



102-1, 102-3, 102-53

Aguas Andinas S.A.

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www.aguasandinasinversionistas.cl



Access the annual reports corresponding to fiscal year 2018 and complementary documentation on Aguas Andinas, capturing the corresponding QR code from your smartphone or tablet.





We are proud to present our first Annual Report in an integrated manner, in this our first Integrated Report, which has been prepared under the International Integrated Reporting Council (IIRC) standard, in accordance with the Global Reporting Initiative's (GRI) integrated choice of standards and contemplating the regulatory requirements of the Commission for the Financial Market (CMF).

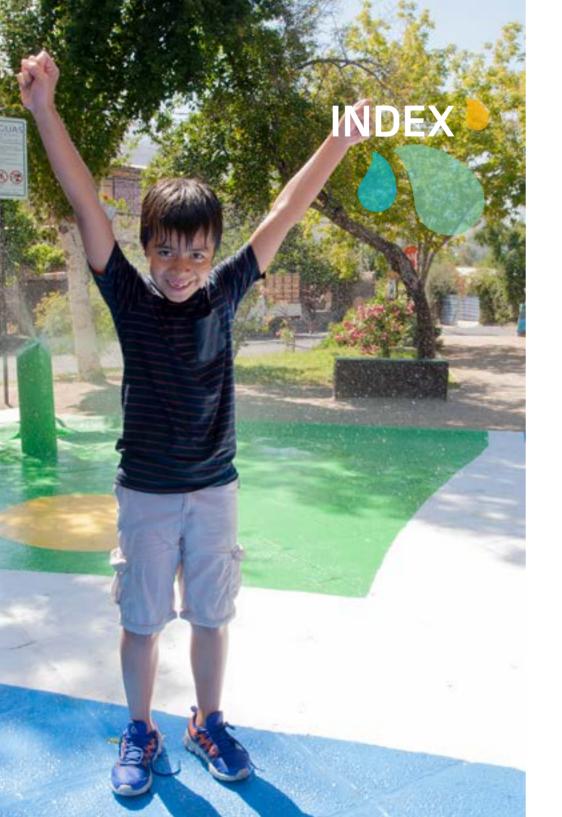
The Integrated Report reports on management as of January 1, 2018. We disclose our performance in an integrated manner, considering the environmental, social and corporate governance (ASG) areas, together with the financial information of our organization.

The abbreviations shown next to some titles correspond to contents established by the GRI. More details on these indicators can be found in the ASG Indicators chapter, which also includes the indicators of the 2018-2022 Sustainability Roadmap as well as the monitoring of the series AC Green and Social Bond.



Beyond Water, Generating social and environmental value

Aguas Andinas has set itself the great challenge of generating social and environmental value, delivering innovative, effective and sustainable solutions. The result, to date, is an organization deeply committed to sustainable development and the needs of citizens, offering environmental services of excellence. This is the ethos that drives our company, our strategy.



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Message from Guillermo Pickering

@gpickeringd 102-14

I am pleased to present our 2018 Integrated Report, in which we publish financial information and ASG of Aguas Andinas. This document details how our company is adapting to the dynamics of cultural change that occur in society and happen in a vertiginous manner, being aware of the gigantic transformation that our times impose on us.

We know that in order to achieve the virtuous correlation between income and sustainable development, we must go far beyond the timely and efficient solution of the technical and infrastructure challenges in the environmental services that we deliver: what we need is to promote a circular economy model, where the reduction of the use of our resources, as well as their reuse and revaluation is paramount.

We achieve this by teaming up with our employees and promoting their career development and their internal employment opportunities; by maintaining good relationships with our communities; by respecting and paying our suppliers in a timely manner; by connecting with and being attentive to our customers; and by not discriminating against and integrating diverse interest groups into our corporate activities. For us, sustainability is an all-embracing concept, of which the ethical, probity, and compliance dimensions make our behavior and actions in the market to be transparent and public, both in the responsible use of customer information and in our commitment to be rigorous in adhering to international best practices.

We are working with all our energies in this sense, but, above all, we are determined to listen, observe and dialogue, to undertake what society demands, to be loved as a company. We are talking about our customers being satisfied with the services of Aguas Andinas, our collaborators feeling proud of our company, people considering us a sensitive, forthcoming and innovative company, and investors valuing our strategy of sustainable business.

In a context where habits are changing rapidly and swiftly, we have taken on the challenge of becoming a profitable, sustainable and beloved company.

I invite you to review this Integrated Report, so that you can get to know in detail how this vision of Aguas Andinas is projected into the future.

