currency swaps hedging the effects of changes in foreign exchange rates are recognized in the consolidated income statement within “foreign exchange differences.” When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated income statement.

2.10.2 Derivative financial instruments not designated for hedging

The fair value of derivative financial instruments that do not qualify for hedge accounting pursuant to IFRS are immediately recognized in the consolidated income statement under “Other income and losses”. The fair value of these derivatives is recorded under “other current financial assets” or “other current financial liabilities” in the statement of financial position.”

The Company does not use hedge accounting for its foreign investments.

The Company also evaluates the existence of derivatives implicitly in contracts and financial instruments as stipulated by IFRS 9 and classifies them pursuant to their contractual terms and the business model of the group. As of June 30, 2019 and December 31, 2018 , the Company had no implicit derivatives.

Fair value hierarchy

The fair value of an asset or liability is defined as the price that would be received for selling an asset or paid to transfer a liability, in an orderly transaction between market participants on the measurement date.

The Company maintains assets related to foreign currency derivative contracts which were classified as Other current and non-current financial assets and Other current and non-current financial liabilities, respectively, and are accounted at fair value within the statement of financial position. The Company uses the following hierarchy to determine and disclose the fair value of financial instruments with assessment techniques:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets and liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the assets or liabilities that are not based on observable market data information.

During the reporting periods there were no transfers of items between fair value measurement categories. All of which were valued during the period using Level 2.

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs and manufacturing overhead (based on operating capacity) to bring the goods to marketable condition, but it excludes interest expense. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Spare parts and production materials are stated at the lower of cost or net realizable value.

Estimates are also made for obsolescence of raw materials and finished products based on turnover and age of the related goods.

2.12 Trade receivables

Trade accounts receivables and other accounts receivable are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, given their short-term nature.

A provision for impairment is made applying a value impairment model based on expected credit losses for the following 12 months. The Group applies a simplified focus for trade receivables, thereby impairment is always recorded referring to expected losses during the whole life of the asset

The carrying amount of the asset is reduced by the provision amount and the loss is recognized in administrative expenses in the consolidated income statement by function.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, time deposits and other short-term highly liquid and low risk of change in value investments and mutual funds with original short-term maturities equal to or less than three months.

2.14 Other financial liabilities

Resources obtained from financial institutions as well as the issuance of debt securities are initially recognized at fair value, net of costs incurred during the transaction. Then, liabilities are valued by accruing interests in order to equal the current value with the future value of liabilities payable, using the effective interest rate method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualified assets, considered as those that require a substantial period of time in order to get ready for their forecasted use or sale, are added to the cost of those assets until the period in which the assets are substantially ready to be used or sold.

2.15 Income tax

The Company and its subsidiaries in Chile account for income tax according to the net taxable income calculated based on the rules in the Income Tax Law. Subsidiaries in other countries account for income taxes according to the tax regulations of the country in which they operate.

Deferred income taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements, using the tax rates that have been enacted or substantively enacted on the balance sheet date and are expected to apply when the deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The Company does not recognize deferred income taxes for temporary differences from investments in subsidiaries in which the Company can control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the near future.

2.16 Employee benefits

The Company records a liability regarding indemnities for years of service that will be paid to employees in accordance with individual and collective agreements subscribed with employees, which is recorded at actuarial value in accordance with IAS 19 “Employee Benefits”.

Results from updated of actuarial variables are recorded within other comprehensive income in accordance with IAS 19.

Additionally, the Company has retention plans for some officers, which have a provision pursuant to the guidelines of each plan. These plans grant the right to certain officers to receive a cash payment on a certain date once they have fulfilled with the required years of service.

The Company and its subsidiaries have recorded a provision to account for the cost of vacations and other employee benefits on an accrual basis. These liabilities are recorded under current non-financial liabilities.

2.17 Provisions

Provisions for litigation and other contingencies are recognized when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.18 Leases

IFRS 16, "Leases" is effective for periods beginning on or after January 1, 2019, establishing a new recognition accounting model regarding leases. For first-adoption purposes and according to IFRS 16, the amended prospective method was chosen.

In accordance with IFRS 16 "Leases" Embotelladora Andina S.A. analyzes the economic background of the agreement, to determine if a contract is, or contains, a lease, evaluating whether the agreement transfers the right to control the use of an identified asset for a period of time in exchange for a consideration. Control is considered to exist if the client has i) the right to obtain substantially all the economic benefits from the use of an identified asset; and ii) the right to direct the use of the asset.

The Company when operating as a lessee, at the beginning of the lease (on the date the underlying asset is available for use) records an asset for the right-of-use in the statement of financial position (under Property, plant and equipment) and a lease liability (under Other financial liabilities). This asset is initially recognized at cost, which includes: i) value of the initial measurement of the lease liability; ii) lease payments made up to the start date less lease incentives received; iii) the initial direct costs incurred; and iv) the estimation of costs for dismantling or restoration. Subsequently, the right-of-use asset is measured at cost, adjusted by any new measurement of the lease liability, less accumulated depreciation and accumulated losses due to impairment of value. The right-of-use asset is depreciated in the same terms as the rest of similar depreciable assets, if there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If such certainty does not exist, the asset depreciates at the shortest period between the useful life of the asset or the lease term.

On the other hand, the lease liability is initially measured at the present value of the lease payments, discounted at the incremental loan rate of the Company, if the interest rate implicit in the lease could not be easily determined. Lease payments included in the measurement of the liability include: i) fixed payments, less any lease incentive receivable; ii) variable lease payments; iii) residual value guarantees; iv) exercise price of a purchase option; and v) penalties for lease termination.

The lease liability is increased to reflect the accumulation of interest and is reduced by the lease payments made. In addition, the carrying amount of the liability is measured again if there is a modification in the terms of the lease (changes in the term, in the amount of payments or in the evaluation of an option to buy or change in the amounts to be paid). Interest expense is recognized as an expense and is distributed among the periods that constitute the lease period, so that a constant interest rate is obtained in each year on the outstanding balance of the lease liability.

Short-term leases, equal to or less than one year, or lease of low-value assets are excepted from the application of the recognition criteria described above, recording the payments associated with the lease as an expense in a linear manner throughout the lease term. The Company does not act as lessor.

2.19 Deposits for returnable containers

This liability comprises cash collateral, or deposit, received from customers for bottles and other returnable containers made available to them.

This liability pertains to the deposit amount that is reimbursed when the customer or distributor returns the bottles and containers in good condition, together with the original invoice. The liability is estimated based on the number of bottles given to clients and distributors, the estimated number of bottles in circulation, and a historical average weighted value per bottle or containers. Deposits for returnable containers are presented as a current liability in other financial liabilities because the Company does not have legal rights to defer settlement for a period in excess of one year. However, the Company does not anticipate any material cash settlements for such amounts during the upcoming year.

2.20 Revenue recognition

The Company recognizes revenue when control over a good or service is transferred to the client. Control refers to the ability of the client to direct the use and obtain substantially all the benefits of the goods and services exchanged. Revenue is measured based on the consideration to which it is expected to be entitled for such transfer of control, excluding amounts collected on behalf of third parties.

Management has defined the following indicators for revenue recognition, applying the five-step model established by IFRS 15 “Revenue from contracts with customers”: 1) Identification of the contract with the customer; 2) Identification of performance obligations; 3) Determination of the transaction price; 4) Assignment of the transaction price; and 5) Recognition of revenue.

All the above conditions are met at the time the products are delivered to the customer. Net sales reflect the units delivered at list price, net of promotions, discounts and taxes.

The revenue recognition criteria of the good provided by Embotelladora Andina corresponds to a single performance obligation that transfers the product to be received to the customer.

2.21 Contributions of The Coca-Cola Company

The Company receives certain discretionary contributions from The Coca-Cola Company (TCCC) mainly related to the financing of advertising and promotional programs for its products in the territories where the Company has distribution licenses. The contribution received from TCCC are recognized in net income after the conditions agreed with TCCC in order to become a creditor to such incentive have been fulfilled, they are recorded as a reduction in the marketing expenses included in the Administration Expenses account. Given its discretionary nature, the portion of contributions received in one period does not imply it will be repeated in the following period.

2.22 Dividend payments

Dividend distribution to Company shareholders is recorded as a liability in the Company's Consolidated Financial Statements, considering the 30% minimum dividend of the period's earnings established by Chilean Corporate Law, unless otherwise agreed in the respective meeting, by the unanimity of the issued shares.

Interim and final dividends are recorded at the time of their approval by the competent body, which in the first case is normally the Board of Directors of the Company, while in the second case it is the responsibility of General Shareholders' Meeting.

2.23 Critical accounting estimates and judgments

The Company makes estimates and judgments concerning the future. Actual results may differ from previously estimated amounts.

In preparing the consolidated financial statements, the Company has used certain judgments and estimates made to quantify some of the assets, liabilities, income, expenses and commitments.

Following is an explanation of the estimates and judgments that might have a material impact on future financial statements.

2.23.1 Impairment of goodwill and intangible assets with indefinite useful lives

The Company tests annually whether goodwill and intangible assets with indefinite useful life (such as distribution rights) have suffered any impairment. The recoverable amounts of cash generating units are generating units are determined based on value in use calculations. The key variables used in the calculations include sales volumes and prices, discount rates, marketing expenses and other economic factors including inflation. The estimation of these variables requires a use of estimates and judgments as they are subject to inherent uncertainties; however, the assumptions are consistent with the Company's internal planning end past results. Therefore, management evaluates, and updates estimates according to the conditions affecting the variables. If these assets are considered to have been impaired, they will be written off at their estimated fair value or future recovery value according to the discounted cash flows analysis. Discounted cash flows in the Company's cash generating units in Chile, Brazil, Argentina and Paraguay generated a higher value than the carrying values of the respective net assets, including goodwill of the Brazilian, Argentinian and Paraguayan subsidiaries.

2.23.2 Fair Value of Assets and Liabilities

IFRS requires in certain cases that assets and liabilities be recorded at their fair value. Fair value is the price that would be received for selling an asset or paid to transfer a liability in a transaction ordered between market participants at the date of measurement.

The basis for measuring assets and liabilities at fair value are their current prices in an active market. For those that are not traded in an active market, the Company determines fair value based on the best information available by using valuation techniques.

In the case of the valuation of intangibles recognized as a result of acquisitions from business combinations, the Company estimates the fair value based on the "multi-period excess earning method", which involves the estimation of future cash flows generated by the intangible assets, adjusted by cash flows that do not come from these, but from other assets. The Company also applies estimations over the period during which the intangible assets will generate cash flows, cash flows from other assets, and a discount rate.

Other assets acquired, and liabilities assumed in a business combination are carried at fair value using valuation methods that are considered appropriate under the circumstances. Assumptions include the depreciated cost of recovery and recent transaction values for comparable assets, among others. These valuation techniques require certain inputs to be estimated, including the estimation of future cash flows.

2.23.3 Allowances for doubtful accounts

The Company evaluates the collectability of trade receivables using several factors. When the Company becomes aware of a specific inability of a customer to fulfill its financial commitments, a specific provision for doubtful accounts is estimated and recorded, which reduces the recognized receivable to the amount that the Company estimates to be able to collect. In addition to specific provisions, allowances for doubtful accounts are also determined based on the restated valued of expected credit losses pursuant to IFRS 9.

2.23.4 Useful life, residual value and impairment of property, plant, and equipment

Property, plant, and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of those assets. Changes in circumstances, such as technological advances, changes to the Company's business model, or changes in its capital strategy might modify the effective useful lives as compared to our estimates. Whenever the Company determines that the useful life of Property, plant and equipment might be shortened, it depreciates the excess between the net book value and the estimated recoverable amount according to the revised remaining useful life. Factors such as changes in the planned usage of manufacturing equipment, dispensers, transportation equipment and computer software could make the useful lives of assets shorter. The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of any of those assets may not be recovered. The estimate of future cash flows is based, among other factors, on certain assumptions about the expected operating profits in the future. The Company's estimation of discounted cash flows may differ from actual cash flows because of, among other reasons, technological changes, economic conditions, changes in the business model, or changes in operating profit. If the sum of the projected discounted cash flows (excluding interest) is less than the carrying amount of the asset, the asset shall be written-off to its estimated recoverable value.

2.23.5 Liabilities for deposits of returnable container

The Company records a liability for deposits received in exchange for bottles and containers provided to its customers and distributors. This liability represents the amount of deposits that must be reimbursed if the customer or distributor returns the bottles and containers in good condition, together with the original invoice. This liability is estimated based on the number of bottles given on loan to customers and distributors, estimates of bottles in circulation and the weighted average historical cost per bottle or container. Management uses professional judgment in order to estimate this liability, including the number of bottles in circulation, the amount of deposit that must be reimbursed and the timing of disbursements.

2.24.1 New Standards, Interpretations and Amendments for annual periods beginning on or after January 1, 2019.

Standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued, effective at the date of these financial statements, are detailed below.

The Company has applied these rules concluding that they will not significantly affect the financial statements.

	Standards, Interpretations, Amendments	Mandatory application date
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

IFRS 16 "Leases"

IFRS 16 replaces IAS17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating Leases Incentives" and SIC-27 " Evaluating the Substance of Transactions in the Legal Form of a Lease." The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires that lessees consider most leases in a single balance sheet model.

The lessor's accounting under IFRS 16 remains substantially unchanged from IAS 17. Lessors will continue to classify leases as operating or financial leases using principles similar to those in IAS 17.

IFRIC 23 "Uncertainty over Income Tax Treatments"

The Interpretation addresses the accounting of income taxes when tax treatments imply uncertainty that affects the application of IAS 12 "Income taxes". It does not apply to taxes or encumbrances that are outside the scope of IAS 12, nor does it specifically include requirements related to interests and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- If an entity considers the treatment of uncertain tax positions separately
- The assumptions that an entity makes about the assessment of tax treatments by tax authorities
- How an entity determines fiscal gain (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

This interpretation began its effective application as of January 1, 2019. The application of IFRIC 23 has not generated impacts on the consolidated financial statements of Embotelladora Andina and its subsidiaries.

Amendments to IFRS that have been issued effective as of the date of these financial statements, are detailed below.

	Amendments	Application date
IFRS 3	Business combinations - interests previously held in a joint operation	January 1, 2019
IFRS 9	Financial instruments - payments with negative compensation	January 1, 2019
IFRS 11	Joint agreements - interests previously held in a joint operation	January 1, 2019
IAS 12	Income taxes - tax consequences of payments related to financial instruments classified as equity	January 1, 2019
IAS 23	Loan costs - eligible loan costs to be capitalized	January 1, 2019
IAS 28	Investments in associates - long-term investments in associates or joint ventures	January 1, 2019
IAS 19	Employee benefits - amendment, reduction or liquidation of the plan	January 1, 2019

Company Management will evaluate the impact of the amendments listed above, once such transactions are carried out.

2.24.2 New Accounting Standards, Interpretations and Amendments with effective application for annual periods beginning on or after January 1, 2020.

Standards and interpretations, as well as IFRS amendments, which have been issued, but have still not become effective as of the date of these financial statements are set forth below. The Company has not made an early adoption of these standards.

	Standards and Interpretations	Mandatory application date
Conceptual Framework	Revised Conceptual Framework	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2021

Revised Conceptual Framework

The IASB issued a Revised Conceptual Framework in March 2018, incorporating some new concepts, providing updated definitions and recognition criterion for assets and liabilities and clarifying some important concepts. Changes in the Conceptual Framework may affect the application of IFRS when no standard applies to a given transaction or event. The Revised Conceptual Framework becomes effective for periods ending on or after January 1, 2020.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new comprehensive accounting standard for insurance contracts that covers recognition, measurement, presentation and disclosure. The new rule applies to all types of insurance contracts, regardless of the type of entity that issues them, being effective for periods beginning on or after January 1, 2021, with required comparative figures, early application is allowed, provided that the entity also applies IFRS 9 and IFRS 15.

3 - FINANCIAL REPORTING BY SEGMENT

The Company provides financial information by segments according to IFRS 8 “Operating Segments,” which establishes standards for reporting by operating segment and related disclosures for products and services, and geographic areas.

The Company’s Board of Directors and Management measures and assesses performance of operating segments based on the operating income of each of the countries where there are Coca-Cola franchises.

