

COMPANY REGISTRATION NUMBER 27767

**ANTOFAGASTA RAILWAY COMPANY plc**

**Annual Report and Financial Statements**

**31 December 2022**



**ANTOFAGASTA RAILWAY COMPANY plc**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2022**

---

<b>CONTENTS</b>	<b>PAGE(S)</b>
Officers and professional advisers	3
Strategic report	4 – 7
Directors' report	8 – 9
Statement of directors' responsibilities in respect of the financial statements	10
Independent auditors' report	11 – 14
Profit and loss account	15
Statement of comprehensive income	16
Balance sheet	17
Statement of changes in equity	18
Notes to the financial statements	19 – 35

---

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## OFFICERS AND PROFESSIONAL ADVISERS

### Board of Directors

I Arriagada  
P Enei  
C Ureta  
G Barceló (appointed 20 April 2022)  
R Aguilar (appointed 20 April 2022)  
S Dussaubat (appointed 1 April 2023)  
M Medina (appointed 1 April 2023)  
J M Labbé (appointed 1 April 2023)  
A M Rabagliati (resigned 20 April 2022)  
A Vial (resigned 31 March 2023)  
M Ortiz (resigned 31 March 2023)

### Company Secretary

J T R Anderson

### Registered Office

103 Mount Street  
London W1K 2TJ

### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place, London, WC2N 6RH

### Solicitors

Clifford Chance LLP  
10 Upper Bank Street London E14 5JJ

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## STRATEGIC REPORT

### Principal Activities

The principal activity of Antofagasta Railway Company plc ("the Company") during the year was, and will continue to be, the transport of freight by rail and to a lesser extent the sale of industrial water. This activity is based in Chile, where the business is known as the Ferrocarril Antofagasta a Bolivia ("FCAB").

### Business Review

The Company uses a number of financial and non-financial key performance indicators in order to measure performance, which are set out below. Other key performance indicators relating to the Antofagasta plc group ("the Group") as a whole, including information relating to employees, health and safety and the environment, are contained within the Group's 2022 Annual Report, available from the Group's website, [www.antofagasta.co.uk](http://www.antofagasta.co.uk).

		2022	2021
Turnover	US\$'000	172,374	152,982
Operating profit	US\$'000	42,404	29,724
Capital expenditure	US\$'000	51,301	28,831
Rail tonnage transported	000 tons	5,368	5,222

Turnover increased by \$19.4 million or 13% to \$172.4 million mainly due to better pricing in some contracts and to increased volumes. Operating profit increased by \$12.7 million or 43% to \$42.4 million due to higher turnover partially offset by an increase in the price of diesel used for locomotives and trucks as well as the impact of the higher inflation rate on labour, material and contractor costs. Capital expenditure in the year was \$51.3 million (2021 – \$28.8 million), reflecting track improvements and locomotive equipment.

### Future Developments

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

### Results and Financial Position

The profit before taxation was \$85.4 million in 2022 compared with a profit before taxation of \$27.9 million in 2021. The profit for the financial year of \$68.2 million (2021 – \$16.1 million) has been transferred to reserves. At 31 December 2022, the Company had a net asset position of \$310.1 million (2021 - \$268.5 million).

### Section 172 (1) statement

The Directors of the Company have acted in accordance with their duties to operate in the way that they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole, particularly with regard to the stakeholders and matters set out in section 172 (1) of the Companies Act 2006, including amongst other matters:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

STRATEGIC REPORT (continued)

Section 172 considerations are embedded in decision-making at Board level and throughout the Company. The companies within the Antofagasta Group adopt a common approach towards those matters that are necessary to be considered under Section 172 (1). An explanation of how the Group's companies, including this Company, consider the matters set out in s172 is contained within the Group's 2022 Annual Report, available from the Group's website, [www.antofagasta.co.uk](http://www.antofagasta.co.uk). Relevant matters specific to the Company are also contained in the Company's sustainability report, available from the Company's website, [www.tcab.cl](http://www.tcab.cl)

Principal Risks and Uncertainties

Introduction

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

Economic Environment and Customer Demand

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

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

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

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

Operational Risks

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

Political Environment

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

Health, Safety and Environment

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

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## STRATEGIC REPORT (continued)

### Principal Risks and Uncertainties (continued)

#### Climate risks

The effects of climate change have had an increasing impact on our business. Higher than expected rainfall in the northern part of the country is impacting the infrastructure in the region. The increasing severity of sea swells leads to delays in the delivery of key supply materials and the export of copper cathodes. We are committed to contributing to the reduction of the global problem of growing greenhouse gas emissions and water scarcity by reducing our own emissions. We seek constantly to identify risks associated with climate change and to implement actions to adapt and mitigate their potential impact. Our Climate Change Strategy seeks to strengthen our capacity to adapt to and mitigate climate change. This enables us to take early action to manage the resulting risks and opportunities in such a way as to mitigate the effects of climate change and adapt to new scenarios.