> Guillermo Pickering Chairman of the Board of Directors



Message from Narciso Berberana

@nberberana

102-14

2018 was the year of consolidation and definitive impulse of a new way of working in Aguas Andinas. We co-created with our neighbors to generate a value proposition that goes beyond the traditional vision, focusing on three main objectives that define our way of acting: Transformation, Circular Economy, and Validation of a New Business Model and a Strategy for the Future. When we talk about **transformation**, we do it from the traditional water utility to an Environmental Services company. For several years, we have had a continuous and permanent process of profound transformation of the companies that make up Aguas Andinas. We focus on offering the best service to our clients with an offer that includes a competitive value proposal, maximum efficiency and lower cost. We strive to apply a global perspective to ensure that we are Chile's best ally in meeting the global objectives of the fight against Climate Change and Sustainable Development Goals.

Our focus on the **circular economy** means achieving "the zero": zero waste, energy self-sufficiency with non-conventional renewable energy, generation of clean air, reuse all of the water, generate positive social value and recover biodiversity and natural spaces, both urban and rural. This is no utopia, and proof of that is the information contained in this Integrated Report, where we provide clear and transparent information on our progress and challenges. Achieving this depends on a radical change in the design of solutions, establishing cooperation based relationships with society; in other words, a change in the business model. The greatest challenge is to make this transformation a reality, guaranteeing the generation of value for shareholders, the environment and citizens.

Our effort to **validate the new business model** has enabled us to achieve recognition from various stakeholders. This innovative commitment has been validated by the financial markets. We were the first Chilean and south American company to issue a Green and Social Bond. It means a double satisfaction: firstly, because of the compliance with the demanding international standards for the issuance of the bond and, secondly, because of the economic condi-

tions achieved that validate that the commitment to Sustainability is profitable. We also obtained the Innovation awards in Recyclápolis and Avonni, plus the individual recognitions of Alas 20; an organization that also distinguished us as the best company in Latin America, which, for the first time, was awarded to a Chilean company. Finally, we are very proud of the UN's recognition in the field of Actions Against Climate Change (Momentum for Change, UNFCCC) when the Greater Santiago Biofactory received the highest distinction for its contribution to Planetary Health. Being distinguished for our contribution by an organization such as the United Nations among the more than 650 world applications reaffirms the excellent results obtained by our disruptive strategy with high social and environmental value.

Finally, our **future strategy** leads us to focus on digital transformation towards sustainable development. The future is not written, but to a great extent it depends on our ability to dream big and work to make dreams come true. We are motivated by new and brilliant challenges: The use of artificial intelligence, the renewal of automated processes already achieved in the environments of the customers, Finance and Human Resources, innovation in the predictive management of infrastructures, certified environmental services to companies, training in Big Data management, new models of integrated social development, as well as continuous training. These challenges invite us to work with a vision of the future, in order to continue offering the best of ourselves in order to guarantee future generations our best inheritance of social progress. I am confident that shareholders and key stakeholders will view this future with the same optimism with which our employees and I face it.

Narciso Berberana **CEO**







102-2, 102-4, 102-6, 102-7, 102-45

The Aguas Group is composed of a group of companies that provide solutions for the entire water cycle: collection of raw water, production, transport and distribution of potable water, and collection, treatment

and generation of resources which are by-products of sewage treatment. All the Group's operations have the support and centennial experience of the SUEZ group, controlling partner of Aguas Andinas.

Aguas Andinas and its water utility subsidiaries

They focus on the production and distribution of potable water, together with the collection, treatment and final disposal of sewage, which due to their nature are regulated by Chilean legislation.

Thanks to its high levels of coverage, Aguas Andinas and its subsidiaries achieve 100% potable water supply, 98% sewerage and 100% wastewater treatment in the respective concession areas.









Environmental Services Subsidiaries

They offer complementary services to the water utility industry and support its main management, focusing on the treatment of wastewater (liquid industrial waste), marketing of non-conventional renewable materials and energy, laboratory analysis and development of energy projects related to water utility companies.











Our **History**

In 1861 the Empresa de Agua Potable de Santiago (Santiago Potable Water Company) was founded, predecessor of the Empresa Metropolitana de Obras Sanitarias (EMOS) (Metropolitan Water Utility Works Company) and then Aguas Andinas. Under its drive several works were being carried out, which are still of enormous relevance for the Metropolitan Region, highlighting the Laguna Negra aqueduct (1917), the Las Vizcachas plant (1946) and the El Yeso reservoir (1967). In 1977 the name was changed to EMOS and in 1989 the company was transformed into a public limited company, and subsidiary of Corfo. A decade later, the company was privatized and the company Inversiones Aguas Metropolitanas (IAM) acquired ownership of the company, formed at the time by the Suez Group and the Agbar Group, both of which held 50%; IAM currently holds 50.1% of the company's shares¹.

Since then, a policy of constant modernization has been carried out, together with large-scale investments and efficient and sustainable management of resources.

All these efforts have placed Aguas Andinas as one of the main water utility in Latin America, becoming a strategic partner of the authorities and citizens in the goal of advancing towards development in Chile.

Santiago, one of the cleanest capitals in the world.

Wastewater treatment in the Metropolitan Region rose from just 3.6% in 1999 to 100% in 2013. In 2018 the Biofactory of Greater Santiago was recognized by the Secretariat of Climate Change of the United Nations, in the category "Planetary Health".