The operating segments are determined based on the presentation of internal reports to the Company´s chief strategic decision-maker. The chief operating decision-maker has been identified as the Company´s Board of Directors who makes the Company’s strategic decisions.

The following operating segments have been determined for strategic decision making based on geographic location:

- Operation in Chile
- Operation in Brazil
- Operation in Argentina
- Operation in Paraguay

The four operating segments conduct their businesses through the production and sale of soft drinks and other beverages, as well as packaging materials.

Expenses and revenue associated with the Corporate Officer were assigned to the operation in Chile in the soft drinks segment because Chile is the country that manages and pays the corporate expenses, which would also be substantially incurred, regardless of the existence of subsidiaries abroad.

Total revenues by segment include sales to unrelated customers and inter-segments, as indicated in the consolidated statement of income of the Company.

A summary of the Company's operating segments in accordance to IFRS is as follows:

For the period ended June 30, 2019	Chile Operation CLP (000's)	Argentina Operation CLP (000's)	Brazil Operation CLP (000's)	Paraguay Operation CLP (000's)	Intercompany Eliminations CLP (000's)	Consolidated total CLP (000's)
Net sales	289,633,297	193,174,594	286,698,840	71,895,957	(1,222,238)	840,180,450
Cost of sales	(175,119,020)	(104,786,160)	(176,233,594)	(41,757,661)	1,222,238	(496,674,197)
Distribution expenses	(29,077,603)	(26,211,429)	(20,816,556)	(4,080,611)	—	(80,186,199)
Administrative expenses	(59,155,568)	(42,672,920)	(45,679,738)	(11,058,279)	—	(158,566,505)
Finance income	793,006	587,921	1,398,903	131,026	—	2,910,856
Finance expense	(6,474,998)	(120,040)	(15,724,818)	—		(22,319,856)
Interest expense, net*	**(5,681,992)**	**467,881**	**(14,325,915)**	**131,026**	**—**	**(19,409,000)**
Share of the entity in income of associates	(518,389)	—	526,274	—	—	7,885
Income tax expense	(5,514,532)	(1,418,417)	(8,018,269)	(2,799,203)	—	(17,750,421)
Other income (loss)	(4,816,832)	(1,094,507)	415,274	(123,962)	—	(5,620,027)
Net income of the segment reported	**9,749,361**	**17,459,042**	**22,566,316**	**12,207,267**	**—**	**61,981,986**
Depreciation and amortization	23,010,728	11,980,571	14,307,664	4,596,277	—	53,895,240
Current assets	184,053,952	69,172,630	141,324,277	30,778,484	—	425,329,343
Non-current assets	657,776,765	169,111,054	663,545,990	230,588,598	—	1,721,022,407
Segment assets, total	**840,212,443**	**238,283,684**	**804,870,267**	**261,367,082**	—	**2,144,733,476**
Carrying amount in associates and joint ventures accounted for using the equity method, total	49,237,481		51,950,215	—	—	101,187,696
Current liabilities	151,073,828	54,513,494	105,841,776	27,755,695	—	339,184,793
Non-current liabilities	487,601,264	15,703,003	414,967,231	15,227,136	—	933,498,634
Segment liabilities, total	**638,675,092**	**70,216,497**	**520,809,007**	**42,982,831**	**—**	**1,272,683,427**
Cash flows provided by in Operating Activities	42,910,504	14,380,529	26,701,745	5,741,258	—	88,734,036
Cash flows (used in) provided by Investing Activities	(30,432,470)	(12,843,664)	(8,031,659)	(6,008,599)	—	(57,316,392)
Cash flows (used in) provided by Financing Activities	(45,522,143)	(264,641)	(4,338,417)	(127,636)	—	(50,253,550)

(*) Financial expenses associated with external financing for the acquisition of companies, including capital contributions are presented in this item.

For the period ended June 30, 2018	Chile Operation CLP (000's)	Argentina Operation CLP (000's)	Brazil Operation CLP (000's)	Paraguay Operation CLP (000's)	Intercompany Eliminations CLP (000's)	Consolidated total CLP (000's)
Net sales	273,939,944	203,690,122	267,958,454	72,684,876	(769,157)	817,504,239
Cost of sales	(161,736,659)	(106,018,242)	(162,324,309)	(42,123,473)	769,157	(471,433,526)
Distribution expenses	(26,738,727)	(30,040,547)	(19,035,746)	(3,808,740)	—	(79,623,760)
Administrative expenses	(58,087,871)	(45,261,036)	(45,909,611)	(10,862,210)	—	(160,120,728)
Finance income	1,233,837	(329,042)	1,098,458	115,885	—	2,119,138
Finance expense*	(7,899,110)	997,125	(15,123,303)	0	—	(22,025,288)
Interest expense, net	**(6,665,273)**	**668,083**	**(14,024,845)**	**115,885**	**—**	(19,906,150)
Share of the entity in income of associates accounted for using the equity method	351,780	0	431,752	0	—	783,532
Income tax expense	(10,998,657)	(10,316,610)	(4,616,651)	(2,706,059)	—	(28,637,977)
Other income (loss)	(5,144,042)	330,515	(6,169,916)	411,354	—	(10,572,089)
Net income of the segment reported	**4,920,495**	**13,052,285**	**16,309,128**	**13,711,633**	**—**	**47,993,541**
Depreciation and amortization	20,681,203	9,818,832	13,128,075	4,700,712	—	48,328,822
Current assets	187,679,962	70,828,742	107,578,298	34,753,814	—	400,840,816
Non-current assets	631,764,648	148,515,647	627,219,623	240,470,431	—	1,647,970,349
Segment assets, total	**819,444,610**	**219,344,389**	**734,797,921**	**275,224,245**	—	**2,048,811,165**
Carrying amount in associates and joint ventures accounted for using the equity method, total	35,940,672	—	48,641,932	—	—	84,582,604
Disbursements of non-monetary segment assets,	22,012,676	11,273,960	20,208,772	3,497,785	—	56,993,193
Current liabilities	134,236,475	64,699,970	99,551,058	25,632,592	—	324,120,095
Non-current liabilities	466,183,096	15,055,022	393,100,377	15,586,339	—	889,924,834
Segment liabilities, total	**600,419,571**	**79,754,992**	**492,651,435**	**41,218,931**	**—**	**1,214,044,929**
Cash flows provided by Operating Activities	27,249,052	14,424,612	27,075,891	19,472,837	—	88,222,392
Cash flows (used in) provided by Investing Activities	(7,859,719)	(12,772,900)	(20,208,771)	(3,497,785)	—	(44,339,175)
Cash flows (used in) provided by Financing Activities	(51,136,632)	(9,651,055)	(3,000,015)	(124,854)	—	(63,912,556)

(*) Financial expenses associated with external financing for the acquisition of companies, including capital contributions among others, are presented in this item.

4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2019 and December 31, 2018 are detailed as follows:

By item	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Cash	349,184	2,907,276
Bank balances	34,818,774	46,425,927
Time deposits	2,014,239	1,500,315
Other fixed rate instruments	80,268,144	86,705,095
Total cash and cash equivalents	**117,450,341**	**137,538,613**

Time deposits expire in less than three months from their acquisition date and accrue market interest for this type of short-term investment. Other fixed-income instruments mainly correspond to purchase transactions with the resale of debt instruments with a maturity of less than 90 days, from the date of investment. There are no restrictions for significant amounts available to cash.

By currency	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
USD	14,174,350	5,917,041
EUR	9,622	51,401
ARS	10,777,198	6,726,906
CLP	50,195,498	86,121,695
PGY	—	10,680,600
BRL	42,293,673	28,040,970
Cash and cash equivalents	**117,450,341**	**137,538,613**

5 - OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS

The composition of other financial assets as of June 30, 2019 and 2018, is as follows:

	Balance			
	Current		Non-current	
Other financial assets	**06.30.2019**	**12.31.2018**	**06.30.2019**	**12.31.2018**
	CLP (000's)	**CLP (000's)**	**CLP (000's)**	**CLP (000's)**
Financial assets measured at amortized cost (1)		14,040	—	—
Financial assets at fair value (2)		669,527	85,597,714	87,446,662
Financial assets measured at amortized cost (3)	—	—	11,232,553	13,475,279
Increase (decrease) in foreign currency exchange (4)	—	—	(311,919)	(3,559,646)
Total	—	683,567	**96,518,349**	97,362,295

(1) Financial instruments held by the Company other than cash and cash equivalents. They consist of time deposits with short-term maturities (more than 90 days), restricted mutual funds and derivative contracts.

(2) See detail in Note 22

(3) Correspond to the rights in the Argentinean company Alimentos de Soya S.A., which are framed in the purchase of the "Ades" brand managed by The Coca-Cola Company at the end of 2016.

(4) Includes the effects of adopting IAS 29

6 — OTHER CURRENT AND NON-CURRENT NON-FINANCIAL ASSETS

The composition of other non-financial assets as of June 30, 2019 and 2018, is as follows:

	Balance			
	Current		Non-current	
Other non-financial assets	**06.30.2019**	**12.31.2018**	**06.30.2019**	**12.31.2018**
	CLP (000's)	**CLP (000's)**	**CLP (000's)**	**CLP (000's)**
Prepaid expenses	15,846,610	4,967,255	535,955	810,662
Tax credit remainder	146,659	18,022	223,142	13,322,720
Guaranty deposit (customs)	2,299	3,013	—	—
Deposit in courts	—	—	17,669,006	18,590,597
Others (1)	908,751	960,633	14,922,137	2,253,285
Total	**16,904,319**	5,948,923	**33,350,240**	34,977,264

(1) Other non-current non-financial assets are mainly composed of non-current tax credits

7 — TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables is detailed as follows:

Trade debtors and other accounts receivable, Gross	Balance			
	Current		Non-current	
	06.30.2019	12.31.2018	06.30.2019	12.31.2018
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Trade debtors	101,137,126	150,933,965	54,401	66,510
Other debtors	24,390,713	19,552,539	133,804	1,204,187
Other accounts receivable	2,840,383	9,925,027	1,306	—
Total	**128,368,222**	**180,411,531**	**189,511**	**1,270,697**

Trade debtors and other accounts receivable, Net	Balance			
	Current		Non-current	
	06.30.2019	12.31.2018	06.30.2019	12.31.2018
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Trade debtors	98,075,796	147,728,216	54,401	66,510
Other debtors	21,561,219	16,722,240	133,804	1,204,187
Other accounts receivable	2,537,652	9,662,867	1,306	—
Total	**122,174,667**	**174,113,323**	**189,511**	**1,270,697**

The stratification of the portfolio of current and non-current trade debtors is as follows:

Current trade debtors without impairment impact	Balance	
	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Less than one month	94,263,552	144,172,500
Between one and three months	2,289,530	2,066,514
Between three and six months	1,049,136	601,042
Between six and eight months	666,245	851,009
Older than eight months	2,923,064	3,309,410
Total	**101,191,527**	**151,000,475**

The Company has an approximate number of 276,000 clients, which may have balances in the different sections of the stratification. The number of clients is distributed geographically with 65,400 in Chile, 89,200 in Brazil, 64,400 in Argentina and 57,000 in Paraguay.

	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Debtors for current credit operations	101,137,126	150,933,965
Non-current credit operations	54,401	66,510
Total	**101,191,527**	**151,000,475**

The movement in the allowance for doubtful accounts is presented below:

	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Opening balance	**6,298,208**	**6,494,113**
Bad debt expense	353,571	1,629,761
Provision application	(332,468)	(1,257,591)
Change due to foreign exchange differences	(125,755)	(568,075)
Movement	**(104,652)**	**(195,905)**
Ending balance	**6,193,556**	**6,298,208**

8 — INVENTORIES

The composition of inventories is detailed as follows:

Details	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Raw materials (1)	98,737,597	86,102,495
Finished goods	34,510,312	37,213,848
Spare parts and supplies	20,262,391	28,777,180
Work in progress	514,633	780,324
Other inventories	4,538,942	1,049,165
Obsolescence provision (2)	(2,862,394)	(2,603,303)
Total	**155,701,481**	**151,319,709**

The cost of inventory recognized as cost of sales as of June 30, 2019 and 2018, is CLP 496,674,197 thousand and CLP 471,433,525 thousand, respectively

(1) Approximately 80% is composed of concentrate and sweeteners used in the preparation of beverages, as well as caps and PET supplies used in the packaging of the product.

(2) The obsolescence provision is related mainly with the obsolescence of spare parts classified as inventories and to a lesser extent to finished products and raw materials. The general standard is to provision all those multi-functional spare parts without utility in rotation in the last four years prior to the technical analysis technical to adjust the provision. In the case of raw materials and finished products, the obsolescence provision is determined according to maturity.

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9 - TAX ASSETS AND LIABILITIES

Current assets as of June 30, 2019 and December 31, 2018 are as follows:

Tax assets	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Tax credits (1)	5,858,023	2,532,056
Total	**5,858,023**	**2,532,056**

(1) Tax credits correspond to income tax credits on training expenses, purchase of Property, plant and equipment, and donations.

The composition of current tax payable as of June 30, 2019 and December 31, 2018, are detailed as follows:

Tax liabilities	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Income tax expense	2,078,402	9,338,612
Total	**2,078,402**	**9,338,612**

10 - INCOME TAX EXPENSE AND DEFERRED TAXES

10.1 Income tax expense

The current and deferred income tax expenses are detailed as follows:

Details	06.30.2019 CLP (000's)	06.30.2018 CLP (000's)
Current income tax expense	17,402,081	26,246,772
Current tax adjustment previous period	195,747	286,066
Withholding tax expense foreign subsidiaries	1,661,607	1,773,175
Other current tax expense (income)	(209,530)	38,235
Current income tax expense	**19,049,905**	**28,344,248**
Income (expense) for the creation and reversal of current tax difference	(1,299,484)	293,729
Expense (income) for deferred taxes	**(1,299,484)**	**293,729**
Total income tax expense	**17,750,421**	**28,637,977**

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The distribution of national and foreign tax expenditure is as follows:

Income taxes	06.30.2019 CLP (000's)	06.30.2018 CLP (000's)
Current taxes		
Foreign	(10,937,042)	(18,085,103)
National	(8,112,863)	(10,259,145)
Current tax expense	**(19,049,905)**	**(28,344,248)**
Deferred taxes		
Foreign	(1,298,846)	445,783
National	2,598,330	(739,512)
Deferred tax expense	**1,299,484**	**(293,729)**
Income tax expense	**(17,750,421)**	**(28,637,977)**

The reconciliation of the tax expense using the statutory rate with the tax expense using the effective rate is as follows:

Reconciliation of effective rate	06.30.2019 CLP (000's)	06.30.2018 CLP (000's)
Net income before taxes	**79,732,407**	**76,631,518**
Tax expense at legal rate (27.0%)	**(21,527,750)**	**(20,690,510)**
Effect of a different tax rate in other jurisdictions	**(233,863)**	**789,353**
Permanent differences:		
Non-taxable revenues	4,042,581	4,641,825
Non-deductible expenses	(869,676)	(4,559,816)
Foreign subsidiaries tax withholding expense and other legal tax debits and credits	838,288	(8,818,829)
Adjustments to tax expense	**4,011,192**	**(8,736,820)**
Tax expense at effective rate	**(17,750,421)**	**(28,637,977)**
Effective rate	**22.3%**	**37.4%**

The applicable income tax rates in each of the jurisdictions where the Company operates are the following:

	Rate	
Country	2019	2018
Chile	27.0%	27.0%
Brazil	34.0%	34.0%
Argentina	30.0%	30.0%
Paraguay	10.0%	10.0%

10.2 Deferred income taxes

The net cumulative balances of temporary differences that give rise to deferred tax assets and liabilities are detailed as follows:

Temporary differences	06.30.2019 Assets CLP (000's)	06.30.2019 Liabilities CLP (000's)	12.31.2018 Assets CLP (000's)	12.31.2018 Liabilities CLP (000's)
Property, plant and equipment	6,146,488	55,486,144	5,420,447	46,181,359
Obsolescence provision	1,803,699	—	910,076	112,359
Employee benefits	2,670,170	24,709	5,169,161	131,829
Post-employment benefits	63,280	758,735	90,941	1,014,354
Tax loss carried-forwards (1)	10,986,264	—	9,137,392	—
Tax Goodwill Brazil	14,208,001	—	18,836,838	—
Contingency provision	22,660,916	—	26,796,262	—
Foreign exchange differences (2)	—	—	13,083,953	—
Allowance for doubtful accounts	1,308,144	—	1,262,977	—
Coca-Cola incentives (Argentina)	20,235	—	352,061	—
Assets and liabilities for placement of bonds	—	1,251,673	—	1,327,727
Lease liabilities	2,436,080	0	1,328,320	—
Inventories	346,479	0	347,470	—
Distribution rights	—	159,098,626	—	173,273,994
Others	8,059,767	—	0	5,940,224
Subtotal	**70,709,523**	**216,619,887**	**82,735,898**	**227,981,846**
Total liabilities net	**1,618,274**	**147,528,637**	**—**	**145,245,948**

(1) Tax losses mainly associated with the subsidiary Embotelladora Andina Chile S.A. In Chile tax losses have no expiration date
(2) Corresponds to differed taxes for exchange rate differences generated on the translation of debt expressed in foreign currency in the subsidiary Rio de Janeiro Refrescos Ltda. and which for tax purposes are recognized in Brazil when incurred..