#### Financial Risk and Risk Management

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

#### Foreign Exchange Risk

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

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

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

#### Interest Rate Risk

The Company's policy is generally to invest cash at floating rates. Fluctuations in interest rates will therefore impact the Company's net finance income, and to a lesser extent, the value of financial assets. When the Company has borrowings with floating interest rates it may at times use interest rate swaps to swap an element of the floating rate interest for fixed rate interest, and therefore reduce its exposure to fluctuations in market interest rates.

#### Price Risk

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

#### Credit Risk

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

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## STRATEGIC REPORT (continued)

### Principal Risks and Uncertainties (continued)

#### Cash Flow Risk

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

#### Liquidity Risk

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

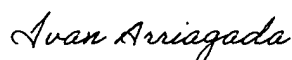
### Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

### Environment

The environmental policies and activities for the Antofagasta plc group as a whole are discussed within the Group's Annual Report, available from the Group's website.

Approved by the Board and signed on its behalf by:



I Arriagada  
Director  
24 May 2023

Registered office: 103 Mount Street, London, W1K 2TJ

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2022.

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

I Arriagada  
P Enei  
C Ureta  
G Barceló (appointed 20 April 2022)  
R Aguilar (appointed 20 April 2022)  
S Dussaubat (appointed 1 April 2023)  
M Medina (appointed 1 April 2023)  
J M Labbé (appointed 1 April 2023)  
A M Rabagliati (resigned 20 April 2022)  
A Vial (resigned 31 March 2023)  
M Ortiz (resigned 31 March 2023)

### Company

Antofagasta Railway Company plc has a branch which is operating in Chile under an administrative concession granted by the Chilean Government under the name of Ferrocarril Antofagasta a Bolivia "FCAB" with address in Simón Bolívar N°255, Antofagasta.

### Dividends

During 2022 ordinary dividends were declared and paid totalling \$26.6 million (2021 – \$23.4 million). The Directors do not recommend the payment of any final dividend for the year (2021 – nil). The total cost of preference dividends paid and recognised as an expense in the profit and loss account was \$0.1 million (2021 – \$0.1 million).

### Creditor Days

The Company does not trade in the United Kingdom. Creditor days for the Company have been calculated at 19 days (2021 – 23 days). Credit terms are agreed with individual suppliers and payment is made in accordance with agreed terms.

### Non-current Assets

Details of movements in tangible assets during the year are given in Note 11 to the financial statements.

### Disclosures contained within the Strategic Report

The following disclosures are contained within the Strategic Report:

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



# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## DIRECTORS' REPORT (continued)

### Going Concern

The Company's business activities, performance and position are set out in this report. The financial position of the Company is set out in the financial statements and related notes.

In assessing the Company's going concern status the Directors have taken into account the above factors, including the financial position of the Company, and noted that the Company is in a net current liability position of US\$721,000 owing to amounts due to the Company's subsidiaries. Management of these subsidiaries have confirmed in writing to the Directors of the Company that these amounts will not be recalled in the 12 months following the date of approval of the financial statements.

After making appropriate enquiries, and notwithstanding the Company's net current liability position, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

### Directors' Indemnities

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

### Independent Auditors

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

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

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

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board and signed on its behalf by:

*Ivan Arriagada*

I Arriagada  
Director  
24 May 2023

Registered office:  
103 Mount Street,  
London W1K 2TJ

---

# **ANTOFAGASTA RAILWAY COMPANY plc**

**YEAR ENDED 31 DECEMBER 2022**

---

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## Independent auditors' report to the members of Antofagasta Railway Company plc

### Report on the audit of the financial statements

#### Opinion

In our opinion, Antofagasta Railway Company plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2022; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

# **ANTOFAGASTA RAILWAY COMPANY plc**

**YEAR ENDED 31 DECEMBER 2022**

---

*Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.*

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax law in the jurisdictions in which the company operates. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias included within accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Review of Board minutes and discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with certain unusual account combinations; and
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

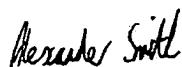
### Other required reporting

#### Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Alexander Smith (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
26 May 2023

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## PROFIT AND LOSS ACCOUNT For the year ended 31 December 2022