Milestones

2001

2002

2003

2010

EMOS changes its name to Aguas Andinas S.A.

The most advanced Ope- La Farfana Sewage Treatrational Control Center in ment Plant begins operations the country and the region is inaugurated.

One of the country's greatest environmental milestones is inaugurated: Clean Urban Mapocho, a project that decontaminates the river's water along its extension within the Metropolitan area.

2013

2015

2017

2018

Mapocho Wastewater Treatment Plant, the commitment of the country to clean 100% of the wastewater in nability Index Chile. the Metropolitan Region is fulfilled, making Santiago one of the capitals with the best sanitation rates in the world. The first major works to adapt to climate change begins operations, with an investment of 63 million USD.

With the operation of the Aguas Andinas enters the The company evolves Dow Jones Sustainability Index of Emerging Markets economy to a circular one and the Dow Jones Sustai-

from a paradigm of linear and inaugurates the Biofactory of the Greater Santiago, the first of the sanitary industry at worldwide.

Aguas Andinas places the first Green and Social Bond issued in the Chilean capital market. The UN Secretary of Climate Change awarded the company the "Momentum for Change" award for the Biofactory project that transforms wastewater into electricity, natural gas, agricultural fertilizer, clean water and air.



^{1.} The corporate and governance structure is described in chapter 05, page 78.

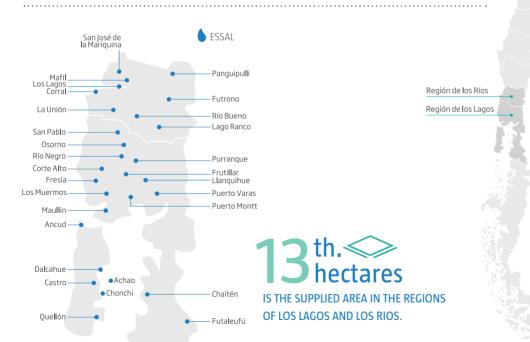


Operational Territory

102-4, 102-6

The concession area for the Metropolitan Region is located in the Santiago basin, specifically in the intermediate depression of Central Chile, bordered to the north by the Chacabuco grade and to the south by Angostura de Paine, including 52 municipalities. The concession area belonging to ESSAL includes 33 municipalities in the south of the country, specifically in regions X and XIV, in the provinces of Valdivia and Ranco in the Los Lagos Region; and Osorno, Llanguihue, Puerto Montt, Chiloé and Palena in the Los Lagos Region.

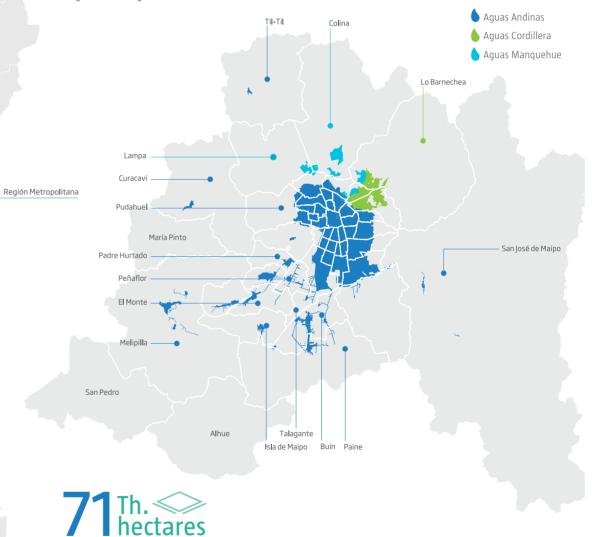
ESSAL Coverage



Aguas Andinas Coverage in the Metropolitan Region

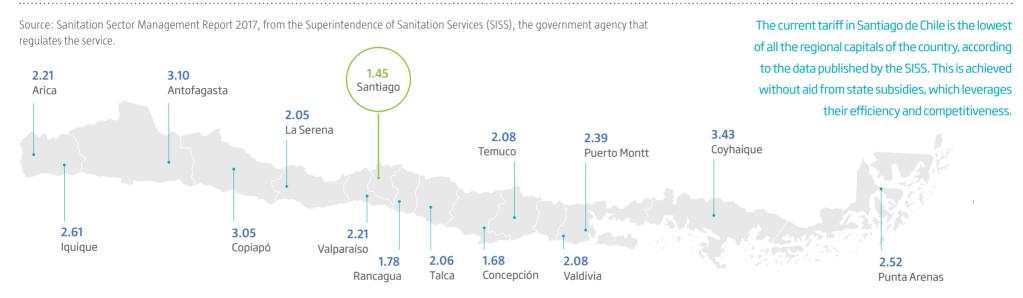
IS THE SUPPLIED AREA IN THE METROPOLITAN REGION.