The movement in deferred income tax accounts is as follows:

Movement	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Opening Balance	**145,245,948**	**121,991,585**
Increase (decrease) in deferred tax	(415,875)	11,303,016
Increase (decrease) due to foreign currency translation(*)	1,080,290	11,951,347
Total movements	**664,415**	**23,254,363**
Ending balance	**145,910,363**	**145,245,948**

(*) Includes IAS 29 effect, due to inflation in Argentina

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11 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are detailed below at the end of each period:

Property, plant and equipment, gross	**06.30.2019**	**12.31.2018**
	CLP (000's)	**CLP (000's)**
Construction in progress	24,238,371	26,048,670
Land	100,177,443	100,479,196
Buildings	293,871,087	371,279,937
Plant and equipment	543,104,896	623,568,795
Information technology equipment	23,094,737	22,752,205
Fixed installations and accessories	45,639,151	43,717,907
Vehicles	46,884,153	53,682,179
Leasehold improvements	2,477,215	144,914
Rights of use (1)	38,227,208	—
Other properties, plant and equipment (2)	445,396,972	438,350,022
Total Property, plant and raw equipment, gross	**1,563,111,233**	**1,680,023,825**

Accumulated depreciation of Property, plant and equipment	**06.30.2019**	**12.31.2018**
	CLP (000's)	**CLP (000's)**
Buildings	(82,558,635)	(157,119,586)
Plant and equipment	(363,730,721)	(416,164,810)
Information technology equipment	(17,931,663)	(17,567,484)
Fixed installations and accessories	(24,855,630)	(22,660,738)
Vehicles	(28,768,323)	(31,883,578)
Leasehold improvements	(688,605)	(112,737)
Rights of use	(4,138,740)	—
Other properties, plant and equipment (2)	(326,098,973)	(323,743,924)
Total accumulated depreciation	(848,771,290)	(969,252,857)
Total Property, plant and raw equipment, net	**714,339,943**	**710,770,968**

(1) For adoption of IFRS 16. See details of underlying assets in Note 11.1
(2) The net balance of each of these categories is presented below:

Other Property, plant and equipment	**06.30.2019**	**12.31.2018**
	CLP (000's)	**CLP (000's)**
Bottles	50,205,132	51,522,834
Marketing and promotional assets	52,553,944	45,739,948
Other Property, plant and equipment	16,538,923	17,343,316
Total	**119,297,999**	**114,606,098**

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11.1 Movements

Movements in Property, plant and equipment as of June 30, 2019 and December 31, 2018 are detailed as follows:

	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT equipment net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, net	Others	Rights-of-use	Property, plant & equipment, net
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Opening balance at January 1, 2019	**26,048,670**	**100,479,196**	**214,160,351**	**207,403,985**	**5,184,721**	**21,057,169**	**21,798,601**	**32,177**	**114,606,098**	**—**	**710,770,968**
Additions	14,699,680	—	148,339	4,804,013	395,328	—	179,024	1,309	20,856,853	—	41,084,546
Right-of use additions(3)	—	—	—	—	—	—	—	—	—	19,874,668	19,874,668
Disposals	—	—	(2,410)	(163,597)	(977)	—	(52,095)	(155)	(623,540)	—	(853,982)
Transfers between items of Property, plant and equipment	(11,208)	—	1,535,288	2,810,608	614,935	791,840	2,072,550	30,241	7,741,202	—	—
Right-of-use transfers	(15,596,664)	—	(68,074)	(14,011,365)	(23,712)	—	(1,181,465)	—	(2,521,084)	17,805,700	—
Depreciation expense	—	—	(3,806,726)	(18,700,150)	(945,200)	(1,486,253)	(2,661,809)	(10,296)	(21,095,043)	—	(48,705,477)
Amortization (2)	—	—	—	—	—	—	—	—	—	(4,138,740)	(4,138,740)
Increase (decrease) due to foreign currency translation differences	(1,168,312)	(280,975)	(183,875)	(1,254,560)	(81,461)	420,766	(169,874)	(11)	(106,868)	530,287	(2,294,883)
Other increase (decrease) (1)	266,205	(20,778)	(470,441)	(1,514,759)	19,440	(1)	(1,869,102)	1,735,345	440,381	16,553	(1,397,157)
Total movements	**(1,810,299)**	**(301,753)**	(2,847,899)	**(28,029,810)**	(21,647)	(273,648)	(3,682,771)	1,756,433	4,691,901	34,088,468	**3,568,975**
Ending balance at June 30, 2019	**24,238,371**	**100,177,443**	211,312,452	**179,374,175**	5,163,074	20,783,521	18,115,830	1,788,610	119,297,999	34,088,468	**714,339,943**

(1) Mainly correspond to effects of adopting IAS 29 in Argentina.

(2) Of the total of CLP 4,138,740 thousand recorded as amortization for the current period, approximately CLP 2,949 million correspond to right-of-use amortization arising from the adoption of the IFRS, effective beginning on January 1, 2019. The remaining CLP 1,189 million correspond to depreciation (today amortization) of goods acquired under the financial lease method, which until December 31, 2018 were classified and valued pursuant to the accounting criteria of property, plant and equipment.

(3) For IFRS 16 adoption

	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT Equipment, net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, net	Other, net	Property, plant and equipment, net
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Opening balance at January 1, 2018	**84,118,716**	**96,990,155**	**162,385,848**	**155,833,080**	**4,627,325**	**19,589,877**	**29,263,265**	**7,415**	**106,934,818**	**659,750,499**
Additions	65,284,334	—	504,675	17,924,606	783,299	165,226	1,451,462	1,430	42,793,277	**128,908,309**
Disposals	—	(5,465)	(209,713)	(1,002,133)	—	—	(203,036)	—	(1,588,050)	(3,008,397)
Transfers between items of Property, plant and equipment	(109,893,610)	—	45,032,440	54,460,571	622,222	1,481,081	(2,218,354)	22,000	10,493,650	—
Depreciation expense	—	—	(7,001,828)	(39,182,401)	(1,830,295)	(2,668,535)	(5,201,263)	(11,112)	(41,727,195)	(97,622,630)
Increase (decrease) due to foreign currency translation differences	(6,880,059)	(4,615,830)	(14,485,709)	(17,048,903)	(414,850)	(4,048,135)	(1,722,767)	169	(16,954,922)	(66,171,006)
Other increase (decrease) (1)	(6,580,711)	8,110,336	27,934,638	36,419,165	1,397,020	6,537,655	429,294	12,275	14,654,520	88,914,192
Total movements	**(58,070,046)**	**3,489,041**	**51,774,503**	**51,570,905**	**557,396**	**1,467,292**	**(7,464,664)**	**24,762**	**7,671,280**	**51,020,469**
Ending balance at December 31, 2018	**26,048,670**	**100,479,196**	**214,160,351**	**207,403,985**	**5,184,721**	**21,057,169**	**21,798,601**	**32,177**	**114,606,098**	**710,770,968**

(1) Mainly correspond to property, plant & equipment write-offs.

Right-of-use is composed of as follows:

Rights of use	**Gross asset**	**Depreciation**
	CLP (000's)	**CLP (000's)**
Buildings	2,209,647	(461,331)
Plant and equipment	30,855,364	(2,781,522)
IT Equipment	17,392	(19,901)
Motor vehicles	3,670,223	(777,829)
Others	1,474,582	(98,157)
Total	**38,227,208**	**4,138,740**

Interest expense for accumulated lease liabilities as of June 30, 2019 amounts to **CLP 1,215,269 thousand.**

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12 - RELATED PARTIES

Balances and main transactions with related parties are detailed as follows:

12.1 Accounts receivable:

Taxpayer ID	Company	Relationship	Country	Currency	06.30.2019		12.31.2018	
					Current CLP (000's)	Non-current CLP (000's)	Current CLP (000's)	Non-current CLP (000's)
96.891.720-K	Embonor S.A.	Shareholder related	Chile	CLP	3,241,279	—	4,344,082	—
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	CLP	17,579	122,506	2,175,934	74,340
Foreign	Coca-Cola de Argentina	Director related	Argentina	ARS	789,665	—	1,684,357	—
Foreign	UBI 3 (Ades)	Shareholder related	Argentina	ARS	—	—	455,823	—
Foreign	Alimentos de Soja S.A.U.	Shareholder related	Argentina	ARS	405,169	—	371,712	—
96.517.210-2	Embotelladora Iquique S.A.	Shareholder related	Chile	CLP	190,442	—	228,387	—
86.881.400-4	Envases CMF S.A.	Associate	Chile	CLP	588,283	—	161,460	—
96.919.980-7	Cervecería Austral S.A.	Director related	Chile	USD	31,969	—	26,557	—
77.755.610-K	Comercial Patagona Ltda.	Director related	Chile	CLP	2,560	—	1,951	—
76.572.588-7	Coca-Cola del Valle New Ventures S.A.	Associate	Chile	CLP	1,973,566	—	—	—
Total					**7,240,512**	**122,506**	**9,450,263**	**74,340**

12.2 Accounts payable:

Taxpayer ID	Company	Relationship	Country	Currency	06.30.2019		12.31.2018	
					Current CLP (000's)	Non-current CLP (000's)	Current CLP (000's)	Non-current CLP (000's)
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	CLP	24,424,578	—	21,286,933	—
Foreign	Recofarma do Indústrias Amazonas Ltda.	Shareholder related	Brazil	BRL	7,146,089	—	8,681,099	—
86.881.400-4	Envases CMF S.A.	Associate	Chile	CLP	3,779,116	—	5,702,194	—
Foreign	Ser. y Prod. para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	ARS	5,111,140	—	5,479,714	—
Foreign	Leão Alimentos e Bebidas Ltda.	Associate	Brazil	BRL	1,510,745	—	3,132,515	—
Foreign	Monster	Shareholder related	Brazil	BRL	193,830	—	664,565	—
76.572.588-7	Coca-Cola del Valle New Ventures S.A.	Associate	Chile	CLP	858,610	—	649,046	—
89.996.200-1	Envases del Pacífico S.A.	Director related	Chile	CLP	10,481	—	139,468	—
96.891.720-K	Embonor S.A.	Shareholder related	Chile	CLP	—	—	92,325	—
Foreign	Alimentos de Soja S.A.U.	Shareholder related	Argentina	ARS	847,629	—	—	—
Foreign	Verde Campo	Shareholder related	Brazil	BRL	176,516	—	—	—
Foreign	Coca-Cola Panama	Shareholder related	Panamá	USD	29,936	—	—	—
Total					**44,088,670**	**—**	**45,827,859**	**—**

12.3 Transactions:

Taxpayer ID	Company	Relationship	Country	Transaction description	Currency	Accumulated 06.30.2019 CLP (000's)	Accumulated 06.30.2018 CLP (000's)
96.714.870-9	Coca-Cola de Chile S.A.	Shareholders	Chile	Concentrate purchase	CLP	63,777,733	71,170,250
96.714.870-9	Coca-Cola de Chile S.A.	Shareholders	Chile	Purchase of advertising services	CLP	13,046,133	2,751,437
96.714.870-9	Coca-Cola de Chile S.A.	Shareholders	Chile	Water source lease	CLP	2,598,339	2,875,479
96.714.870-9	Coca-Cola de Chile S.A.	Shareholders	Chile	Sale of raw materials and others	CLP	780,489	392,989
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	CLP	7,066,035	7,985,433
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of raw materials	CLP	10,240,109	6,272,441
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of caps	CLP	115,513	402,792
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of services and others	CLP	212,615	325,351
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of containers	CLP	2,790,017	1,700,598
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of containers/raw materials	CLP	2,724,574	1,782,865
96.891.720-K	Embonor S.A.	Shareholder related	Chile	Sale of finished products	CLP	24,063,032	20,613,464
96.517.310-2	Embotelladora Iquique S.A.	Shareholder related	Chile	Sale of finished products	CLP	1,499,195	1,200,209
89.996.200-1	Envases del Pacífico S.A.	Director related	Chile	Purchase of raw materials and materials	CLP	—	759,871
94.627.000-8	Parque Arauco S.A	Director related	Chile	Space lease	CLP	—	91,685
Foreign	Recofarma do Indústrias Amazonas Ltda.	Shareholder related	Brazil	Concentrate purchase	BRL	53,023,837	47,794,249
Foreign	Recofarma do Indústrias Amazonas Ltda.	Shareholder related	Brazil	Reimbursement and other purchases	BRL	4,972,831	3,203,470
Foreign	Serv. y Prod. para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Concentrate purchase	ARS	44,254,659	52,708,057
Foreign	Serv. y Prod. para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Advertising participation	ARS	3,525,902	6,347,282
Foreign	Coca-Cola Peru	Shareholder related	Peru	Concentrate purchase and marketing recovery	USD	—	519,973
Foreign	Sorocaba Refrescos S.A.	Associate	Brazil	Purchase of products	BRL	490,101	367,747
Foreign	Leão Alimentos e Bebidas Ltda.	Associate	Brazil	Purchase of products	BRL	—	146,116
76.572.588-7	Coca-Cola Del Valle New Ventures SA	Shareholder in common	Chile	Sale of services and others	CLP	1,947,606	382,589
Foreign	Alimentos de Soja S.A.U.	Shareholder related	Argentina	Payment of commissions and services	ARS	698,713	101,490
Foreign	Alimentos de Soja S.A.U.	Shareholder related	Argentina	Purchase of products	ARS	2,272,708	—

12.4 Salaries and benefits received by key management

Salaries and benefits paid to the Company's key management personnel including directors and managers are detailed as follows:

Description	06.30.2019	06.30.2018
	CLP (000's)	CLP (000's)
Executive wages, salaries and benefits	3,626,378	3,635,369
Director allowances	748,000	739,123
Total	**4,374,378**	**4,374,492**

13 — CURRENT AND NON-CURRENT EMPLOYEE BENEFITS

Employee benefits are detailed as follows:

Description	06.30.2019	12.31.2018
	CLP (000's)	CLP (000's)
Accrued vacation	15,517,492	19,536,809
Participation in profits and bonuses	14,432,226	13,674,170
Indemnities for years of service	9,269,147	9,415,541
Total	**39,218,865**	**42,626,520**
	CLP (000's)	CLP (000's)
Current	25,749,718	33,210,979
Non-current	13,469,147	9,415,541
Total	**39,218,865**	**42,626,520**

13.1 Indemnities for years of service

The movements of employee benefits, valued pursuant to Note 2 are detailed as follows:

Movements	06.30.2019	12.31.2018
	CLP (000's)	CLP (000's)
Opening balance	**9,415,541**	**8,286,355**
Service costs	556,793	957,593
Interest costs	148,504	565,167
Actuarial losses	7,932	271,045
Benefits paid	(859,623)	(664,619)
Total	**9,269,147**	**9,415,541**

13.1.1 Assumptions

The actuarial assumptions used are detailed as follows:

Assumptions	06.30.2019	12.31.2018
Discount rate	**2.7%**	2.7%
Expected salary increase rate	**2.0%**	2.0%
Turnover rate	**5.4%**	5.4%
Mortality rate	**RV-2014**	RV-2009
Retirement age of women	**60 years**	60 years
Retirement age of men	**65 years**	65 years

13.2 Personnel expenses

Personnel expenses included in the consolidated statement of income are as follows:

Description	06.30.2019 CLP (000's)	06.30.2018 CLP (000's)
Wages and salaries	93,032,594	95,328,073
Employee benefits	25,943,028	23,022,830
Severance benefits	3,426,116	3,066,863
Other personnel expenses	7,478,967	7,150,386
Total	**129,880,705**	**128,568,152**

13.3 Number of employees

Description	06.30.2019	06.30.2018
Number of employees	15,171	14,868
Average number of employees	15,475	15,110

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14 — INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates using equity method of accounting are detailed as follows:

Taxpayer ID	Company	Country	Functional Currency	Investment value		Ownership interest	
				06.30.2019	12.31.2018	06.30.2019	12.31.2018
				CLP (000's)	CLP (000's)		
86.881.400-4	Envases CMF S.A. (1)	Chile	CLP	18,071,310	18,743,604	50.00%	50.00%
Foreign	Leão Alimentos e Bebidas Ltda. (2)	Brazil	BRL	21,565,430	21,727,894	10.26%	10.26%
Foreign	Kaik Participações Ltda. (2)	Brazil	BRL	1,232,510	1,228,256	11.32%	11.32%
Foreign	SRSA Participações Ltda.	Brazil	BRL	62,787	94,706	40.00%	40.00%
Foreign	Sorocaba Refrescos S.A.	Brazil	BRL	22,955,838	22,979,029	40.00%	40.00%
Foreign	Trop Frutas do Brasil Ltda. (2)	Brazil	BRL	6,133,498	6,244,839	7.52%	7.52%
76.572.588.7	Coca-Cola del Valle New Ventures S.A.	Chile	CLP	31,166,323	31,392,617	35.00%	35.00%
Total				**101,187,696**	**102,410,945**		

(1) In Envases CMF S.A., regardless of the percentage of ownership interest, it was determined that no controlling interest was held, only a significant influence, given that there was not a majority vote of the Board of Directors to make strategic business decisions.
(2) In these companies, regardless of the percentage of ownership interest held, the Company has significant influence, given that it has a representative on each entity's Board of Directors.