	Note	2022 US\$'000	2021 US\$'000
Turnover	3	172,374	152,982
Cost of sales		(102,584)	(95,252)
<b>Gross profit</b>		<b>69,790</b>	<b>57,730</b>
Administrative expenses		(29,272)	(26,594)
Other operating expense		(2,128)	(4,950)
Other operating income	3	4,014	3,538
<b>Operating profit</b>		<b>42,404</b>	<b>29,724</b>
Loss on disposal of investment in associate		-	(52)
Income from subsidiary dividend		45,442	-
Interest receivable and similar income	5	666	141
Interest payable and similar expenses	5	(640)	(680)
Other finance items	5	(2,471)	(1,276)
<b>Profit before taxation</b>		<b>85,401</b>	<b>27,857</b>
Tax on profit	9	(17,216)	(11,750)
<b>Profit for the financial year</b>		<b>68,185</b>	<b>16,107</b>

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

**ANTOFAGASTA RAILWAY COMPANY plc**

**YEAR ENDED 31 DECEMBER 2022**

---

**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 December 2022**

	Note	2022 US\$'000	2021 US\$'000
Profit for the financial year		68,185	16,107
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Actuarial gains on defined benefit plans	17	24	99
Deferred tax on actuarial gains	9	-	(27)
<b>Total other comprehensive income for the year</b>		<u>24</u>	<u>72</u>
<b>Total comprehensive income for the year</b>		<u>68,209</u>	<u>16,179</u>



# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## BALANCE SHEET As at 31 December 2022

	Note	31 December 2022 US\$'000	31 December 2021 US\$'000
<b>Non-current assets</b>			
Tangible assets	11	284,229	257,595
Investment in subsidiary undertakings	12	72,425	72,425
Trade and other receivables	14	582	-
Other non-financial assets		13	13
		<b>357,249</b>	<b>330,033</b>
<b>Current assets</b>			
Inventories	13	26,566	22,850
Trade and other receivables	14	43,651	46,558
Current tax receivable		-	1,608
Liquid investments		9,000	13,286
Cash and cash equivalents		10,982	16,632
		<b>90,199</b>	<b>100,934</b>
<b>Total assets</b>		<b>447,448</b>	<b>430,967</b>
<b>Current liabilities</b>			
Borrowings	15	(10,246)	(10,243)
Trade and other payables	16	(76,449)	(101,805)
Current tax payable		(4,225)	-
		<b>(90,920)</b>	<b>(112,048)</b>
<b>Non-current liabilities</b>			
Borrowings	15	(8,548)	(18,512)
Deferred tax liability	9(b)	(33,104)	(27,662)
Provisions for liabilities	17	(4,642)	(4,096)
Decommissioning and restoration provisions	17	(164)	(144)
		<b>(46,458)</b>	<b>(50,414)</b>
<b>Total liabilities</b>		<b>(137,378)</b>	<b>(162,462)</b>
<b>Net assets</b>		<b>310,070</b>	<b>268,505</b>
<b>Capital and reserves</b>			
Called up share capital	18	11,372	11,372
Other reserves		35,800	35,800
Retained earnings		262,898	221,333
<b>Total shareholders' funds</b>		<b>310,070</b>	<b>268,505</b>

The financial statements of Antofagasta Railway Company plc (Company no. 27767) on pages 15 to 35 were approved by the Board of Directors and authorised for issue on 24 May 2023. They were signed on its behalf by:

*Ivan Arriagada*

I Arriagada  
Director

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital (Note 18) US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total shareholders' funds US\$'000
<b>Balance at 1 January 2021</b>	<b>11,372</b>	<b>35,800</b>	<b>228,579</b>	<b>275,751</b>
Profit for the financial year	-	-	16,107	16,107
Other comprehensive income for the year	-	-	72	72
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>16,179</b>	<b>16,179</b>
Dividends	-	-	(23,425)	(23,425)
<b>Total transactions with owners recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(23,425)</b>	<b>(23,425)</b>
<b>Balance at 31 December 2021 and 1 January 2022</b>	<b>11,372</b>	<b>35,800</b>	<b>221,333</b>	<b>268,505</b>
Profit for the financial year	-	-	68,185	68,185
Other comprehensive income for the year	-	-	24	24
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>68,209</b>	<b>68,209</b>
Dividends	-	-	(26,644)	(26,644)
<b>Total transactions with owners recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(26,644)</b>	<b>(26,644)</b>
<b>Balance at 31 December 2022</b>	<b>11,372</b>	<b>35,800</b>	<b>262,898</b>	<b>310,070</b>

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

Antofagasta Railway Company plc is a public company limited by shares and incorporated and domiciled in the United Kingdom under the provisions of the Companies Act 2006. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the business review on page 4.

#### 1.1 Basis of preparation

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

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

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

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

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

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

As permitted by FRS 101, and because the Company is a wholly-owned subsidiary of Antofagasta plc, it has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, impairment of assets, related party transactions, disclosure of new standards not yet effective and the presentation of a balance sheet at the beginning of the preceding period (due to a retrospective restatement or reclassification). Where required, equivalent disclosures are given in the group financial statements of Antofagasta plc.