In addition to the aforementioned concession areas, the company provides collection and treatment services for the sanitary companies Smapa in Maipú from a transfer point, Sembcorp Aguas Santiago in Lo Barnechea and Santa Rosa del Peral in the El Peral sector of La Florida.

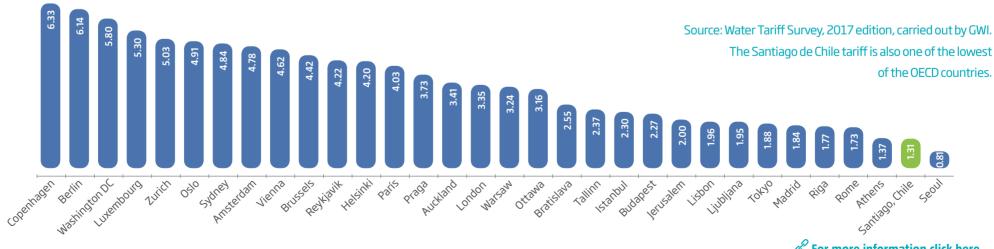




Combined rate for potable water and sewage (in US\$/m³) from Chile's regional capitals.



Combined potable water and wastewater tariff (in US\$/m³) based on 15 m³/month consumption for major cities in OECD countries

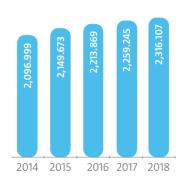




Evolution of the Company

102-7



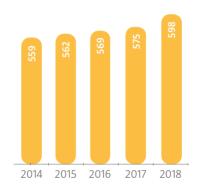


Total sewage customers

.....



Total invoiced water (millions of m³)



Number of workers



.....

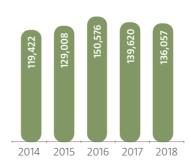
Total income (Million \$)



Ebitda (Million \$)



Net income (Million \$)



Assets (Million \$)



Investments (Million \$)





Highlighted Figures 2018

403-2

8,7 Million
PEOPLE SUPPLIED 2

36%

OF OUR PROFESSIONALS

ARE WOMEN

83% OF THE CONSUMED ENERGY COMES FROM RENEWABLE SOURCES

605 Million m³
OF CLEAN WATER RETURNED TO THE WATERWAYS

Fatalities
DURING 2018

54,513,162kWh

OF ELECTRIC POWER SELF-GENERATED IN THE GREATER SANTIAGO BIO-FACTORY

100% coverage

IN SEWAGE VERSUS

WORLD
AVERAGE 3

1,174 (\$)
ALLOCATED TO SUPPORT FAMILIES WHO

51% of biosolids

CAN'T PAY THE SERVICE

ARE REUSED AS ECO-FERTILIZER

^{2.} The information corresponds to estimated figures basaed on the number of customers.

^{3.} The United Nations: "World Water Development Report 2017: Wastewater, the Untapped Resource". Programme information click here

Awards and acknowledgements















Recyclapolis National Environment Prize: 2 distinctions, for the methanization plant of the Greater Santiago Biofactory, operational center of La Farfana. The Fire category was awarded as the best project, in addition to being recognized as the best of the best projects of 2018 in together with Metrogas.



litan Region through the GIS plat-

form that became a strategic and

Selected to be a component of the Sustainability Indices of the Dow Jones (DJSI) Emerging Markets and Chile Index by fourth consecutive year.

Selected to be part of the FTSE4Good Emerging Index.

Second prize for the sustainable and responsible capital markets of the year, in the category of the best Green Bond Transaction in Latin America.

The Biofactory of the Greater Santiago was one of the 15 projects awarded by the UN at the global level for its contribution to mitigating the effects of climate change. Energy Efficiency Seal of the Ministry of Energy in the Gold category of the Energy Efficiency Seal, one of six companies distinguished. The La Farfana methanization plant was also awarded the Avonni National Innovation Award in the category "Electrical Company Energy A.G.".











ESRI Award: Aguas Andinas was distinguished for innovation in its Emergency Supply System, for being an effective solution to face a crisis caused by massive interruptions in the supply of water in the Metropo-

Women Leaders Award: Paulina Vicentela, Head of the Biofactory, elected one of the 100 women leaders. Distinguished as ALAS20 Grand Prix, an award that highlights only one company in Latin America that demonstrates leadership, consistency and excellence in the public disclosure of information about its investment relations, sustainable development and corporate governance practices.

Awarded as ALAS20 Company, an award that highlights only one company in the country for its leadership in the public disclosure of its Environmental, Social and Corporate Governance practices.

In addition to the ALAS20 Grand Prix and ALAS20 Company awards, the company obtained the following recognitions:

1st place in the BOARD member category of a Leading Company in Sustainability: Guillermo Pickering.

1st place in the CEO category of a Leading Company in Sustainability: Narciso Berberana.

1st place in the category of a Leading Company in Sustainability.

1st place in a Leading Company in Corporate Governance category.

2nd place in a Leading Company in Investor Relations category.