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14.1 Movement

The movement of investments in other entities accounted for using the equity method is shown below:

Description	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Opening balance	**102,410,945**	**86,809,069**
Other investment increases in associates (Capital contributions to Leão Alimentos e Bebidas Ltda. and Coca-Cola del Valle New Ventures S.A.)	—	15,615,466
Dividends received	(630,885)	(403,414)
Share in operating income	484,321	2,194,144
Amortization unrealized income in associates	(476,518)	85,268
Increase (decrease) in foreign currency translation, investments in associates	(600,167)	(1,889,588)
Ending balance	**101,187,696**	**102,410,945**

The main movements are explained below:

• During 2018, Embotelladora Andina S.A. made a capital contribution in Coca-Cola del Valle New Ventures S.A. for CLP 15,615,466 thousand.

• During fiscal year 2018 Envases CMF S.A. distributed dividends, while as of June 30, 2019, only Sorocaba Refrescos S.A. has distributed dividends.

14.2 Reconciliation of share of profit in investments in associates:

Description	06.30.2019 CLP (000's)	06.30.2018 CLP (000's)
Equity value on income of associates	**484,321**	**1,118,366**
Unrealized earnings from product inventory acquired from associates and not sold at the end of the period, which is presented as a discount in the respective asset account (containers and / or inventory)	(519,069)	(377,465)
Amortization goodwill in the sale of fixed assets of Envases CMF S.A.	42,633	42,633
Income statement balance	**7,885**	**783,534**

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14.3 Summary financial information of associates:

The following table presents summarized information regarding the Company´s equity investees as of June 30, 2019:

	Envases CMF S.A.	Sorocaba Refrescos S.A.	Kaik Participações Ltda.	SRSA Participações Ltda.	Leão Alimentos e Bebidas Ltda.	Trop Frutas do Brasil Ltda.	Coca-Cola del Valle New Ventures S.A.
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Total assets	71,314,290	106,460,187	10,970,861	379,087	239,970,976	95,577,819	105,533,625
Total liabilities	33,792,306	47,849,221	33	220,311	39,705,070	20,906,601	19,974,502
Total revenue	27,654,284	30,339,013	110,666	155,195	64,078,835	20,049,468	14,701,402
Net income (loss) of associate	368,683	1,483,870	110,666	155,195	698,671	(896,172)	762,450
Reporting date	06-30-2019	05-31-2019	05-31-2019	05-31-2019	05-31-2019	05-31-2019	05-31-2019

15 - INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets other than goodwill are detailed as follows:

	June 30, 2019			December 31, 2018		
Description	Gross Value	Accumulated Amortization	Net Value	Gross Value	Accumulated Amortization	Net Value
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Distribution rights (1)	649,157,032	(419,706)	648,737,326	661,285,834	(259,434)	661,026,400
Software	31,811,264	(25,016,374)	6,794,890	31,526,159	(24,160,202)	7,365,957
Others	724,287	(294,091)	430,196	728,198	(298,002)	430,196
Total	**681,692,583**	**(25,730,171)**	**655,962,412**	**639,540,191**	**24,717,638**	**668,822,553**

(1) Correspond to the contractual rights to produce and distribute Coca-Cola products in certain parts of Argentina, Brazil, Chile and Paraguay. Distribution rights result from the valuation process at fair value of the assets and liabilities of the companies acquired in business combinations. Production and distribution contracts are renewable for periods of 5 years with Coca-Cola. The nature of the business and renewals that Coca-Cola has permanently done on these rights, allow qualifying them as indefinite contracts. These production and distribution rights, and in conjunction with the assets that are part of the cash-generating units, are annually subjected to the impairment test. Such distribution rights are composed in the following manner and are not subject to amortization: except for the Monster rights that are amortized in the term of the agreement which is 4 years.

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Distribution rights	06.30.2019	12.31.2018
	CLP (000's)	CLP (000's)
Chile (excluding Metropolitan Region, Rancagua and San Antonio)	305,276,325	304,888,183
Brazil (Rio de Janeiro, Espirito Santo, Ribeirão Preto and investments in Sorocaba y Leão Alimentos e Bebidas Ltda.)	178,994,181	181,583,404
Paraguay	162,383,556	172,594,328
Argentina (North and South)	2,083,264	1,960,485
Total	**648,737,326**	**661,026,400**

The movement and balances of identifiable intangible assets are detailed as follows:

	01-01-2019 to 06-30-2019				01-01-2018 to 12-31-2018			
Details	Distribution Rights	Others	Software	Total	Distribution Rights	Others	Software	Total
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Opening balance	**661,026,400**	**430,196**	**6,507,343**	**668,822,553**	**656,294,617**	**470,918**	**6,507,343**	**663,272,878**
Additions	—	—	468,054	468,054	—	—	3,718,038	3,718,038
Amortization	(65,329)	—	(1,051,023)	(1,116,352)	(112,601)	(40,722)	(1,971,417)	(2,124,740)
Other increases (decreases) (1)	(12,223,745)	—	(11,902)	(12,211,843)	4,844,384	—	(888,007)	(30,595,028)
Total	**648,737,326**	**430,196**	**7,066,228**	**653,032,048**	**661,026,400**	**430,196**	**7,365,957**	**668,822,553**

(1) Mainly corresponds to restatement due to the effects of translation of distribution rights of foreign subsidiaries.

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16 - GOODWILL

Movement in Goodwill as of June 30, 2019 and December 31, 2018 is detailed as follows:

Operating segment	01.01.2019	Additions/ Disposals	Foreign currency translation differences where functional currency is different from presentation currency and hyperinflation	06.30.2019
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Chilean operation	8,503,023	—	—	8,503,023
Brazilian operation	73,080,100	—	(837,031)	72,243,069
Argentine operation	28,318,129	—	1,772,118	30,090,247
Paraguayan operation	7,327,921	—	(430,784)	6,897,137
Total	**117,229,173**	**—**	**504,303**	**117,733,476**

Operating segment	01.01.2018	Additions/ Disposals	Foreign currency translation differences where functional currency is different from presentation currency and hyperinflation	12.31.2018
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Chilean operation	8,503,023	—	—	8,503,023
Brazilian operation	73,509,080	—	(428,980)	73,080,100
Argentine operation	4,672,971	—	23,645,158	28,318,129
Paraguayan operation	6,913,143	—	414,778	7,327,921
Total	**93,598,217**	**—**	**23,630,956**	**117,229,173**

17 - OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Liabilities are detailed as follows:

	Balance			
	Current		Non-current	
	06.30.2019	12.31.2018	06.30.2019	12.31.2018
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Bank loans	20,567,042	21,542,736	1,634,262	2,439,253
Bonds payable	21,009,301	20,664,481	693,712,809	700,327,057
Deposits in guarantee	12,340,826	12,242,464	—	—
Derivative contract obligations (see note 22)	474,319	130,829	—	—
Leasing agreements	5,931,244	1,534,467	24,313,183	13,797,468
Total	**60,322,732**	**56,114,977**	**719,660,254**	**716,563,778**

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The fair value of financial assets(1) and liabilities as of June 30, 2019 and December 31, 2018 is presented below:

Current	Book Value 06.30.2019	Fair Value 06.30.2019	Book Value 12.31.2018	Fair Value 12.31.2018
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Other financial assets (2)	—	—	683,567	683,567
Bank loans (2)	20,567,042	19,386,766	21,542,736	20,298,761
Bonds payable (1)	21,099,301	24,779,282	20,664,481	22,318,939
Derivative contract obligations (2) (see note 22)	474,319	474,319	130,829	130,829
Leasing agreements (1)	5,931,244	5,931,244	1,534,467	1,534,467

Non-current	Book Value 06.30.2019	Fair Value 06.30.2019	Book Value 12.31.2018	Fair Value 12.31.2018
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Other financial assets (2)	96,518,349	96,518,349	97,362,295	97,362,295
Bank loans (2)	1,634,262	1,589,188	2,439,253	2,307,396
Bonds payable (1)	693,712,809	816,643,206	700,327,057	755,694,265
Leasing agreements (2)	24,313,183	13,797,468	13,797,468	13,797,468

(1) The fair value of bonds payable is classified as Level 2 of the fair value measurement hierarchies based on the prices quoted for the obligations of the Company.

(2) Fair values are based on discounted cash flows using market discount rates at the close of the six month and one year period and are classified as Level 2 of the fair value measurement hierarchies.

(1) Financial instruments such as: Cash and cash equivalents, Commercial debtors and other accounts receivable, Accounts receivable related entities, Deposits in Guarantee for packaging and Trade accounts payable and other accounts payable present a fair value that approximates their value in books, considering their nature and the duration of the obligation

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17.1.1 Bank obligations, current

Indebted entity			Creditor entity							Maturity		Total	
Tax ID	Name	Country	Tax ID	Name	Country	Currency	Type of Amortization	Effective Rate	Nominal Rate	Up to 90 days	90 days to 1 year	at 06.30.2019	At 12.31.2018
										CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	UF	Semi-annually	2.13%	2.13%	—	381,993	381,993	726,943
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina	Argentina	ARS	Monthly	20.00%	20.00%	—	—	—	1,071
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	BRL	Monthly	6.63%	6.63%	11,119	31,927	43,046	171,415
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	BRL	Monthly	7.15%	7.15%	11,130	—	11,130	277,517
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	BRL	Quarterly	4.50%	4.50%	607,877	1,211,607	1,819,484	2,455,578
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	BRL	Quarterly	6.24%	6.24%	10,336,401	7,974,988	18,311,389	17,910,212
Total												**20,567,042**	**21,542,736**

17.1.2 Bank obligations, non-current

Indebted Entity			Creditor Entity							Maturity					
Tax ID	Name	Country	Tax ID	Name	Country	Currency	Type Amortization	Effective Rate	Nominal Rate	1 year up to 2 years	More 2 years Up to 3 years	More 3 years Up to 4 years	More 4 years Up to 5 years	More 5 Years	at 06.30.2019
										CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	UF	Semiannually	2.13%	2.13%	1,447,496	—	—	—	—	1,447,496
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	BRL	Monthly	6.63%	6.63%	42,570	42,570	42,570	59,056	—	186,766
TOTAL															**1,634,262**

17.1.3 Bank obligations, non-current previous

Indebted Entity			Creditor Entity												
Tax ID	Name	Country	Tax ID	Name	Country	Currency	Type Amortization	Effective Rate	Nominal Rate	1 year up to 2 years	More 2 years Up to 3 years	More 3 years Up to 4 years	More 4 years Up to 5 years	More 5 Years	at 12.31.2018
										CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	UF	Semiannually	2.1%	2.1%	1,434,786	—	—	—	—	1,434,786
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	BRL	Monthly	6.6%	6.6%	72,439	43,033	43,033	81,225	—	239,730
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	BRL	Monthly	7.2%	7.2%	151,873	—	—	—	—	151,873
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	BRL	Quarterly	4.5%	4.5%	612,864	—	—	—	—	612,864
Total															**2,439,253**

17.1.4 Current and non-current bank obligations "Restrictions"

Bank obligations are not subject to restrictions for the reported periods.

17.2.1 Bonds payable

During 2018, Andina carried out a debt restructuring process that consisted of a partial repurchase in the amount of USD 210 million of the 144A/RegS Senior Notes and refinancing it with the placement of Series F bonds in the local market in the amount of UF 5.7 million due 2039 and accruing an annual interest rate of 2.83%.

The costs corresponding to the repurchase of bonds, associated with premium payments, overpricing and proportional amortization of placement costs and discounts in bonds in original U.S. Dollars amounting to CLP (000's)9,583,000, were recorded in results under the item financial costs.

	Current		Non-current		Total	
Composition of bonds payable	**06.30.2019 CLP (000's)**	**12.31.2018 CLP (000's)**	**06.30.2019 CLP (000's)**	**12.31.2018 CLP (000's)**	**06.30.2019 CLP (000's)**	**12.31.2018 CLP (000's)**
Bonds (face value)	21,376,475	21,038,064	697,037,615	704,048,747	718,414,090	725,086,811
Expenses of bond issuance and discounts on placement	(367,174)	(373,583)	(3,324,806)	(3,721,690)	(3,691,980)	(4,095,273)
Net balance presented in statement of financial position	**21,009,301**	**20,664,481**	**693,712,809**	**700,327,057**	**714,722,109**	**720,991,538**

17.2.2 Current and non-current balances

Bonds payable correspond to bonds in UF issued by the parent company on the Chilean market and bonds in U.S. dollars issued by the Parent Company on the international market. A detail of these instruments is presented below:

Bonds	Series	Current Nominal amount	Adjustment Unit	Interest Rate	Final Maturity	Interest payment	Current 06.30.2019 CLP (000's)	Current 12.31.2018 CLP (000's)	Non-current 06.30.2019 CLP (000's)	Non-current 12.31.2018 CLP (000's)
CMF Registration N°254 06.13.2001	B	2,007,079	UF	6.5%	06-01-2026	Semi-annually	6,856,484	6,598,389	49,433,084	52,132,023
CMF Registration N°641 08.23.2010	C	1,500,000	UF	4.0%	08-15-2031	Semi-annually	618,237	614,152	41,854,950	41,348,685
CMF Registration N°759 08.20.2013	C	375,000	UF	3.5%	08-16-2020	Semi-annually	7,110,221	7,069,487	3,487,913	6,891,448
CMF Registration N°760 08.20.2013	D	4,000,000	UF	3.8%	08-16-2034	Semi-annually	1,555,360	1,545,334	111,613,200	110,263,160
CMF Registration N°760 04.02.2014	E	3,000,000	UF	3.75%	03-01-2035	Semi-annually	1,022,633	1,027,009	83,709,908	82,697,378
CMF Registration N°912 10.10.2018	F	5,700,000	UF	2.83%	09-25-2039	Semi-annually	1,165,715	1,013,805	159,048,810	157,125,003
Bonds USA	—	575,000,000	USD	5.0%	10-01-2023	Semi-annually	3,047,825	3,169,888	247,889,750	253,591,050
Total							**21,376,475**	**21,038,064**	**697,037,615**	**704,048,747**

Accrued interest included in the current portion of bonds:

Interest	06.30.019 CLP (000's)	12.31.018 CLP (000's)
Accrued interest	**8,036,200**	7,856,274

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17.2.3 Non-current maturities

	Series	Year of maturity: more than 1 to 2	more than 2 to 3	more than 3 to 4	More than 5	Total non- current 06.30.2019
		CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
CMF Registration N°254 06.13.2001	B	6,786,808	7,222,018	7,691,447	27,732,811	49,433,084
CMF Registration N°641 08.23.2010	C	—	1,902,447	3,804,894	36,147,609	41,854,950
CMF Registration N°759 08.20.2013	C	3,487,913	—	—	—	10,184,538
CMF Registration N°760 08.20.2013	D	—		—	111,613,200	**111,613,200**
CMF Registration N°760 04.02.2014	E	—	—	—	83,709,908	**83,709,908**
Bonds USA	—	—	—	—	159,048,810	**159,048,810**
Total		**10,274,721**	**9,124,465**	**11,496,341**	**666,142,088**	**697,037,615**

17.2.4 Market rating

The bonds issued on the Chilean market had the following rating as of June 30, 2019:

AA : ICR Compañía Clasificadora de Riesgo Ltda. rating
AA : Fitch Chile Clasificadora de Riesgo Limitada rating

The rating of bonds issued on the international market as of June 30, 2019, is the following:

BBB : Standard&Poors Global Ratings
BBB+ : Fitch Ratings Inc.