#### 1.2 Going Concern

The Company's business activities, performance and position are set out in the Directors' report. The financial position of the Company is set out in the financial statements and related notes.

In assessing the Company's going concern status the Directors have taken into account the above factors, including the financial position of the Company, and noted that the Company is in a net current liability position US\$721,000 owing to amounts due to the Company's subsidiaries. Management of these subsidiaries have confirmed in writing to Directors of the Company that these amounts will not be recalled in the 12 months following the date of approval of the financial statements.

After making appropriate enquiries the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 1.3 Adoption of new accounting standards

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

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

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

## 2. Accounting Policies

### a) Principal accounting policies

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

#### (i) Currency translation

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

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

#### (ii) Turnover, revenue recognition and other income

##### Sale of goods and services

The Company's revenue relates to the transport of freight by rail in Chile and to a lesser extent sale of industrial water. Turnover represents the value of goods and services supplied to third parties during the year. Turnover is measured at the fair value of consideration received or receivable, and excludes any applicable sales tax. Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset. In the case of freight transportation this is generally when the freight arrives at its intended destination. In the case of the sale of water this is when the water is provided to the customer.

##### Other operating income

Other operating income represents the value of profit generating activities which are incidental to the Company's primary activities. This includes lease income and income generated from the sale of scrap metal. As above, income is recognised when the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer.

##### Other income

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

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

---

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 2. Accounting Policies *(continued)*

#### a) Principal accounting policies *(continued)*

##### (iii) Tangible assets and depreciation

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

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

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

##### (iv) Impairment of property, plant and equipment

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

##### (v) Investments in subsidiaries

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

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 2. Accounting Policies *(continued)*

#### a) Principal accounting policies *(continued)*

##### (vi) Inventory

Inventory is valued at the lower of cost, on a weighted average basis, and net realisable value. Net realisable value represents estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Inventories of spare parts for specific projects and that are expected to not rotate in one year are presented in non-current assets under the caption "Other assets".

##### (vii) Taxation

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

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

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

##### (viii) Retirement benefits and severance indemnities

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

##### (ix) Liquid investments and cash and cash equivalents

a. *Liquid investments* represent highly liquid current asset investments such as term deposits and managed funds invested in high quality fixed income instruments. They do not meet the IAS 7 definition of cash and cash equivalents, normally because even if readily accessible, the underlying investments have an average maturity profile greater than 90 days from the date first entered into, or because they are held primarily for investment purposes rather than meeting short-term cash commitments. These assets are designated as fair value through profit or loss.

b. *Cash and cash equivalents* comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amounts of cash, are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The cash balance is presented net of bank overdrafts which are repayable on demand. Cash and cash equivalents have original maturities of 90 days or less.

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 2. Accounting Policies *(continued)*

#### a) Principal accounting policies *(continued)*

##### (x) Other financial instruments

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

a. *Trade and other receivables* - Trade and other receivable balances are generally recognised at amortised cost.

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

c. *Impairment of financial assets* - The Company applies the forward-looking expected credit loss model to its financial assets, other than those measured at fair value through profit or loss. The Company applies the IFRS 9 "simplified approach" to its trade receivables, measuring the loss allowance at the lifetime expected credit loss. For other financial assets, where the credit risk has not increased significantly since initial recognition, the loss allowance is measured at the 12-month expected credit loss. If there has been a significant increase in credit risk, the loss allowance is measured at the lifetime expected credit loss. Increases or decrease to the credit loss allowance are recognised immediately in profit or loss.

d. *Borrowings (loans and preference shares)* - Interest-bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method. Amounts are either recorded as financing costs in profit or loss or capitalised in accordance with the accounting policy set out in Note 2(iii). Finance charges are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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

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

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

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 2. Accounting Policies *(continued)*

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

##### Judgements

##### (i) Impairment of tangible fixed assets

As explained in Note 2(a)(iv), the Company reviews the carrying value of its tangible fixed assets to determine whether there is any indication that those assets are impaired. In making assessments for impairment triggers, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit ("CGU"). In the case of the Company, only one CGU has been identified. When an impairment trigger is identified, an impairment test is performed, wherein the recoverable amount of those assets, or the CGU, is measured at the higher of their fair value less costs of disposal and value in use.

Based on indicative indicators and other qualitative factors, no impairment triggers were identified in the year.

The assessments incorporate estimates of the potential future costs relating to climate risks. This process includes scenario analyses assessing the potential future impact of transition and physical risks. The combined estimate of the potential costs of the transition risk and physical risk scenarios, have been incorporated into the assessments.