Business Model

The Aguas Group business model aims to "Go beyond water, generating social and environmental value" and is based on three main principles:



The competitiveness of this model is achieved by means of responsible and efficient management of the company's tangible and intangible assets, articulated under the umbrella of the Integrated Management System (SGI).

Regulatory Framework

Regulation is a key element in the sustainability of our activities. These are developed under the single regulatory framework dictated by the General Law of Sanitation Services (DFL 382-88) and its respective regulation (DS 1199-04). Additionally, Aguas Andinas is supervised by the Superintendence of Sanitation Services (SISS), which also acts as regulatory counterpart in the process of tariff setting.

Tariffs are updated every five years by means of a process in which the concessionaire and the regulator participate. The adjustment is made objectively, by means of a technical model that considers the long-term total cost of a model company, a minimum annual return on assets of 7% after tax, and allowed adjustments between updates linked to polynomials indexed to the CPI and the IPP. For more information, see page 109.

The model results in a maximum quality and coverage service, with one of the lowest tariffs in OECD countries, as described in the Chapter Welcome to Aguas Andinas.

Corporate Management

The second point on which the business model is based is the framework of trust, which is generated around a corporate management based on:

- Corporate Governance in accordance with international best practices.
- An ethical culture permeated to all levels of the organi-
- Advanced risk and opportunity management. For more information, see page 78.

The value created by the business model and the strategy translates into an increase in Company capital which, in turn, feeds the value creation cycle.



102-16 Mission, Vision and Values

Aguas Andinas is today an environmental services company, with extensive local experience in the search for excellence, in order to provide citizens with the resources they need to build a better society and contribute to global sustainability.

Vision

Going beyond water, managing resources in a sustainable way.

Mission

We are dedicated to our customers 24 hours a day.

We manage the underground city to ensure the continuity of our services. We deliver quality water and transform waste into resources.

We create shared value with our environment.

We are committed to the quality of life of people and the development of the country.



Values



Commitment

Talent



Sustainability



Co-creation

Shared value



Integrated Management System

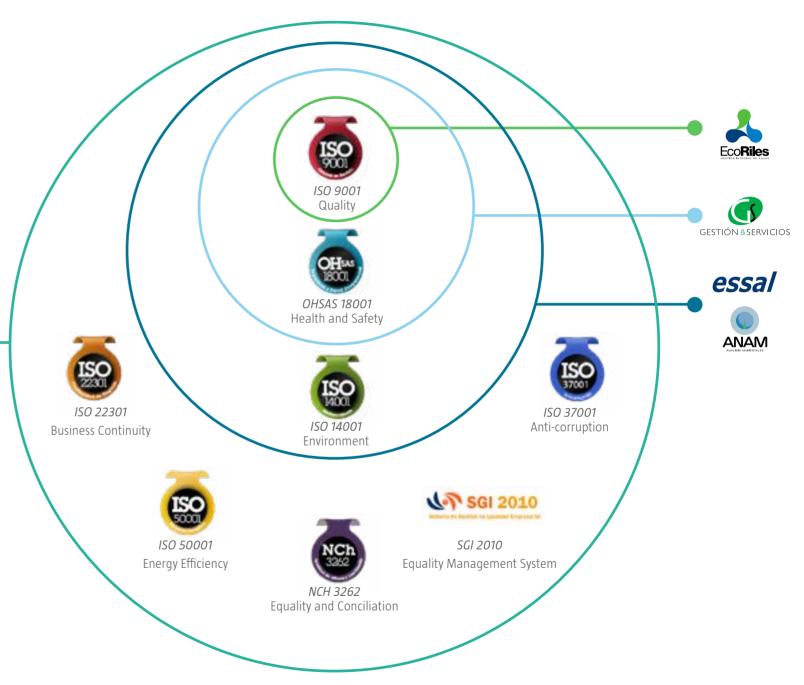
The Integrated Management System guarantees the competitiveness of the business model of the company. Aguas Andinas and its subsidiaries have international and national certifications that guarantee high standards in their quality systems, and support integrated management of their operations and processes. These certifications are subject to constant review and update.







In 2018, Aguas Andinas, Aguas Cordillera and Aguas Manquehue were certified under the SGI 2010 standard (Equality Management System).





Aguas Andinas defined a long-term strategy called Santiago Deserves a 7 (SM7), which allows it to be in tune with its commitment to the sustainable development of the city, its inhabitants and its natural environment. SM7 consists of seven pillars or axes, which point out the route and the challenges facing the daily management

of the company, including the obilagations undertaken in its Sustainability Policy and Strategy.

For each of the seven strategic pillars of the company, Aguas Andinas defined objectives and established goals generating the 2018 - 2022 Sustainability Roadmap, with two specific purposes:

- To be a guideline for the transformation of the company towards sustainability and a tool for its control.
- Contribute to the country and its citizens in fulfilling the commitments of the COP21 climate change agreement, proposed by the United Nations in 2015, which establishes specific goals for the year 2030.