17.2.5 Restrictions

17.2.5.1 Restrictions regarding bonds placed abroad.

Obligations with bonds placed abroad are not affected by financial restrictions for the periods reported

17.2.5.2 Restrictions regarding bonds placed in the local market.

For purposes of the calculation of the covenants, the amount of EBITDA that was agreed on each bond issue is included.

Restrictions on the issuance of bonds for a fixed amount registered under number 254.

- Maintain an indebtedness level where Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times. For these purposes Consolidated Financial Liabilities shall be regarded as Liabilities Receivables accruing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Financial Statements. Consolidated Equity will be regarded as total equity including non-controlling interest.

As of June 30, June 30, 2019, indebtedness level is 0.79 times of Consolidated Equity.

- Maintain, and in no manner lose, sell, assign or transfer to a third party, the geographical area currently denominated as the "Metropolitan Region" (Región Metropolitana) as a territory in Chile in which we have been authorized by The Coca-Cola Company for the development, production, sale and distribution of products and brands of the licensor, in accordance to the respective bottler or license agreement, renewable from time to time.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of this date is franchised by TCCC to the Company for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer's Adjusted Consolidated Operating Cash Flow.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the issuer's unsecured consolidated liabilities.

  Unsecured consolidated liabilities payable shall be regarded as the total liabilities, obligations and debts of the issuer that are not secured by real guarantees on goods and assets of the latter, voluntarily and conventionally constituted by the issuer less the asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

  Consolidated Assets free of any pledge, mortgage or other lien will only be regarded as those assets free of any pledge, mortgage or other real lien voluntarily and conventionally constituted by the issuer less asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities and under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

  As of June 30, 2019, this index is 1.71 times.

Restrictions to bond lines registered in the Securities Registered under number 641.

- Maintain a level of "Net Financial Debt" within its quarterly financial statements that may not exceed 1.5 times, measured over figures included in its consolidated statement of financial position. To this end, net financial debt shall be defined as the ratio between net financial debt and total equity of the issuer (equity attributable to controlling owners plus non-controlling interest). On its part, net financial debt will be the difference between the Issuer's financial debt and cash.

  As of June 30, 2019, the level of Net Financial Debt was 0.66 times.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the issuer's unsecured consolidated liabilities.

  Unencumbered assets refer to the assets that are the property of the issuer; classified under Total Assets of the Issuer's Financial Statements; and that are free of any pledge, mortgage or other liens constituted in favor of third parties, less "Other Current Financial Assets" and "Other Non-Current Financial Assets" of the Issuer's Financial Statements (to the extent they correspond to asset balances of derivative financial instruments, taken to hedge exchange rate and interest rate risk of the financial liabilities).

Unsecured total liabilities correspond to: liabilities from Total Current Liabilities and Total Non-Current Liabilities of Issuer's Financial Statement which do not benefit from preferences or privileges, less "Other Current Financial Assets" and "Other Non-Current Financial Assets" of the Issuer's Financial Statements (to the extent they correspond to asset balances of derivative financial instruments, taken to hedge exchange rate and interest rate risk of the financial liabilities).

As of June 30, 2019, this index is 1.71 times.

- Maintain a level of "Financial net coverage" in its quarterly financial statements of more than 3 times. Net financial coverage means the ratio between the Issuer's Ebitda for the past 12 months and net financial expenses (financial income less financial expenses) of the issuer for the past 12 months. However, this restriction will be considered breached when the mentioned net financial coverage level is lower than the level previously indicated during two consecutive quarters.

  As of June 30, 2019, Net Financial Coverage level is 6.32 times.

Restrictions to bond lines registered in the Securities Registrar under numbers 759 and 760 D-E.

- Maintain an indebtedness level where Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times. For these purposes Consolidated Financial Liabilities shall be regarded as Liabilities Receivables accruing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) cash and cash equivalent and (iv) other current financial assets, and (v) other non-current financial assets (to the extent they are asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities). Consolidated Equity will be regarded as total equity including non-controlling interest.

  As of June 30, 2019, Indebtedness Level is 0.66 times of Consolidated Equity.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the issuer's unsecured consolidated liabilities payable.

  Unsecured Consolidated Liabilities Payable shall be regarded as the total liabilities, obligations and debts of the issuer that are not secured by real guarantees on goods and assets of the latter, voluntarily and conventionally constituted by the issuer less the asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

  The following will be considered in determining Consolidated Assets: assets free of any pledge, mortgage or other lien, as well as those assets having a pledge, mortgage or real encumbrances that operate solely by law, less asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Financial Statements. Therefore, Consolidated Assets free of any pledge, mortgage or other lien will only be regarded as those assets free of any pledge, mortgage or other real lien voluntarily and conventionally constituted by the issuer less asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities and under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

As of June 30, 2019, this index is 1.71 times.

- Maintain, and in no manner, lose, sell, assign or transfer to a third party, the geographical area currently denominated as the "Metropolitan Region" as a territory franchised to the Issuer in Chile by The Coca-Cola Company, hereinafter also referred to as "TCCC" or the "Licensor" for the development, production, sale and distribution of products and brands of said licensor, in accordance to the respective bottler or license agreement, renewable from time to time. Losing said territory, means the non-renewal, early termination or cancellation of this license agreement by TCCC, for the geographical area today called "Metropolitan Region". This reason shall not apply if, as a result of the loss, sale, transfer or disposition, of that licensed territory is purchased or acquired by a subsidiary or an entity that consolidates in terms of accounting with the Issuer.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of these instruments is franchised by TCCC to the Issuer for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer's Adjusted Consolidated Operating Cash Flow of the audited period immediately before the moment of loss, sale, assignment or transfer. For these purposes, the term "Adjusted Consolidated Operating Cash Flow" shall mean the addition of the following accounting accounts of the Issuer's Consolidated Statement of Financial Position: (i) "Gross Profit" which includes regular activities and cost of sales; less (ii) "Distribution Costs"; less (iii) "Administrative Expenses"; plus (iv) "Participation in profits (losses) of associates and joint ventures that are accounted for using the equity method"; plus (v) "Depreciation"; plus (vi) "Intangibles Amortization".

Restrictions to bond lines registered in the Securities Registrar under number 912.

- Maintain an indebtedness level where Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times.

  For these purposes Consolidated Financial Liabilities shall be regarded as Liabilities Receivables accruing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) cash and cash equivalent and (iv) other current financial assets, and (v) other non-current financial assets (to the extent they are asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities). Consolidated Equity will be regarded as total equity including non-controlling interest.

  As of June 30, 2019, this index equals 0.66 times.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the issuer's unsecured consolidated liabilities payable.

  Unsecured Consolidated Liabilities Payable shall be regarded as the total liabilities, obligations and debts of the issuer that are not secured by real guarantees on goods and assets of the latter, voluntarily and conventionally constituted by the issuer less the asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

The following will be considered in determining Consolidated Assets: assets free of any pledge, mortgage or other lien, as well as those assets having a pledge, mortgage or real encumbrances that operate solely by law, less asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Financial Statements. Therefore, Consolidated Assets free of any pledge, mortgage or other lien will only be regarded as those assets free of any pledge, mortgage or other real lien voluntarily and conventionally constituted by the issuer less asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities and under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

As of June 30, 2019, this index equals 1.71 times.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of local bonds Series C, D and E is franchised by TCCC to the Issuer for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer's Adjusted Consolidated Operating Cash Flow of the audited period immediately before the moment of loss, sale, assignment or transfer. For these purposes, the term "Adjusted Consolidated Operating Cash Flow" shall mean the addition of the following accounting accounts of the Issuer's Consolidated Statement of Financial Position: (i) "Gross Profit" which includes regular activities and cost of sales; less (ii) "Distribution Costs"; less (iii) "Administrative Expenses"; plus (iv) "Participation in profits (losses) of associates and joint ventures that are accounted for using the equity method"; plus (v) "Depreciation"; plus (vi) "Intangibles Amortization".

As of June 30, 2019, and December 31, 2018, the Company complies with all financial collaterals.

17.2.6 Repurchased bonds

In addition to UF bonds, the Company holds bonds that it has repurchased in full through companies that are included in the consolidation:

The subsidiary Rio de Janeiro Refrescos Ltda. maintains a liability corresponding to a bond issuance for US $75 million due in December 2020 and semi-annual interest payments. As of December 2017 June 30, 2019, these issues are held by Andina. On January 1, 2013, Abisa Corp S.A. transferred the totality of this asset to Embotelladora are Andina S.A., the latter becoming the creditor of the above-mentioned Brazilian subsidiary. Consequently, the assets and liabilities related to the transaction have been eliminated from these Consolidated Financial Statements. In addition, the transaction has been treated as a net investment of the group in the Brazilian subsidiary; consequently, the effects of exchange rate differences between the dollar and the functional currency of each one has been recorded in other comprehensive income.

17.3 Derivative contract obligations

Please see details in Note 22

17.4.1 Current liabilities for leasing agreements

Indebted Entity		Creditor Entity							Maturity		Total	
Name	Country	Tax ID	Name	Country	Currency	Amortization Type	Effective Rate	Nominal Rate	Up to 90 days	90 days to 1 year	At 06.30.2019	At 12.31.2018
									CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	BRL	Monthly	9.65%	9.47%	—	—	—	11,996
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Citibank	Brazil	BRL	Monthly	8.54%	8.52%	—	—	—	75,260
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração - Light ESCO	Brazil	BRL	Monthly	13.00%	12.28%	179,785	573,520	753,305	109,573
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Tetra Pack	Brazil	BRL	Monthly	7.65%	7.39%	80,674	251,138	331,812	716,978
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Real estate	Brazil	BRL	Monthly	8.20%	8.20%	77,645	234,587	312,232	339,665
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Leão	Brazil	BRL	Monthly	6.56%	6.56%	224,329	545,221	769,550	280,995
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	USD	Monthly	12.00%	12.00%	243,901	—	243,901	—
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	USD	Monthly	12.00%	12.00%	20,755	62,264	83,019	—
Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Comafi	Argentina	USD	Monthly	12.00%	12.00%	31,208	93,623	124,831	—
Embotelladora del Atlántico S.A.	Argentina	Foreign	Real estate	Argentina	ARS	Monthly	50.00%	50.00%	63,201	189,602	252,803	—
Vital Aguas S.A	Chile	76.389.720-6	Coca-Cola del Valle New Ventures S.A	Chile	CLP	Lineal	6.20%	6.20%	271,625	814,875	1,086,500	—
Envases Central S.A	Chile	96.705.990-0	Coca-Cola del Valle New Ventures S.A	Chile	CLP	Lineal	6.20%	6.20%	493,323	1,479,967	1,973,290	—
										Total	**5,931,244**	**1,534,467**

The Company maintains lease agreements on forklifts, vehicles, real estate and machinery. These leases have an average life of between one and eight years without including a renewal option in the contracts.

17.4.2 Non-current liabilities for leasing agreements, non-current

Indebted entity		Creditor entity							Maturity					
Name	Country	Tax ID	Name	Country	Currency	Type of Amortization	Effective Rate	Nominal Rate	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years	At 06.30.2019
									CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração - Light ESCO	Brazil	BRL	Monthly	13.00%	12.28%	851,235	961,895	1,001,350	1,228,244	8,487,741	12,530,465
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Tetra Pack	Brazil	BRL	Monthly	7.65%	7.39%	339,351	151,630	49,026	—	—	540,007
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Real estate	Brazil	BRL	Monthly	8.20%	8.20%	186,008	23,125	2,968	—	—	212,101
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Leão Alimentos e Bebidas Ltda.	Brazil	BRL	Monthly	6.56%	6.56%	494,089	341,690	334,634	315,969	516,397	2,002,779
Embotelladora del Atlántico S.A.	Argentina	O-E	Tetra Pak SRL	Argentina	USD	Monthly	12.00%	12.00%	—	152,200	—	—	—	152,200
Embotelladora del Atlántico S.A.	Argentina	O-E	Banco Comafi	Argentina	USD	Monthly	12.00%	12.00%	—	249,662	—	249,662	260,064	759,388
Embotelladora del Atlántico S.A.	Argentina	O-E	Real estate	Argentina	ARS	Monthly	50.00%	50.00%	—	63,984	—	—	—	63,984
Vital Aguas S.A	Chile	76.572.588-7	Coca-Cola del Valle New Ventures S.A	Chile	CLP	Monthly	6.2%	0.27%	2,625,708	—	—	—	—	2,625,708
Envases Central S.A	Chile	76.572.588-7	Coca-Cola del Valle New Ventures S.A	Chile	CLP	Monthly	6.7%	0.27%	5,426,551	—	—	—	—	5,426,551
Total														**24,313,183**

17.4.3 Non-current liabilities for leasing agreements (previous year)

Indebted Entity		Creditor Entity							Maturity					
Name	Country	Tax, ID	Name	Country	Currency	Amortization Type	Effective rate	Nominal Rate	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More 5 years	at 12.31.2018
									CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração Light Esco	Brazil	BRL	Monthly	13.00%	12.28%	810,185	915,509	1,034,525	1,169,014	9,466,995	13,396,228
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Tetra Pack	Brazil	BRL	Monthly	7.65%	7.39%	401,240	—	—	—	—	401,240
TOTAL														**13,797,468**

Leasing agreement obligations are not subject to financial restrictions for the reported periods.

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18 - TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other current accounts payable are detailed as follows:

Item	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Trade accounts payable	124,294,684	174,486,806
Withholding tax	25,181,473	47,693,379
Others	24,584,606	16,665,327
Total	**174,060,763**	**238,845,512**
Current	173,269,063	238,109,847
Non-current	791,700	735,665
Total	**174,060,763**	**238,845,512**

19 - OTHER PROVISIONS, CURRENT AND NON-CURRENT

19.1 Balances

The composition of provisions is as follows:

Detail	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Litigation (1)	53,914,247	62,452,526
Total	**53,914,247**	62,452,526
Current	2,033,033	3,485,613
Non-current	51,881,214	58,966,913
Total	**53,914,247**	**62,452,526**

(1) Correspond to the provision made for the probable losses of fiscal, labor and commercial contingencies, based on the opinion of our legal advisors, according to the following detail:

Detail (see note 23.1)	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Tax contingencies	39,643,784	47,991,514
Labor contingencies	10,984,533	10,376,830
Civil contingencies	3,285,930	4,084,182
Total	**53,914,247**	**62,452,526**

19.2 Movements

The movement of principal provisions over litigation is detailed as follows:

Description	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Opening Balance as of January 01	**62,452,526**	**65,624,166**
Additional provisions	76,657	46,657
Increase (decrease) in existing(*) provisions	(9,509,262)	(4,998,530)
Payments	5,524,094	6,139,963
Reversal of unused provision	(2,504,503)	(2,157,152)
Increase (decrease) due to foreign exchange differences	(2,125,265)	(2,202,578)
Total	**53,914,247**	**62,452,526**

(*) During 2019 and 2018, provisions consisting of fines demanded by the Brazilian tax authority on the use of tax credits resulting from favorable sentencing to Rio de Janeiro Refrescos Ltda. have been reversed, for approximate values of CLP 3,700 million and CLP 2,150 million, respectively

20 — OTHER NON-FINANCIAL LIABILITIES

Other current and non-current liabilities at each reporting period end are detailed as follows:

Description	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Dividends payable	21,369,217	21,584,314
Other	10,273,958	12,189,900
Total	**31,643,175**	**33,774,214**

21 - EQUITY

21.1 Number of shares:

	Number of shares subscribed		Number of shares paid in		Number of voting shares	
Series	2019	2018	2019	2018	2019	2018
A	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301
B	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303

21.1.1 Equity:

Series	Subscribed Capital 2019	Subscribed Capital 2018	Paid-in capital 2019	Paid-in capital 2018
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
A	135,379,504	135,379,504	135,379,504	135,379,504
B	135,358,070	135,358,070	135,358,070	135,358,070
Total	**270,737,574**	**270,737,574**	**270,737,574**	**270,737,574**

21.1.2 Rights of each series:

- Series A: Elects 12 of the 14 Directors
- Series B: Receives an additional 10% of dividends distributed to Series A and elects 2 of the 14 Directors.