##### Estimates

##### (i) Useful economic lives of tangible assets and related depreciation

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

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment and Note 2(a)(iii) for the useful economic lives for each class of assets.

As indicated in Note 2(a)(iii) the estimated useful lives of items of property, plant and equipment range between 5 – 25 years.

The total depreciation charge for 2022 was US\$24,667,000 and so as a very simplistic sensitivity, a 10% adjustment to the useful economic lives of all the property, plant and equipment would result in an impact of approximately US\$2,500,000 on the annual depreciation charge. The sensitivity is based on an illustrative change, but the estimates may vary by greater amounts and, therefore, the Directors consider it a key estimate.



# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 3. Operating income

	2022 US\$'000	2021 US\$'000
Transportation of freight - revenue	144,432	126,355
Sale of industrial water - revenue	27,942	26,627
<b>Turnover</b>	<b>172,374</b>	<b>152,982</b>
Other operating income	4,014	3,538
	<b>176,388</b>	<b>156,520</b>

### 4. Profit Before Taxation

Profit before taxation is stated after (charging):

	2022 US\$'000	2021 US\$'000
Depreciation of tangible assets	(24,667)	(27,721)
Loss on disposal of tangible assets	-	(942)
Cost of inventories recognised as an expense	(41,163)	(26,547)
Staff costs	(33,227)	(32,856)

### 5. Interest

	2022 US\$'000	2021 US\$'000
<u>Interest receivable and similar income</u>		
Interest receivable	666	141
	<b>666</b>	<b>141</b>
<u>Interest payable and similar expenses</u>		
Interest payable	(518)	(543)
Preference shares dividends	(122)	(137)
	<b>(640)</b>	<b>(680)</b>
<u>Other finance items</u>		
Effects of changes in foreign exchange rates	(2,221)	(1,135)
Unwinding of discount and adjustment to provision discount rates	(250)	(141)
	<b>(2,471)</b>	<b>(1,276)</b>

The interest payable shown above includes US\$104,118 in respect of leases (2021 – US\$11,566)

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 6. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's annual financial statements were US\$227,025 (2021 – US\$219,000).

There were no non-audit services provided to the Company by PricewaterhouseCoopers LLP in the current or prior year.

### 7. Staff Costs

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

	2022 Number	2021 Number
Chile		
-Railway operations in Northern Chile	859	868
-Management and administration	183	172
	<u>1,042</u>	<u>1,040</u>

The aggregate remuneration comprised:

	2022 US\$'000	2021 US\$'000
Wages and salaries	(31,679)	(30,767)
Social security costs	(1,328)	(1,580)
Post-employment benefits – severance charge in year	(220)	(509)
	<u>(33,227)</u>	<u>(32,856)</u>

### 8. Directors' Remuneration and Transactions

One Director received fees of US\$56,317 during 2022 (2021 – US\$17,526). The other Directors were remunerated by other Group companies in respect of their services to the Group as a whole. It is not considered practicable to apportion their total remuneration between their services as directors of this Company and their services in respect of other Group companies.

None of the Directors (2021 – none) exercised any share options in the year and none had shares receivable under long-term incentive schemes (2021 – none).

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 9. Tax on Profit

#### (a) Analysis of tax charge for the year

The Company's activities and generation of profits are based in Chile. The Company is liable to Chilean corporate tax at the rate of 27.0% (2021 – 27%) on profits arising in Chile, with further tax payable of 35% (2021 - 35%) less underlying tax already paid on such profits distributed overseas.

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

	2022	2021
	US\$'000	US\$'000
<b>Current tax charge for the year</b>		
- Chilean corporate tax	(8,488)	(1,692)
- Withholding tax	(3,288)	(4,164)
- Exchange difference	2	(9)
<b>Total current tax charge</b>	<b>(11,774)</b>	<b>(5,865)</b>
<b>Deferred tax charge for the year</b>		
- Origination and reversal of timing differences	(5,442)	(5,885)
<b>Total deferred tax charge</b>	<b>(5,442)</b>	<b>(5,885)</b>
<b>Tax charge for the year</b>	<b>(17,216)</b>	<b>(11,750)</b>

#### (b) Analysis of deferred tax liability

	Accelerated capital allowances	Timing differences on severance provision and other balance sheet items	Deferred withholding tax	Total
	US\$'000	US\$'000	US\$'000	US\$'000
1 January 2021	(25,175)	5,359	(1,934)	(21,750)
(Charge)/credit to profit and loss	(5,934)	49	-	(5,885)
Charge to other comprehensive expense	-	(27)	-	(27)
31 December 2021 and 1 January 2022	<b>(31,109)</b>	<b>5,381</b>	<b>(1,934)</b>	<b>(27,662)</b>
Charge to profit and loss	(4,987)	(455)	-	(5,442)
31 December 2022	<b>(36,096)</b>	<b>4,926</b>	<b>(1,934)</b>	<b>(33,104)</b>