Business Model

Commitment:

To be a profitable, responsible and transparent company.

OObjective:

- ♦ To be an economically sustainable
- ▲ To be leaders in best Corporate Governance.
- Support the development of socially and environmentally responsible suppliers.
- ▶ Promote a business model that is responsible for the climate and has a positive social impact.



Resilience

Commitment:

Guarantee supply in conditions of drought and climate change, preserving water as a service of the Citizens, the Operation and source of life.

Objective:

- ♦ Implement a climate change adaptation strategy by strengthening operational
- Protect and restore water-related ecosystems, including glaciers, mountains, wetlands, riverside forests, rivers, aquifers and lakes
- Promote the use of alternative sources for uses that do not require potable quality water.
- Systematically propose to our clients resilience plans to the effects of climate change.



Digitalization

Commitment:

Accelerate the digital revolution at the the internal Culture.

Objective:

- ▲ To lead the digital connection with the citizens.
- ▲ Automate the operation
- ▶ Implement the internal culture WATER 4.0.



Circular Economy

Commitment:

Leading the battle against climate change by contributing to the global objective of limiting the global temperature increase to 2°C.

Objective:

- To achieve zero climate impact by reducing greenhouse gases emissions and the water footprint.
- To achieve energy sustainability by reducing energy consumption in processes, self-generate renewable energy and maximize the renewable components in the energy matrix
- To achieve 0 waste, favouring the reuse and valuation of waste that becomes secondary raw materials



Social Legitimacy

Commitment:

Increase stakeholder satisfaction by reinforcing dialogue and promoting shared value. Objective:

▲ Increase stakeholder satisfaction with the company, maintaining a proactive,

- permanent and regulated relationship. ♦ To strengthen the figure of the Customer ♦ To ensure good health and safety at Counsel
- Contribute to local development.
- Guarantee water to all vulnerable people.



Innovation and People

Commitment:

Promote diversity and well-being at work, guaranteeing health and safety at work. encouraging the development and promotion of talent and fostering a collaborative and innovative culture.

Objective:

- work, committing ourselves to the challenge of zero accidents at work.
- Attract and retain talent.
- Promote well-being and equal opportunities by creating inclusive and diverse environments.
- Encourage collaborative and globalized ways of working.
- Promoting open innovation for the development of sustainable solutions.



Water and Quality of Life

Commitment:

Favoring the improvement in the quality of life of citizens and promoting the creation of healthy environments.

Objective:

- ♦ Favoring the improvement of the quality of life of citizens.
- Preserving the biodiversity of eco-systems.



Sustainable Development Objectives

In order to contribute to the achievement of the commitments of the country to the 17 Sustainable Development Goals (SDS) defined by the United Nations for 2030, Aguas Andinas identified 15 objectives aligned with its SM7 strategy, focusing the activity of the company with greater emphasis on the following three:

ODS6: Clean water and sanitation

ODS13. Climate Action

ODS11: Sustainable cities and communities

Since 2006, the company has been a signatory to the United Nations Global Compact initiative. Through this affiliation, it undertakes the commitment to include the concept of sustainability in its corporate strategy, with the implementation of 10 principles focused on four areas: human rights, labor relations, the environment and anti-corruption.

P For more information see here.



AGUAS ANDINAS' CONTRIBUTION TO SDO

	1 PM BELAPOBREZA 市 市市市	3 SALUD VERMESTAR	4 EDUCACIÓN DE CALEDAD	5 IGUADAD GENERO	6 ACUALIDATA YSAMEAMENTO	7 EHERGÍA ASSOUBILE YNOOCHIANÍNATE	8 TRABAJO DECENTE ECONÓMICO	9 ROISTEIN. BNEWAGOWE BNEWAGSTRUCTURA	10 DESIGNADADES	11 divides y coving more sustained in the cov	12 PRODUCTION PROPERTY OF THE	13 ACEDINA PORELOLIMA	15 TEA BECOSSTITUS TERRESTIES	16 PAZ, JUSTIELA EINSTRUCTONES SALDIAS	17 ALBANZAS PARA 100GBAR 100 GBLET MOS
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As of December 31, 2018, Aguas Andinas is the only Chilean company committed to CEO Water Mandate, initiative of the Global Compact of the United Nations that groups a critical list of business leaders in order to face global challenges of water by corporate resource management, in partnership with the UN, governments, civil society organizations and other interested parties.

The signatories of the CEO Water Mandate commit to identify and reduce critical water risks for their business. take advantage of opportunities related to water and contribute to the Objectives of Sustainable Development.

Pror more information, see here.



water catchment

80% of raw water collection came from surface sources.

20% of the uptake of Aguas Andinas came from underground sources.

285 deep wells and drains allow water to be extracted from three aquifers in the central zone.

Water production

843 million m3 was the total production of potable water in 2018.

38.27 m³ per second is the total water potabilization capacity of the facilities in the Metropolitan Region.

Water Distribution

2,316,107 customers were supplied with potable water in the company's concession area in 2018.