21.2 Dividend policy

According to Chilean law, cash dividends must be paid equal to at least 30% of annual net profit, barring a unanimous vote by shareholders to the contrary. If there is no net profit in a given year, the Company will not be legally obligated to pay dividends from retained earnings. At the ordinary Shareholders' Meeting held in April 2019, the shareholders agreed to pay out of the 2018 earnings a final dividend additional to the 30% required by Chile's Law 18,046 which will be paid in May 2019, and an additional dividend that will be paid in August 2019.

Pursuant to Circular Letter N° 1,945 of the Chilean Financial Market Commission (CMF) dated September 29, 2009, the Company's Board of Directors decided to maintain the initial adjustments from adopting IFRS as retained earnings for future distribution.

The dividends declared and paid per share are presented below:

Periods		Dividend type	Profits imputable to dividends	Ch$ per Series A Share	Ch$ per Series B Share
2018	January	Interim	2017	21.50	23.65
2018	May	Final	2017	21.50	23.65
2018	August	Additional	Retained Earnings	21.50	23.65
2018	October	Interim	2018 Earnings	21.50	23.65
2019	January	Interim	2018 Earnings	21.50	23.65

21.3 Other Reserves

The balance of other reserves includes the following:

Description	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Goodwill in share exchange reserve	421,701,520	421,701,520
Translation differences reserves	(344,307,255)	(306,674,529)
Cash flow hedge reserves	(12,994,206)	(13,668,932)
Reserve for employee benefits actuarial gains or losses	(1,954,077)	(1,954,077)
Legal and statutory reserves	5,435,538	5,435,538
Other	6,014,583	6,014,569
Total	**73,896,103**	**110,854,089**

21.3.1 Goodwill in share exchange reserve

This amount corresponds to the difference between the valuation at fair value of the issuance of shares of Embotelladora Andina S.A. and the book value of the paid capital of Embotelladoras Coca-Cola Polar S.A., which was finally the value of the capital increase notarized in legal terms.

21.3.2 Cash flow hedge reserve

They arise from the fair value of the existing derivative contracts that have been qualified for hedge accounting at the end of each financial period. When contracts are expired, these reserves are adjusted and recognized in the income statement in the corresponding period (see Note 22).

21.3.3 Reserve for employee benefit actuarial gains or losses

Corresponds to the restatement effect of employee benefits actuarial losses that according to IAS 19 amendments must be carried to other comprehensive income.

21.3.4 Legal and statutory reserves

In accordance with Official Circular N° 456 issued by the Chilean Financial Market Commission (CMF), the legally required price-level restatement of paid-in capital for 2009 is presented as part of other equity reserves and is accounted for as a capitalization from Other Reserves with no impact on net income or retained earnings under IFRS. This amount totaled CLP 5,435,538 thousand as of December 31, 2009.

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21.3.5 Foreign currency translation reserves

This corresponds to the conversion of the financial statements of foreign subsidiaries whose functional currency is different from the presentation currency of the Consolidated Financial Statements. Additionally, exchange differences between accounts receivable kept by the companies in Chile with foreign subsidiaries are presented in this account, which have been treated as investment equivalents accounted for using the equity method. Translation reserves are detailed as follows:

Details	06.30.2019	12.31.2018
	CLP (000's)	CLP (000's)
Brazil	(117,744,296)	(114,180,197)
Argentina	(220,444,428)	(201,118,180)
Paraguay	(6,118,516)	8,623,849
Total	(334,307,240)	**(306,674,528)**

The movement of this reserve for the fiscal years ended June 30, 2019 and December 31, 2018, is detailed as follows:

Details	06.30.2019	12.31.2018
	CLP (000's)	CLP (000's)
Brazil	(3,564,099)	(10,313,069)
Argentina	(19,326,248)	(72,770,068)
Paraguay	(14,742,365)	13,486,181
Total	**(37,632,712)**	**(69,596,956)**

21.4 Non-controlling interests

This is the recognition of the portion of equity and income from subsidiaries owned by third parties. As of June 30, 2019and December 31, 2018, this account is detailed as follows:

			Non-controlling interests			
	Ownership interest %		Shareholders' Equity		Income	
			June	December	June	December
Details	2019	2018	2019	2018	2019	2018
			CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Embotelladora del Atlántico S.A.	0.0171	0.0171	27,382	23,260	2,764	3,633
Andina Empaques Argentina S.A.	0.0209	0.0209	2,468	2,113	224	96
Paraguay Refrescos S.A.	2.1697	2.1697	4,738,367	5,378,074	264,866	556,112
Vital S.A.	35.0000	35.0000	7,657,221	7,674,785	(98,902)	271,063
Vital Aguas S.A.	33.5000	33.5000	2,036,105	1,986,493	38,592	36,696
Envases Central S.A.	40.7300	40.7300	4,991,689	4,836,892	156,413	(20,225)
Total			**19,453,233**	**19,901,617**	**363,957**	**847,375**

21.5 Earnings per share

The basic earnings per share presented in the statement of comprehensive income is calculated as the quotient between income for the period and the average number of shares outstanding during the same period.

Earnings per share used to calculate basic and diluted earnings per share is detailed as follows:

Earnings per share	06.30.2019		
	SERIES A	SERIES B	TOTAL
Earnings attributable to shareholders (CLP 000's)	29,342,166	32,275,863	61,618,029
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per share (in CLP)	**62.00**	**68.20**	**65.10**

Earnings per share	06.30.2018		
	SERIES A	SERIES B	TOTAL
Earnings attributable to shareholders (CLP (000's))	22,648,652	24,913,116	47,561,768
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per share (in CLP)	**47.85**	**52.64**	**50.25**

22 - DERIVATIVE ASSETS AND LIABILITIES

Embotelladora Andina currently maintains "Cross Currency Swaps" and "Currency Forward" agreements as derivative financial instruments.

Cross Currency Swaps ("CCS"), also known as interest rate and currency swaps, are valued by the method of discounted future cash flows at a market rate corresponding to the risk of the operation. CCS are currently maintained to re-denominate debt incurred in currency and rate in USD to currency and rate in BRL. To discount future flows in BRL and USD, the Zero coupon curves of the BRL and the Zero coupon USD are used, respectively.

On the other hand, the fair value of forward currency contracts is calculated in reference to current forward exchange rates for contracts with similar maturity profiles.

As of the closing dates as of June 30, 2019 and December 31, 2018, the Company held the following derivative instruments:

22.1 Derivatives accounted for as cash flow hedges:

Cross Currency Swaps associated with US Bonds

At June 30, 2019, the Company entered into cross currency swap derivative contracts to convert US Dollar public bond obligations of USD 360 million into Real liabilities to hedge the Company's exposure to variations in foreign exchange rates. Said contracts are valued at their value and the net value to be received as of June 30, 2019 amounted to CLP 85,597,714 thousand. These swap contracts have the same terms of the underlying bond obligation and expire in 2023.

The amount of exchange differences recognized in the statement of income related to financial liabilities in U.S. dollars and the identified effective portion that was absorbed by the amounts recognized under comprehensive income.

22.2. Forward currency transactions expected to be very likely:

During 2019 and 2018, the Company entered into foreign currency forward contracts to hedge its exposure to expected future raw materials purchases in US Dollars during these years. The total amount of outstanding forward contracts was USD 54.7 million as of June 30, 2019 (USD 56.8 million as of December 31, 2018).

Futures contracts that ensure prices of future raw materials have not been designated as hedge agreements, since they do not fulfill IFRS documentation requirements, whereby its effects on variations in fair value are accounted for directly under statements of income in the “other gains and losses” account.

Fair value hierarchy

As of June 30, 2019, the Company held assets for derivative contracts for CLP 85,597,714 thousand (CLP 88,116,189 thousand as of December 31, 2018) and liabilities for CLP 474,319 thousand as of June 30, 2019 (CLP 130,829 thousand as of December 31, 2018). Those contracts covering existing items have been classified in the same category of hedged, the net amount of derivative contracts by concepts covering forecasted items have been classified in financial assets and financial liabilities. All the derivative contracts are carried at fair value in the consolidated statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3: Inputs for assets and liabilities that are not based on observable market data.

During the reporting period, there were no transfers of items between fair value measurement categories; all of which were valued during the period using level 2.

	Fair Value Measurements at June 30, 2019			
	Quoted prices in active markets for identical assets or liabilities (Level 1) CLP (000's)	Observable market data (Level 2) CLP (000's)	Unobservable market data (Level 3) CLP (000's)	Total CLP (000's)
Assets				
Current assets				
Other current financial assets				
Other current financial assets	—	—	—	—
Other non-current financial assets	—	85,597,714	—	85,597,714
Total assets	—	**85,597,714**	**—**	**85,597,714**
Liabilities				
Current liabilities				
Other current financial liabilities	—	474,319	—	474,319
Total liabilities	—	**474,319**	**—**	**474,319**

	Fair Value Measurements at December 31, 2018			
	Quoted prices in active markets for identical assets or liabilities (Level 1) CLP (000's)	Observable market data (Level 2) CLP (000's)	Unobservable market data (Level 3) CLP (000's)	Total CLP (000's)
Assets				
Current assets				
Other current financial assets	—	669,527		669,527
Other non-current financial assets	—	87,446,662	—	87,446,662
Total assets	**—**	**88,116,189**	**—**	**88,116,189**
Liabilities				
Current liabilities				
Other current financial liabilities	—	130,829	—	130,829
Total liabilities	**—**	**130,829**	**—**	**130,829**

23 - LITIGATION AND CONTINGENCIES

23.1 Lawsuits and other legal actions:

In the opinion of the Company's legal counsel, the Parent Company and its subsidiaries do not face legal or extrajudicial contingencies that might result in material or significant losses or gains, except for the following:

1) Embotelladora del Atlántico S.A. faces labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling CLP 972,063 thousand. Management considers it unlikely that non-provisioned contingencies will affect the Company's income and equity, based on the opinion of its legal counsel. Additionally, Embotelladora del Atlántico S.A. maintains time deposits for an amount of CLP 533,741 thousand to guaranty judicial liabilities

2) Rio de Janeiro Refrescos Ltda. faces labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling CLP 50,873,392 thousand. Management considers it unlikely that non-provisioned contingencies will affect the Company's income and equity, based on the opinion of its legal counsel. As it is customary in Brazil, Rio de Janeiro Refrescos Ltda. maintains Deposit in courts and assets given in pledge to secure the compliance of certain processes, irrespective of whether these have been classified as a possible, probable or remote. The amounts deposited or pledged as legal guarantees as of June 30, 2019 and December 31, 2018, amounted to CLP 17,135,265 thousand and CLP 29,197,711 thousand, respectively.

To ensure fulfillment of the obligations arising from legal proceedings faced in Brazil, Rio de Janeiro Refrescos Ltda., has taken guarantee insurance and guarantee letters amounting to BRL 666,671,809 with different financial institutions and insurance companies in Brazil, through which these entities after a 0.34% annual commission, become responsible of fulfilling obligations with the Brazilian tax authorities should any trial result against Rio de Janeiro Refrescos Ltda. Additionally, if the warranty and bail letters are executed, Rio de Janeiro Refrescos Ltda. promises to reimburse to the financial institutions and Insurance Companies any amounts disbursed by them to the Brazilian government.

Main contingencies faced by Rio de Janeiro Refrescos are as follows:

a) Tax contingencies resulting from credits on tax on industrialized products (IPI).

Rio de Janeiro Refrescos is a party to a series of proceedings under way, in which the Brazilian federal tax authorities demand payment of value-added tax on industrialized products (*Imposto sobre Produtos Industrializados*, or IPI) allegedly owed by ex-Companhia de Bebidas Ipiranga. The initial amount demanded reached BRL 1,330,473,161 (historical amount without adjustments), corresponding to different trials related to the same cause. In September 2014, one of these trials for BRL 598,745,218, was settled in favor of the Company, and additionally during 2017 several trials were settled in favor of the Company in the amount for BRL 135,282,155 however, there are new lawsuits arising after the purchase of ex-Companhia de Bebidas Ipiranga (October 2013) that amount to BRL 341,845,707.

The Company rejects the position of the Brazilian tax authority in these procedures and considers that Companhia de Bebidas Ipiranga was entitled to claim IPI tax credits in connection with purchases of certain exempt raw materials from suppliers located in the Manaus free trade zone.

Based on the opinion of its advisers, and legal outcomes to date, Management estimates that these procedures do not represent probable losses and has not recorded a provision on these matters.

Notwithstanding the above, the IFRS related to business combination in terms of distribution of the purchase price establish that contingencies must be measured one by one according to their probability of occurrence and discounted at fair value from the date on which it is deemed the loss can be generated. According to this criterion, from a total of identified contingencies amounting BRL 1,103,585,800 (including readjustments of current lawsuits), the Company recorded a provision for the beginning of business combination accounting in the amount BRL 142,907,0125 equivalent to CLP 24,135,711 thousand.

b) Tax contingencies on ICMS and IPI causes.

They refer mainly to tax settlements issued by advance appropriation of ICMS credits on fixed assets, payment of the replacement of ICMS tax to the operations, untimely IPI credits calculated on bonuses, among other claims.

The Company does not consider that these judgments will result in significant losses, given that their loss, according to its legal counsel, is considered unlikely. However, the accounting standards of financial information related to business combination in terms of distribution of the purchase price, establish contingencies must be valued one by one according to their probability of occurrence and discounted to fair value from the date on which it is deemed that the loss can be generated. According to this criterion, an initial provision has been made in the business combination accounting for an amount of BRL 39,159,107 equivalent to CLP 6,939,853 thousand.

3) Embotelladora Andina S.A. and its Chilean subsidiaries face labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling CLP 2,029,735 thousand. Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, in the opinion of its legal advisors.

4) Paraguay Refrescos S.A. faces tax, trade, labor and other lawsuits. Accounting provisions have been made for the contingency of any loss because of these lawsuits amounting to CLP 3,298 thousand. Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, in the opinion of its legal advisors.