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

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### (c) Profit before taxation

	2022 US\$'000	2021 US\$'000
Profit before taxation	85,401	27,857
Profit before taxation multiplied by the standard rate of corporation tax in Chile of 27.0% (2021 – 27.0%)	23,058	7,521
Chilean withholding tax	3,288	4,164
Dividend income	(12,269)	-
Exchange difference	(2)	9
Expenses not deductible for tax purposes	3,141	56
<b>Total tax charge for the year</b>	<b>17,216</b>	<b>11,750</b>

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

### 10. Dividends

	2022 US\$'000	2021 US\$'000
Dividend paid during the year	(26,644)	(23,425)

The Directors do not recommend the payment of a final dividend for the year (2021 – nil).

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

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 11. Tangible Assets

	Freehold land US\$'000	Buildings and infra- structure US\$'000	Railway track US\$'000	Wagons and rolling stock US\$'000	Machinery equipment and others US\$'000	Assets under construction US\$'000	Right-of- use assets US\$'000	Total US\$'000
<b>Cost or valuation</b>								
1 January 2021	12,328	28,355	108,249	208,524	38,997	39,240	1,325	437,018
Additions	-	-	-	-	-	27,694	1,137	28,831
Reclassifications	-	1,417	14,531	6,064	2,681	(24,693)	-	-
Capitalisation of critical parts	-	-	422	117	-	-	-	539
Disposals	-	-	-	(7,325)	(84)	-	(1,325)	(8,734)
31 December 2021	12,328	29,772	123,202	207,380	41,594	42,241	1,137	457,654
<b>1 January 2022</b>	12,328	29,772	123,202	207,380	41,594	42,241	1,137	457,654
Additions	-	-	-	-	-	50,257	1,044	51,301
Reclassifications	-	1,198	11,853	1,464	2,481	(16,996)	-	-
Disposals	-	(84)	-	(583)	(324)	-	-	(991)
31 December 2022	12,328	30,886	135,055	208,261	43,751	75,502	2,181	507,964
<b>Accumulated depreciation</b>								
1 January 2021	-	(16,275)	(38,630)	(99,465)	(24,666)	-	(1,076)	(180,112)
Charge for the year	-	(1,901)	(5,584)	(16,899)	(3,003)	-	(334)	(27,721)
Reclassification	-	-	-	(24)	24	-	-	-
Disposals	-	-	-	6,370	79	-	1,325	7,774
31 December 2021 and 1 January 2022	-	(18,176)	(44,214)	(110,018)	(27,566)	-	(85)	(200,059)
Charge for the year	-	(1,786)	(7,770)	(11,781)	(2,598)	-	(732)	(24,667)
Disposals	-	84	-	583	324	-	-	991
31 December 2022	-	(19,878)	(51,984)	(121,216)	(29,840)	-	(817)	(223,735)
<b>Net book value</b>								
31 December 2022	12,328	11,008	83,071	87,045	13,911	75,502	1,364	284,229
31 December 2021	12,328	11,596	78,988	97,362	14,028	42,241	1,052	257,595

At 31 December 2022, the Company had entered into contractual commitments for the acquisition of tangible assets amounting to US\$8,692,963 (2021 – US\$8,182,483).

Reclassifications mainly relate to assets under construction which were transferred to the relevant category following completion of construction.

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 12. Investment in Subsidiary Undertakings

	Total US\$'000
At 1 January 2021	72,710
Movements	(285)
At 31 December 2021 and 1 January 2022	72,425
Movements	-
At 31 December 2022	72,425

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

	Country of incorporatio n and operation	Registere d office	Nature of business	Effective equity Shareholdin g 2022	Effective equity Shareholdin g 2021
<b>Direct subsidiary undertakings</b>					
Servicios Transportes Integrados Limitada	Chile	1	Transport	100%	100%
Forestal SA	Chile	1	Forestry	100%	100%
Inversiones Train Limitada	Chile	1	Investment	100%	100%
The Andes Trust Chile SA	Chile	1	Investment	100%	100%
Inversiones Chilean Northern Mines Limitada	Chile	1	Investment	100%	100%
Inversiones Punta de Rieles Limitada	Chile	1	Investment	100%	100%
Inmobiliaria Parque Estación S.A.	Chile	1	Real Estates	100%	100%
FCAB Ingenieria y Servicios DOS Limitada	Chile	1	Transport	100%	100%
<b>Indirect subsidiary undertakings</b>					
Emisa Antofagasta SA	Chile	1	Transport	100%	100%
Embarcadores Limitada	Chile	1	Transport	100%	100%
Servicios Logísticos Capricornio Limitada	Chile	1	Transport	100%	100%
Bolivian Rail Investors Company Inc.	United States	2	Investment	100%	100%