7 aqueducts in the Greater Santiago, with a total length of 70 kilometers.

15,683 kilometers of potable water distribution network.

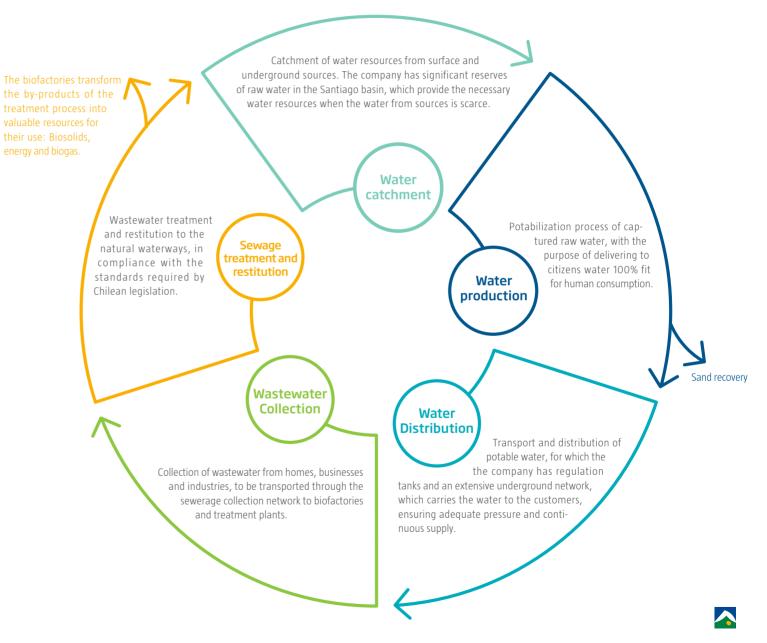
392 ponds with a storage capacity of **1,389,501** m³.

astewate collection **12,911** kilometers of sewerage collection network.

Treatmen

39 sewage treatment plants.

605 million of m³ is the total treatment in 2018.





The resources used and affected by Aquas Andinas, as well as the relationships for the creation of value for citizens and other interest groups, are collectively described in this Integrated Report, "Assets".

According to the guidelines of the International Council for Integrated Reporting (IIRC), these are categorized as: financial, natural, human, intellectual, social and relational, and industrial.



ZWHAT IS IT?

Funds available within the organization for the creation and delivery of services.

Natural resources used and/or affected by the operation of the organization.

Competences, abilities and experience of the people in the organization, and their motivations to innovate.

Intangibles based on the organization's knowledge, including intellectual property and organizational capital

Relationships within and between interest groups and other networks, and the ability to share knowledge to improve individual and collective well-being.

Tangible assets or goods that are available for use in the provision of the organization's services, including buildings, equipment and infrastructure.

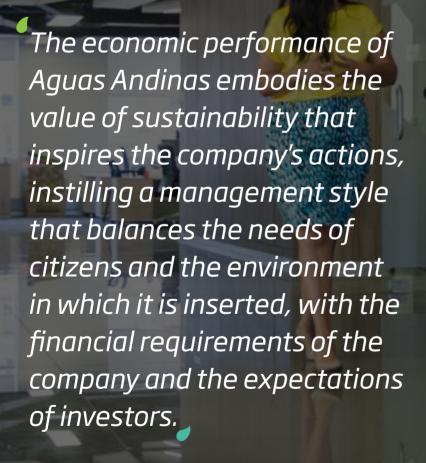
AXES OF VALUE CREATION IN AGUAS ANDINAS

- Stable financial management.
- Responsible investments.
- Sustainable finances.
- Drought management.
- Adaptation to climate change (turbidity).
- Energy sustainability.
- Reduction of emissions and waste.
- Biodiversity management.

- Equality and diversity.
- Attracting and retaining talent.
- Health and safety at work.
- Innovation culture.
- Collaborative work.
- Authorities.
- Suppliers.
- Clients.

- Assets for potable water production.
- Assets for sewage treatment.
- Other assets.





The goals of project financing, stability of flows, secure processes, risk management and maintenance of credit ratings are balanced with concern for the environment and the development of ethical, transparent and equitable relationships with different stakeholders.

It is on these three foundations that we create value for our shareholders, the capital market and society in general:



Stable Financial Management



Responsible investments



Finance sustainable



We work for a Stable financial management

201-1

Financial stability and limited risks are part of the company's strategic axes. On this basis, work is structured aimed at generating and distributing sustainable economic value among stakeholders, seeking to achieve goals that exceed the minimums required by the market and the regulator.

The economic performance of Aguas Andinas in 2018 was in accordance with these guidelines, with stable growth consistent with the characteristics of a regulated sector such as the sanitation sector.