23.2 Direct guarantees and restricted assets:

Guarantees and restricted assets are detailed as follows:

Guarantees that commit assets included in the financial statements:

			Committed assets		Accounting value	
Guaranty creditor	Debtor name	Relationship	Guaranty	Type	06-30-2019 CLP (000's)	12-31-2018 CLP (000's)
Gas Licuado Lipigas S.A	Embotelladora Andina S.A.	Parent company	Cash	Trade debtors and other accounts receivable	—	1,140
Inmob. e invers. supetar Ltda.	Transportes Polar	Subsidiary	Cash	Other non-current non-financial assets	4,579	4,579
Maria Lobos Jamet	Transportes Polar	Subsidiary	Cash	Other non-current non-financial assets	2,565	2,565
Bodega San Francisco	Transportes Polar	Subsidiary	Cash	Other non-current non-financial assets	6,483	—
Employee claims	Rio de Janeiro Refrescos Ltda.	Subsidiary	Deposit in court	Other non-current non-financial assets	5,594,690	5,336,644
Civil and tax claims	Rio de Janeiro Refrescos Ltda.	Subsidiary	Deposit in court	Other non-current non-financial assets	11,540,575	12,597,136
Government entities	Rio de Janeiro Refrescos Ltda.	Subsidiary	Plant & equipment, net	Property, Plant & Equipment	12,768,048	13,209,635
Distribuidora Baraldo S.H.	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	320	369
Acuña Gomez	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	480	553
Nicanor López	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	343	395
Labarda	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	6	7
Municipalidad Bariloche	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	18,590	21,420
Municipalidad San Antonio Oeste	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	35,307	40,682
Municipalidad Carlos Casares	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	1,428	1,645
Municipalidad Chivilcoy	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	220,812	254,430
Others	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	68	78
Granada Maximiliano	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	2,879	3,317
Cicsa	Embotelladora del Atlántico S.A.	Subsidiary	Cash deposit	Other current non-financial assets	4,002	4,612
Other lessors	Embotelladora del Atlántico S.A.	Subsidiary	Cash deposit	Other current non-financial assets	26,652	46,169
Aduana de EZEIZA	Embotelladora del Atlántico S.A.	Subsidiary	Cash deposit	Other current non-financial assets	2,299	3,013
Municipalidad de Junin	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	1,382	1,592
Almada Jorge	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	4,295	4,949
Municipalidad de Picun Leufu	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	62	72
Mirgoni Marano	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	97	112
Farias Matias Luis	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	268	309
Temas Industriales SA - Embargo General de Fondos	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	200,545	231,077
Gomez Alejandra Raquel	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	30	35
Lopez Gustavo Gerardo C/Inti Saic Y Otros	Embotelladora del Atlántico S.A.	Subsidiary	Cash deposit	Other current financial assets	196	226
Tribunal Superior De Justicia De La Provincia De Córdoba	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	252	290
DBC SA C CERVECERIA ARGENTINA SA ISEMBECK	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	35,986	41,465
Coto Cicsa	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	6,398	—
Cencosud	Embotelladora del Atlántico S.A.	Subsidiary	Deposit in court	Other non-current non-financial assets	3,998	0-
Marcus A.Peña	Paraguay Refrescos	Subsidiary	Real estate	Property, Plant & Equipment	4,093	4,164
Mauricio J Cordero C	Paraguay Refrescos	Subsidiary	Real estate	Property, Plant & Equipment	883	904

José Ruoti Maltese	Paraguay Refrescos	Subsidiary	Real estate	Property, Plant & Equipment	714	758
Alejandro Galeano	Paraguay Refrescos	Subsidiary	Real estate	Property, Plant & Equipment	1,221	1,251
Ana Maria Mazó	Paraguay Refrescos	Subsidiary	Real estate	Property, Plant & Equipment	1,163	1,191
Total					**30,491,709**	**31,816,784**

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Guarantees provided without obligation of assets included in the financial statements:

Guaranty creditor	Debtor name	Relationship	Committed assets		Amounts involved	
			Guaranty	Type	06-30-2019 CLP (000's)	12-31-2018 CLP (000's)
Employee procedures	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Legal proceeding	2,550,058	2,601,353
Administrative procedures	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Legal proceeding	7,634,034	8,233,853
Federal Government	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Legal proceeding	117,643,285	116,192,877
State Government	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Legal proceeding	45,824,061	43,015,207
Sorocaba Refrescos	Rio de Janeiro Refrescos Ltda.	Associate	Loan	Guarantor	3,544,439	3,586,095
Others	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Legal proceeding	2,846,548	3,236,092
Aduana de EZEIZA	Embotelladora del Atlántico S.A.	Subsidiary	Surety insurance	Faithful compliance of contract	611,224	699,502
Aduana de EZEIZA	Andina Empaques Argentina S.A.	Subsidiary	Surety insurance	Faithful compliance of contract	289,017	182,459

24 — FINANCIAL RISK MANAGEMENT

The Company's businesses are exposed to a variety of financial and market risks (including foreign exchange risk, interest rate risk and price risk). The Company's global risk management program focuses on the uncertainty of financial markets and seeks to minimize potential adverse effects on the performance of the Company. The Company uses derivatives to hedge certain risks. A description of the primary policies established by the Company to manage financial risks are provided below:

Interest Rate Risk

As of June 30, 2019, the Company maintains all its debt liabilities at a fixed rate as to avoid fluctuations in financial expenses resulting from tax rate increases.

The Company's greatest indebtedness corresponds to own issued Chilean local bonds at a fixed rate for UF 16,582 million denominated in UF ("UF"), a currency indexed to inflation in Chile (Company sales are correlated with the UF variation).

There is also the Company's indebtedness on the international market through a 144A/RegS Bond at a fixed rate for USD 365 million (original amount issued USD 575 million and partial prepayment in October 2019 for USD 210 million), denominated in dollars, and practically 100% of which has been re-denominated to BRL through Cross Currency Swaps.

Credit risk

The credit risk to which the Company is exposed comes mainly from trade accounts receivable maintained with retailers, wholesalers and supermarket chains in domestic markets; and the financial investments held with banks and financial institutions, such as time deposits, mutual funds and derivative financial instruments.

a. Trade accounts receivable and other current accounts receivable

Credit risk related to trade accounts receivable is managed and monitored by the area of Finance and Administration of each business unit. The Company has a wide base of more than 100 thousand clients implying a high level of atomization of accounts receivable, which are subject to policies, procedures and controls established by the Company. In accordance with such policies, credits must be based objectively, non-discretionary and uniformly granted to all clients of a same segment and channel, provided these will allow generating economic benefits to the Company. The credit limit is checked periodically considering payment behavior. Trade accounts receivable pending of payment are monitored on a monthly basis.

i. Sale Interruption:

In accordance with Corporate Credit Policy, the interruption of sale must be within the following framework: when a customer has outstanding debts for an amount greater than USD 250,000, and over 60 days expired, sale is suspended. The General Manager in conjunction with the Finance and Administration Manager authorize exceptions to this rule, and if the outstanding debt should exceed USD 1,000,000, and in order to continue operating with that client, the authorization of the Chief Financial Officer is required. Notwithstanding the foregoing, each operation can define an amount lower than USD 250,000 according to the country's reality.

ii. Impairment

The impairment recognition policy establishes the following criteria for provisions: 30% is provisioned for 31 to 60 days overdue, 60% between 60 and 91 days, 90% between 91 and 120 days overdue and 100% for more than 120 days. Exemption of the calculation of global impairment is given to credits whose delays in the payment correspond to accounts disputed with the customer whose nature is known and where all necessary documentation for collection is available, therefore, there is no uncertainty on recovering them. However, these accounts also have an impairment provision as follows: 40% for 91 to 120 days overdue, 80% between 120 and 170, and 100% for more than 170 days.

iii. Prepayment to suppliers

The Policy establishes that USD 25,000 prepayments can only be granted to suppliers if its value is properly and fully provisioned. The Treasurer of each subsidiary must approve supplier warranties that the Company receives for prepayments before signing the respective service contract. In the case of domestic suppliers, a warranty ballot (or the instrument existing in the country) shall be required, in favor of Andina executable in the respective country, non-endorsable, payable on demand or upon presentation and its validity will depend on the term of the contract. In the case of foreign suppliers, a stand-by credit letter will be required which shall be issued by a first line bank; in the event that this document is not issued in the country where the transaction is done, a direct bank warranty will be required. Subsidiaries can define the best way of safeguarding the Company’s assets for prepayments under USD 25,000.

iv. Guarantees

In the case of Chile, we have insurance with Compañía de Seguros de Crédito Continental S.A. (AA rating —according to Fitch Chile and Humphreys rating agencies) covering the credit risk regarding trade debtors in Chile for 92% both for the existing as well as the expired debt, total amount of the trade debtors in Chile reached CLP 62,105,536 thousand. A provision of CLP 1,544,050 thousand has been made for the portion of past due outstanding debt portfolio not covered by the insurance.

The rest of the operations do not have credit insurance, instead mortgage guarantees are required for volume operations of wholesalers and distributors in the case of trade accounts receivables. In the case of other debtors, different types of guarantees are required according to the nature of the credit granted.

Historically, uncollectible trade accounts have been lower than 0.5% of the Company’s total sales.

b. Financial investments

The Company has a Policy that is applicable to all of the companies of the group in order to cover credit risks for financial investments, restricting both the types of instruments as well as the institutions and degree of concentration. The companies of the group can invest in:

a. Time deposits: only in banks or financial institutions that have a risk rating equal or higher than Level 1 (Fitch) or equivalent for deposits of less than 1 year and rated A or higher (S&P) or equivalent for deposits of more than 1 year.

b. Mutual funds: investments with immediate liquidity and no risk of capital (funds composed of investments at a fixed-term, current account, fixed rate Tit BCRA, negotiable obligations, Over Night, etc.) in all those counter-parties that have a rating greater than or equal to AA-(S&P) or equivalent, Type 1 Pacts and Mutual Funds, with AA+ rating (S&P) or equivalent.

c. Other investment alternatives must be evaluated and authorized by the office of the Chief Financial Officer.

Exchange Rate Risk

The company is exposed to three types of risk caused by exchange rate volatility:

a) Exposure of foreign investment

This risk originates from the translation of net investment from the functional currency of each country (Brazilian Real, Paraguayan Guaraní, and Argentine Peso) to the Parent Company's reporting currency (Chilean Peso). Appreciation or devaluation of the Chilean Peso with respect to the functional currencies of each country, originates decreases and increases in equity, respectively. The Company does not hedge this risk.

a.1 Investment in Argentina

As of June 30, 2019, the Company maintains a net investment of CLP 146,060,583 thousand. in Argentina, composed by the recognition of assets amounting to CLP 213,346,367 thousand and liabilities amounting to CLP 67,285,784. These investments accounted for 21.5% of the Company's consolidated sales revenues

As of June 30, 2019, the Argentine peso devalued by 15.1% with respect to the Chilean peso.

If the exchange rate of the Argentine Peso depreciated an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Argentina of CLP 649,200 thousand and a decrease in equity of CLP 5,719,518 thousand, originated by lower asset recognition of CLP 9,767,224 thousand and by lower liabilities recognition of CLP 4,047,706 thousand.

a.2 Investment in Brazil

As of June 30, 2019, the Company maintains a net investment of CLP 271,365,967 thousand in Brazil, composed by the recognition of assets amounting to CLP 790,620,826 thousand and liabilities amounting to CLP 519,254,859 thousand. These investments accounted for 34.7% of the Company's consolidated sales revenues.

As of June 30, 2019, the Brazilian Real devalued by 2.9% with respect to the Chilean peso.

If the exchange rate of the Brazilian Real depreciated an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Brazil of CLP 693,067 thousand and a decrease in equity of CLP 12,304,067 thousand, originated by lower asset recognition of CLP 37,663,596 thousand and by lower liabilities recognition of CLP 25,358,920 thousand.

a.3 Investment in Paraguay

As of June 30, 2019, the Company maintains a net investment of CLP 241,432,644 thousand in Paraguay, composed by the recognition of assets amounting to CLP 272,963,528 thousand and liabilities amounting to CLP 31,530,885 thousand. These investments accounted for 8.7% of the Company's consolidated sales revenues.

As of June 30, 2019, the Paraguayan Guarani appreciated by 5.8% with respect to the Chilean peso.

If the exchange rate of the Paraguayan Guaraní devalued by 5% with respect to the Chilean Peso, the Company would have lower income from the operations in Paraguay of CLP 379,610 thousand and a decrease in equity of CLP 11,115,499 thousand originated by lower asset recognition of CLP 12,828,296 thousand and lower liabilities recognition of CLP 1,712,797 thousand.

b) Net exposure of assets and liabilities in foreign currency

This risk stems mostly from carrying liabilities in US dollar, so the volatility of the US dollar with respect to the functional currency of each country generates a variation in the valuation of these obligations, with consequent effect on results**.**

As of June 30, 2019, the Company maintains a net liability position totaling CLP 232,178,185 thousand, basically composed of bonds payable and leasing contracts for CLP 248,977,984 thousand partially offset by financial assets denominated in dollars for CLP 16,799,799 thousand.

All U.S. Dollar liabilities amounting to CLP 248,977,984 thousand correspond to dollar liabilities of the Chilean, Argentinean and Brazilian operations and are, therefore, exposed to the volatility of the Chilean peso against the U.S. Dollar.

In order to protect the Company from the effects on income resulting from the volatility of the Brazilian Real and the Chilean Peso against the U.S. dollar, the Company maintains derivative contracts (cross currency swaps) to cover almost 100% of US dollar-denominated financial liabilities.

By designating such contracts as hedging derivatives, the effects on income for variations in the Chilean Peso and the Brazilian Real against the US dollar, are mitigated annulling its exposure to exchange rates.

The Company's net exposure as of June 30, 2019, to foreign currency over existing assets and liabilities, discounting the derivatives contracts, is an asset position of CLP 12,092,615 thousand.

c) Assets purchased or indexed to foreign currency exposure

This risk originates from purchases of raw materials and investments in Property, plant and equipment, whose values are expressed in a currency other than the functional currency of the subsidiary. Changes in the value of costs or investments can be generated through time, depending on the volatility of the exchange rate.

Annual purchases of raw materials denominated or indexed in U.S. dollars, amounts to 19% of our cost of sales or approximately USD 340 million.

In order to minimize this risk, the Company maintains a currency hedging policy stipulating that it is necessary to enter into foreign currency derivatives contracts to lessen the effect of the exchange rate over cash expenditures expressed in US dollars, corresponding mainly to payment to suppliers of raw materials in each of the operations. This policy stipulates a 12-month forward horizon. As of June 30, 2019, USD 54.7 million for future purchases have been hedged-for the following 12 months.

According to the percentage of purchases of raw materials which are carried out or indexed to U.S. dollars, a possible change in the value of the US dollar by 5% in the four countries where the Company operates, and excluding derivatives contracts taken to mitigate the effect of currency volatility, keeping everything constant, would lead to a lower accumulated result amounting to CLP 1,410,817 thousand as of June 30, 2019. Currently, the Company has contracts to hedge this effect in Chile, Argentina, Paraguay and Brazil.

Commodities risk

The Company is subject to a risk of price fluctuations in the international markets mainly for sugar, PET resin and aluminum, which are inputs used to produce beverages and, as a whole, account for 35% to 40% of operating costs. Procurement and anticipated purchase contracts are made frequently to minimize and/or stabilize this risk. The possible effects in these Consolidated Financial Statements, in case of a 5% increase in prices of its main raw materials, would be a reduction of CLP 2,260,300 thousand in earnings for the period ended June 30, 2019. To minimize this risk or stabilize often supply contracts and anticipated purchases are made when market conditions warrant.

Liquidity risk

The products we sell are mainly paid for in cash and short-term credit; therefore, the Company´s main source of financing comes from the cash flow of our operations. This cash flow has historically been sufficient to cover the investments necessary for the normal course of our business, as well as the distribution of dividends approved by the General Shareholders’ Meeting. Should additional funding be required for future geographic expansion or other needs, the main sources of financing to consider are: (i) debt offerings in the Chilean and foreign capital markets (ii) borrowings from commercial banks, both internationally and in the local markets where the Company operates; and (iii) public equity offerings

The following table presents an analysis of the Company’s committed maturities for liability payments throughout the coming years:

	Maturity				
Item	**1 year**	**More than 1 year up to 2**	**More than 2 years up to 3**	**More than 3 up to 4**	**More than 4 years**
	CLP (000’s)	**CLP (000’s)**	**CLP (000’s)**	**CLP (000’s)**	**CLP (000’s)**
Bank debt	31,279,930	23,886,037	23,167,171	22,438,190	271,085,057
Bond payable	43,115,677	41,288,217	39,189,702	39,040,815	830,195,114
Lease obligations	7,059,863	7,336,631	6,682,198	4,073,824	11,847,784
Contractual obligations	43,539,106	7,682,630	1,157,171	614,604	—
Total	**124,994,576**	**80,193,515**	**70,196,242**	**66,167,433**	**1,113,127,955**

25 - EXPENSES BY NATURE

Other expenses by nature are:

Details	01.01.2019 06.30.2019 CLP (000's)	01.01.2018 06.30.2018 CLP (000's)	04.01.2019 06.30.2019 CLP (000's)	04.01.2018 06.30.2018 CLP (000's)
Direct production costs	368,124,018	375,324,980	177,967,092	168,316,464
Employee expenses	129,880,705	128,568,152	64,667,555	52,769,568
Transportation and distribution	96,082,258	71,393,249	34,755,241	31,465,494
Advertising	10,210,043	15,759,035	7,549,418	6,469,787
Depreciation and amortization	53,895,240	48,328,822	27,275,029	24,622,762
Repairs and maintenance	11,871,990	6,817,551	6,831,892	398,512
Other expenses	65,362,647	64,986,224	25,522,980	45,488,666
Total (1)	**735,426,901**	**711,178,013**	**344,569,207**	**329,531,254**

(1) Corresponds to the addition of cost of sales, administration expenses and distribution cost.