Registered offices:

- 1: Simon Bolivar 255, Antofagasta, Chile
- 2: 1209 Orange Street, Wilmington, DE 19801, USA

### 13. Inventories

	2022 US\$'000	2021 US\$'000
Spare parts and consumables	27,230	23,189
Obsolescence provision	(664)	(339)
	26,566	22,850

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 14. Trade and other receivables

	2022 US\$'000	2021 Restated US\$'000
<b>Due after one year</b>		
Trade receivables	582	-
	<u>582</u>	<u>-</u>
<b>Due in one year</b>		
Trade receivables <sup>2</sup>	24,272	22,150
Other receivables and prepayments <sup>2</sup>	8,661	8,139
Amounts owed by group undertakings <sup>1, 2</sup>	10,718	16,269
	<u>43,651</u>	<u>46,558</u>

1. Amounts owed by group undertaking correspond to transactions arising from the provision of mineral transportation services and the sale of water. Amounts owed by group undertakings are unsecured and repayable on demand.
2. The prior period comparatives have been restated to correct a mapping error and reflect reclassifications between the above categories, resulting in a decrease in trade receivables from \$23,811,000 to \$22,150,000, an increase in other receivables and prepayments from \$7,817,000 to \$8,139,000 and an increase in amounts owed by group undertakings from \$14,930,000 to \$16,269,000. These reclassifications have had no overall impact to the total trade and other receivables balance.

### 15. Borrowings

	2022 US\$'000	2021 US\$'000
<b>Due within one year</b>		
Floating rate loan	(10,000)	(10,000)
Fixed rate leases	(246)	(243)
	<u>(10,246)</u>	<u>(10,243)</u>
<b>Due after more than one year</b>		
Floating rate loan	(5,000)	(15,000)
Fixed rate leases	(1,132)	(814)
5% Cumulative preference shares	(2,416)	(2,698)
	<u>(8,548)</u>	<u>(18,512)</u>
	<u>(18,794)</u>	<u>(28,755)</u>

The floating rate loan is US dollar denominated and comprises a loan for \$15,000,000 (2021 - \$25,000,000) with a remaining duration of 2 years (2021 - 3 years) and an interest rate of US LIBOR six-month plus 1.06%.

The finance leases are denominated in US dollars with an average interest rate of US LIBOR six-month rate plus 5.4% and a remaining duration of 4 years (2021 - 5 years).

The preference shares are sterling-denominated and issued by the Company. There were 2,000,000 £1 shares authorised, issued and fully paid at both 31 December 2022 and 31 December 2021. The preference shares are non-redeemable and are entitled to a fixed cumulative dividend of 5% per annum. On winding up they are entitled to repayment and any arrears of dividend in priority to ordinary shareholders but are not entitled to participate further in any surplus. Each preference share carries one vote in any general meeting of the Company.

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 15. Borrowings *(continued)*

The table below sets out an analysis of the borrowing's maturity profile:

	2022 US\$'000	2021 Restated <sup>1</sup> US\$'000
Due within one year	(10,923)	(10,633)
Due within two-four years	(6,034)	(16,838)
Over five years	(2,516)	(2,798)
	<u>(19,474)</u>	<u>(30,268)</u>

- The prior period comparatives have been restated to include undiscounted future contractual payments, resulting in an increase in amounts due within one year from \$10,243,000 to \$10,633,000, an increase in amounts due within two to four years from \$15,814,000 to \$16,838,000 and an increase in amounts due over five years from \$2,698,000 to \$2,798,000, and an increase in the total amount from \$28,755,000 to \$30,268,000.

### 16. Trade and other payables

	2022 US\$'000	2021 Restated US\$'000
Trade creditors <sup>2</sup>	(13,606)	(11,405)
Other creditors and accruals <sup>2</sup>	(5,378)	(5,582)
Taxation and social security <sup>2</sup>	(2,666)	(2,617)
Amounts owed to group undertakings <sup>1</sup>	(54,799)	(82,201)
	<u>(76,449)</u>	<u>(101,805)</u>

- Amounts owed to group undertakings are unsecured and repayable on demand.
- The prior period comparatives have been restated to correct a mapping error and reflect reclassifications between the above categories, resulting in an increase in trade creditors from \$9,819,000 to \$11,405,000, an increase in other creditors and accruals from \$4,208,000 to \$5,582,000, a decrease in taxation and social security from \$6,803,000 to \$2,617,000 and an increase in amounts owed to group undertakings from \$80,975,000 to \$82,201,000. These reclassifications have had no overall impact to the total trade and other payables balance.



# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 17. Provisions for Liabilities

	Post-employment benefit obligation US\$'000	Decommissioning and restoration provisions US\$'000
Balance at 1 January 2021	(4,852)	(135)
Charge to operating profit in year	(509)	(17)
Actuarial gain	99	-
Utilised in year	604	-
Foreign exchange	711	-
Unwinding of discount and adjustment to provision discount rates	(149)	8
<b>Balance at 31 December 2021 and 1 January 2022</b>	<b>(4,096)</b>	<b>(144)</b>
Charge to operating profit in year	(916)	(18)
Actuarial gain	24	-
Utilised in year	531	-
Foreign exchange	63	-
Unwinding of discount and adjustment to provision discount rates	(248)	(2)
<b>Balance at 31 December 2022</b>	<b>(4,642)</b>	<b>(164)</b>

Further details of the post-employment benefit obligation are provided in note 19.

### 18. Called Up Share Capital

	31 December 2021 and 2022 Authorised US\$'000	Allotted, issued and fully paid US\$'000
Ordinary share capital	<b>11,372</b>	<b>11,372</b>

The Company has authorised share capital of 7,500,000 (2021 – 7,500,000) ordinary shares of £1 each.

The Company has issued share capital of 6,415,344 (2021 – 6,415,344) ordinary shares of £1 each. These shares carry 1 vote each.

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

## 19. Employee Severance Indemnities

Employment terms for the Company's employees generally provide for payment of a severance indemnity when an employment contract comes to an end. This is typically at the rate of one month for each year of service (subject in most cases to a cap as to the number of qualifying years of service) and based on final salary level. The severance indemnity obligation is treated as an unfunded defined benefit plan, and the obligation recognised is based on valuations performed by an independent actuary using the projected unit credit method, which are regularly updated. The liability is included within the provision balance as detailed in note 18. Actuarial gains and losses are immediately recognised in other comprehensive income.

The most recent valuation was carried out in 2022 by Ernst & Young, a qualified actuary in Santiago, Chile who is not connected with the Company.

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

	2022	2021 Restated <sup>1</sup>
Average nominal discount rate	5.2%	6.1%
Average rate of increase in salaries	1.3%	3.7%
Average staff turnover	18.2%	23.4%

1. The prior period comparatives within the notes to the financial statements have been restated to reflect the correct rates for 2021, resulting in an increase in the average nominal discount rate from 3.6% to 6.1%, an increase in the average rate of increase in salaries from 2.1% to 3.7% and an increase in the average staff turnover from 4.0% to 23.4%.

The movement in the provision during the year was:

	2022 US\$'000	2021 US\$'000
Balance at 1 January	(4,096)	(4,852)
Charge to operating profit in year	(916)	(509)
Actuarial gain	24	99
Utilised in year	531	604
Foreign exchange	63	711
Unwinding of discount and adjustment to provision discount rates	(248)	(149)
<b>Balance at 31 December</b>	<b>(4,642)</b>	<b>(4,096)</b>

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

	2022 US\$'000	2021 US\$'000
Current service cost (charged to operating profit)	(916)	(509)
Unwinding of discount and adjustment to provision discount rates	(248)	(149)
Foreign exchange	63	711
<b>Total (charge)/credit to profit and loss account</b>	<b>(1,101)</b>	<b>53</b>

# ANTOFAGASTA RAILWAY COMPANY plc

YEAR ENDED 31 DECEMBER 2022

---

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 20. Exchange Rates in US Dollars

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

	2022	2021
Year-end rates	US\$1.2080 = £1 US\$1 = Ch\$856	US\$1.3490 = £1 US\$1 = Ch\$845
Average rates	US\$1.2340 = £1 US\$1 = Ch\$872	US\$1.3750 = £1 US\$1 = Ch\$760

### 21. Ultimate Parent Company

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

Both Metalinvest Establishment and the E. Abaroa Foundation are domiciled in Liechtenstein. Information relating to the interest of Metalinvest Establishment and the E. Abaroa Foundation is given in the Directors' report of the Group's Annual Report 2022.

### 22. Publication of the Financial Statements of Antofagasta plc

The financial statements of Antofagasta plc. (registered address: 103 Mount Street, London, W1K 2TJ), the Company's direct parent, are available from the Group's website [www.antofagasta.co.uk](http://www.antofagasta.co.uk). This is the only Group to consolidate the financial information of the Company.

### 23. Subsequent Events

Between 1 January 2023 and the date of issuance of these financial statements, no significant events have taken place that could materially affect the financial statements.