26 - OTHER INCOME

Other income by function is detailed as follows:

Details	01.01.2019 06.30.2019 CLP (000's)	01.01.2018 06.30.2018 CLP (000's)	04.01.2019 06.30.2019 CLP (000's)	04.01.2018 06.30.2018 CLP (000's)
Gain on disposal of Property, plant and equipment	94,644	118,219	81,462	88,576
Recovery PIS/CONFINS tax	—	55,180	—	55,180
Others	168,916	63,742	97,135	9,431
Total	**263,560**	**237,141**	**178,597**	**153,187**

27 — OTHER EXPENSES BY FUNCTION

Other expenses by function are detailed as follows:

Details	01.01.2019 06.30.2019 CLP (000's)	01.01.2018 06.30.2018 CLP (000's)	04.01.2019 06.30.2019 CLP (000's)	04.01.2018 06.30.2018 CLP (000's)
Contingencies and non-operating fees	3,580,545	6,196,728	2,263,694	2,456,459
Reversal IPI Manaus processes	(3,770,309)	—	(3,770,309)	—
Tax on bank debits	2,187,617	2,243,222	910,299	598,417
Disposal and write-offs (earnings) of Property, plant and equipment	(37,653)	75,098	(64,168)	268,897
Others	15,692	275,967	169,586	64,788
Total	**1,975,892**	**8,791,015**	**(490,898)**	**3,388,562**

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28 — FINANCIAL INCOME AND EXPENSES

Financial income and expenses are detailed as follows:

a) Financial income

Detail	01.01.2019 06.30.2019	01.01.2018 06.30.2018	04.01.2019 06.30.2019	04.01.2018 06.30.2018
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Interest income	1,565,744	224,933	771,734	106,840
Guaranty restatement Ipiranga acquisition	16,802	215,562	6,598	215,562
Other financial income	1,328,310	1,678,643	711,073	819,766
Total	**2,910,856**	**2,119,138**	**1,489,405**	**1,142,168**

b) Financial costs

Details	01.01.2019 06.30.2019	01.01.2018 06.30.2018	04.01.2019 06.30.2019	04.01.2018 06.30.2018
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Bond interest	18,967,900	19,354,730	9,399,971	10,049,366
Bank loan interest	855,626	1,347,677	386,817	833,221
Other financial costs	2,496,330	1,322,881	1,259,364	39,295
Total	**22,319,856**	**22,025,288**	**11,046,152**	10,921,882

29 — OTHER (LOSSES) GAINS

Other (losses) gains are detailed as follows:

Details	01.01.2019 06.30.2019	01.01.2018 06.30.2018	04.01.2019 06.30.2019	04.01.2018 06.30.2018
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
(Losses) gains on ineffective portion of hedge derivatives	—	(1,693,349)	—	(896,751)
Other income and expenses	—	92	—	92
Total	—	**(1,693,257)**	—	**(896,659)**

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30 - LOCAL AND FOREIGN CURRENCY

Local and foreign currency balances as of June 30, 2019 and December 31, 2018, are the following:

CURRENT ASSETS	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Cash and cash equivalents	**117,450,341**	**137,538,613**
USD	14,168,805	5,917,041
EUR	9,622	51,401
CLP	50,201,043	86,121,695
BRL	42,293,673	28,040,970
ARS	10,777,198	6,726,906
PGY	—	10,680,600
Other financial assets, current	**—**	**683,537**
USD	—	—
UF	—	—
CLP	—	355,126
BRL	—	14,040
ARS	—	300,359
PGY	—	14,042
Other non-financial assets, current	**16,904,319**	**5,948,923**
USD	157,610	45,053
UF	365,849	78,623
CLP	10,095,058	3,589,253
BRL	1,718,225	1,275,073
ARS	4,567,577	460,125
PGY	—	500,796
Trade accounts and other accounts receivable	**122,174,667**	**174,113,323**
USD	1,740,350	863,794
EUR	747,643	52,332
UF	446,773	1,414,800
CLP	59,036,045	73,028,244
BRL	43,595,388	66,585,089
ARS	11,562,896	25,000,141
PGY	—	7,168,923
Accounts receivable related entities	**7,240,512**	**9,450,263**
USD	31,969	26,557
CLP	6,013,709	6,911,814
ARS	1,194,834	2,511,892
Inventory	**155,701,481**	**151,319,709**
USD	626,181	2,197,382
EUR	—	12,522
CLP	46,567,740	50,130,341
BRL	51,683,489	36,797,523
ARS	43,346,937	46,394,230
PGY	13,477,134	15,787,711
Current tax assets	**5,858,023**	**2,532,056**
CLP	3,824,521	—
BRL	2,033,502	2,532,056
Total current assets	**425,329,343**	**481,586,454**
USD	16,724,915	9,049,827
EUR	757,265	116,255
UF	812,622	1,493,423
CLP	175,738,116	220,136,473
BRL	141,324,277	135,244,751
ARS	71,449,442	81,393,653
PGY	18,522,706	34,152,072

NON-CURRENT ASSETS	06.30.2019 CLP (000's)	12.31.2018 CLP (000's)
Other non-current financial assets	**96,518,349**	**97,362,295**
CLP	—	—
BRL	85,597,714	87,446,661
ARS	10,920,635	9,915,634
Other non-current, non-financial assets	**33,350,240**	**34,977,264**
USD	—	22,917
UF	308,853	314,283
CLP	61,668	47,532
BRL	30,466,286	32,070,120
ARS	2,354,501	2,315,682
PGY	158,932	206,730
Accounts receivable, non-current	**189,511**	**1,270,697**
UF	133,804	1,204,097
CLP		—
ARS	1,306	90
PGY	54,401	66,510
Accounts receivable related entities, non-current	**122,506**	**74,340**
CLP	122,506	74,340
Investments accounted for using the equity method	**101,187,696**	**102,410,945**
CLP	49,237,481	50,136,221
BRL	51,950,215	52,274,724
ARS	—	—
Intangible assets other than goodwill	**655,962,412**	**668,822,553**
USD	9,568,070	4,960,399
CLP	301,332,126	306,508,710
BRL	180,380,628	182,657,545
ARS	2,233,519	2,101,571
PGY	162,448,069	172,594,328
Goodwill	**117,733,476**	**117,229,173**
CLP	9,523,767	9,523,767
BRL	71,222,325	72,059,356
ARS	30,090,247	28,318,129
PGY	6,897,137	7,327,921
Property, plant & equipment	**714,339,943**	**710,770,968**
USD	—	—
Euros	—	381,732
CLP	285,870,214	271,625,978
BRL	243,928,822	252,674,783
ARS	123,510,846	117,532,176
PGY	61,030,061	68,556,299
Deferred tax assets	**1,618,274**	**—**
CLP	1,618,274	—
Total non-current assets	**1,721,022,407**	**1,732,918,235**
USD	9,568,070	4,983,316
Euros	—	381,732
UF	442,657	1,518,380
CLP	647,766,036	637,916,548
BRL	663,545,990	679,183,189
ARS	169,111,054	160,183,282
PGY	230,588,600	248,751,788

CURRENT LIABILITIES	06.30.2019 Up to 90 days CLP (000's)	06.30.2019 90 days up to 1 year CLP (000's)	06.30.2019 Total CLP (000's)	12.31.2018 Up to 90 days CLP (000's)	12.31.2018 90 days up to 1 year CLP (000's)	12.31.2018 Total CLP (000's)
Other financial liabilities, current	**19,983,776**	**40,338,956**	**60,322,732**	**9,377,421**	**46,737,556**	**56,114,977**
USD	295,864	3,179,134	3,474,998	130,829	3,304,011	3,434,840
UF	6,856,484	11,511,563	18,368,047	7,831,899	10,536,509	18,368,408
CLP	764,948	12,207,622	12,972,570	—	9,681,676	10,342,404
BRL	12,003,279	11,023,834	23,027,113	1,413,622	20,833,877	20,674,416
ARS	63,201	1,346,623	1,409,824	1,071	1,357,285	14,876,804
PGY	—	1,070,180	1,070,180	—	1,024,198	871,811
Trade accounts and other accounts payable	**167,092,043**	**6,177,020**	**173,269,063**	**251,551,666**	**3,394,362**	**238,109,847**
USD	17,783,460	3,688,042	21,471,502	11,716,262	—	14,514,082
EUR	1,738,571	267,990	2,006,561	2,202,581	59,951	4,371,675
UF	1,928,095	—	1,928,095	2,198,131	—	192,055
CLP	60,948,789	2,174,721	63,123,510	82,576,800	3,334,412	84,433,657
BRL	53,219,746	—	53,219,746	74,524,169	—	68,940,973
ARS	31,472,873	46,267	31,519,140	69,859,508	—	54,846,437
PGY	—	—	—	8,472,550	—	10,805,605
Other currencies	509	—	509	1,665	—	5,362
Accounts payable related entities, current	**44,088,670**	**—**	**44,088,670**	**45,687,476**	**140,383**	**45,827,859**
USD	—	—	**—**	**—**	**—**	
CLP	29,102,721	—	29,102,721	27,729,582	140,383	27,869,965
BRL	9,874,809	—	9,874,809	12,478,179	—	12,478,179
ARS	5,111,140	—	5,111,140	5,479,714	—	5,479,714
PGY				—	—	
Oher current provisions	**1,691,925**	**341,108**	**2,033,033**	**1,789,275**	**1,696,338**	**3,485,613**
CLP	1,691,925	337,810	2,029,735	1,789,275	1,681,178	3,470,453
PGY	—	3,298	3,298	—	15,160	15,160
Tax liabilities, current	**—**	**2,078,402**	**2,078,402**	**4,302,370**	**5,036,242**	**9,338,612**
CLP				4,302,370	1,184,842	5,487,212
BRL				—	—	—
ARS	—	1,237,694	1,237,694	—	2,980,634	2,980,634
PGY	—	840,708	840,708	—	870,766	870,766
Employee benefits current provisions	**16,830,149**	**8,919,569**	**25,749,718**	**10,189,264**	**23,021,715**	**33,210,979**
CLP	3,979,555	709,051	4,688,606	1,177,114	4,854,163	6,031,277
BRL	12,682,285	1,163,833	13,846,118	—	17,180,455	17,180,455
ARS	168,309	6,251,751	6,420,060	9,012,150	—	9,012,150
PGY	—	794,934	794,934	—	987,097	987,097
Other non-financial current liabilities	**660,294**	**30,982,881**	**31,643,175**	**1,346,839**	**32,427,375**	**33,774,214**

UF	—	—	—	—	—	—
CLP	659,894	30,560,331	31,220,225	869,964	32,276,377	33,146,341
BRL	—	—	—	—	—	—
ARS	400	4,397	4,797	476,875	—	476,875
PGY	—	418,153	418,153	—	150,998	150,998
Total current liabilities	**250,346,857**	**88,837,936**	**339,184,793**	**307,408,129**	**112,453,972**	**419,862,101**
USD	18,079,324	6,867,176	24,946,500	14,644,911	3,304,011	17,948,922
EUR	1,738,571	267,990	2,006,561	4,311,724	59,951	4,371,675
UF	8,784,579	11,511,563	20,296,142	8,023,954	10,536,509	18,560,463
CLP	97,147,832	45,989,535	143,137,367	116,967,550	53,153,031	170,120,581
BRL	87,780,119	12,187,667	99,967,786	82,832,774	38,014,332	120,847,106
ARS	36,815,923	8,886,732	45,702,655	69,816,247	4,337,919	74,154,166
PGY	—	3,127,273	3,127,273	10,805,605	3,048,219	13,853,824
Other Currencies	509	—	509	5,362	—	5,362

NON-CURRENT LIABILITIES	06.30.2019 More than 1 year up to 3 years	06.30.2019 More than 3 years and up to 5 years	06.30.2019 More than 5 years	06.30.2019 Total	12.31.2018 More than 1 year up to 3 years	12.31.2018 More than 3 years and up to 5 years	12.31.2018 More than 5 years	12.31.2018 Total
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Other non-current, financial liabilities	36,855,099	284,113,886	398,691,269	719,660,254	28,642,101	276,409,074	411,512,603	716,563,778
USD	401,862	257,117,580	260,064	257,779,507	—	250,976,154	—	250,976,154
UF	24,945,401	23,919,919	389,427,066	438,292,386	25,634,958	23,105,123	402,045,609	450,785,690
CLP	8,052,259	—	—	8,052,259	—	—	—	—
BRL	3,391,593	3,076,387	9,004,138	15,472,118	3,007,143	2,327,797	9,466,994	14,801,934
ARS	63,984	—	—	63,984	—	—	—	—
Accounts payable, non-current	791,700	—	—	791,700	735,665	—	—	735,665
USD	469,201	—	—	469,201	585,289	—	—	585,289
CLP	316,918	—	—	316,918	148,680	—	—	148,680
ARS	5,581	—	—	5,581	1,696	—	—	1,696
Other provisions, non-current	1,007,822	50,873,392	—	51,881,214	3,448,042	55,518,871	—	58,966,913
CLP	—	—	5,000,000	5,000,000	2,500,000	—		2,500,000
BRL	—	50,873,392	—	50,873,392	—	55,518,871	—	55,518,871
ARS	23,337	—	—	23,337	948,042	—	—	948,042
PGY	1,075,683	—	—	1,075,683	—	—		
Deferred tax assets	13,546,346	109,315,838	24,666,453	147,528,637	16,607,605	101,512,040	27,126,303	145,245,948
UF	—	—	1,302,167	1,302,167	—	—	—	—
CLP	—	83,290,366	9,110,060	92,400,426	497,175	81,630,530	11,899,975	94,027,680
BRL	—	26,025,472	—	26,025,472	—	19,881,510	—	19,881,510
ARS	13,546,346	—	—	13,546,346	16,110,430	—	—	16,110,430
PGY	—	—	14,254,226	14,254,226	—	—	15,226,328	15,226,328
Employee benefits non-current provisions	778,545	4,237,374	8,453,228	13,469,147	742,297	240,148	8,433,096	9,415,541
CLP	274,837	4,237,374	8,453,228	12,965,439	230,528	240,148	8,433,096	8,903,772
PGY	503,708	—	—	503,708	511,769	—	—	511,769
Other non-financial non-current liabilities	167,682	—	—	167,682	—	—	—	—
ARS	167,682	—	—	167,682	—	—	—	—
Total non-current liabilities	**53,147,195**	**448,540,490**	**431,810,950**	**933,498,634**	**50,175,710**	**433,680,133**	**447,072,002**	**930,927,845**
USD	871,063	257,117,580	260,064	258,248,708	585,289	250,976,154	—	251,561,443
UF	24,945,401	23,919,919	390,729,233	439,594,553	25,634,958	23,105,123	402,045,609	450,785,690
CLP	8,644,014	87,527,740	17,563,288	113,735,042	3,376,383	81,870,678	20,333,071	105,580,131
BRL	3,391,593	79,975,251	9,004,138	92,370,982	3,007,143	77,728,178	9,466,994	90,202,315
ARS	14,791,415	—	—	14,791,415	17,060,168	—	—	17,060,169
PGY	503,708	—	14,254,226	14,757,935	511,769	—	15,226,328	15,738,097

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31 - THE ENVIRONMENT (unaudited)

The Company has made disbursements totaling CLP 1,487,495 thousand for improvements in industrial processes, equipment to measure industrial waste flows, laboratory analysis, consulting on environmental impacts and others,

These disbursements by country are detailed as follows:

	2019 period		Future commitments	
Country	Recorded as expenses	Capitalized to Property, plant and equipment	To be recorded as expenses	To be capitalized to Property, plant and equipment
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Chile	721,159	—	—	—
Argentina	155,207	—	14,326	—
Brazil	425,030	121,943	399,685	232,634
Paraguay	31,419	32,737	—	—
Total	**1,332,815**	**154,680**	**414,011**	**232,634**

32 - SUBSEQUENT EVENTS

There are no subsequent events that may significantly affect the Company's consolidated financial position as of June 30, 2019.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Santiago, Chile.

EMBOTELLADORA ANDINA S.A.
By: /s/ Andrés Wainer
Name: Andrés Wainer
Title: Chief Financial Officer

Santiago, August 23, 2019