ECONOMIC VALUE GENERATED AND DISTRIBUTED BY AGUAS ANDINAS AND ITS SUBSIDIARIES (IN THS)

2016	2017	2018	Var. 2018 vs 2017
513,321,130	518,201,829	535,136,386	3.3%
492,249,645	509,540,577	530,404,680	4.1%
14,597,521	2,608,255	-1,124,474	-143.1%
6,473,964	6,052,997	5,856,180	-3.3%
441,229,089	457,078,271	474,493,304	3.8%
147,114,359	155,387,319	161,587,558	4.0%
33,442,759	34,924,848	39,229,232	12.3%
113,671,600	120,462,471	122,358,326	1.6%
53,621,906	55,548,304	59,153,387	6.5%
181,921,323	184,520,348	196,335,597	6.4%
27,117,541	31,112,258	29,996,785	-3.6%
134,644,071	141,462,187	143,316,076	1.3%
20,159,711	11,945,903	23,022,736	92.7%
57,241,150	60,548,290	56,675,450	-6.4%
1,330,350	1,074,010	741,311	-31.0%
72,092,042	61,123,558	60,643,082	-0.8%
	513,321,130 492,249,645 14,597,521 6,473,964 441,229,089 147,114,359 33,442,759 113,671,600 53,621,906 181,921,323 27,117,541 134,644,071 20,159,711 57,241,150 1,330,350	513,321,130 518,201,829 492,249,645 509,540,577 14,597,521 2,608,255 6,473,964 6,052,997 441,229,089 457,078,271 147,114,359 155,387,319 33,442,759 34,924,848 113,671,600 120,462,471 53,621,906 55,548,304 181,921,323 184,520,348 27,117,541 31,112,258 134,644,071 141,462,187 20,159,711 11,945,903 57,241,150 60,548,290 1,330,350 1,074,010	513,321,130 518,201,829 535,136,386 492,249,645 509,540,577 530,404,680 14,597,521 2,608,255 -1,124,474 6,473,964 6,052,997 5,856,180 441,229,089 457,078,271 474,493,304 147,114,359 155,387,319 161,587,558 33,442,759 34,924,848 39,229,232 113,671,600 120,462,471 122,358,326 53,621,906 55,548,304 59,153,387 181,921,323 184,520,348 196,335,597 27,117,541 31,112,258 29,996,785 134,644,071 141,462,187 143,316,076 20,159,711 11,945,903 23,022,736 57,241,150 60,548,290 56,675,450 1,330,350 1,074,010 741,311

⁴ Corresponds to dividends paid to third parties during the financial year.



⁵ Includes provisional monthly payments (PPM), fines paid, municipal licenses, property taxes and additional tax.

⁶ Includes expenses and investments associated with community relations, awareness and donations.



Extra-financial ratings

Aguas Andinas subjects its ASG performance to periodic evaluation by nonfinancial rating agencies. The results of these ratings are an internal management tool that the company uses in the design of continuous improvement plans.

Over the last few years, this management has demonstrated progress and has placed the company in outstanding positions in a series of international indices, among which the following stand out: Dow Jones Sustainability Emerging Markets Index, Dow Jones Sustainability Index Chile, FTSE4Good Emerging Index, Vigeo Eiris Emerging Market and the MSCI.

Nº	Rating agency	Index		Score					
IN=		illuex	2015	2016	2017	2018			
1	RebecoSAM	Oow Jones Sustainability Indices	67	67	65	70			
2	FTSE4Good	FTSE4Good	N/A	3,2	3,7	3,8			
3	VigeoEiris	vigediris	38	N/A	53	N/A			
4	MSCI	MSCI 🌐	А	А	А	А			

- 1: between 0 and 100
- 2: between 0 and 5
- 3: between 0 and 100
- 4: between CCC and AAA on a scale of 7

Higher scores show better performance

In 2018, Aguas Andinas was ranked in 6th place worldwide in the Dow Jones Sustainability Index, in the Multi and Water Utilities sector.

AA+ Risk Rating

In 2018 the Fitch Ratings and the CR classifiers maintained the risk rating of Aguas Andinas debt securities in Category AA+, "Stable" trend. The Series A shares were classified as First Class Level 1, and Series B as First Class Level 4.

In the calculation of the tariffs that Aguas Andinas charges its customers and which are regulated by law, the development plans required by the regulator are included, assuring the company a minimum profitability of 7%. In addition, the financial risks are also limited by the experience of the controlling group and the company itself, guaranteeing efficient investment management.

Dividend Policy

At the twenty-fourth Ordinary Shareholders' Meeting, a dividend policy was agreed upon consisting of distributing 100% of profits, with 30% of net profits for the year being paid as a mandatory dividend, and the remaining 70% as As an additional dividend. This policy will be in force while the current Level of capitalization of the company is sustained and is compatible with The investment and financial policies established for each financial year.

DISTRIBUTABLE INCOME (IN TH\$)	
Net income for 2018	136,056,517
Cumulative distributable profit	17,761,948
Interim dividends on account of income 2018	(43,223,758)
Distributable remaining income	110,594,707
% of dividends distributed over distributable income	31.77%





We plan our investments with sustainability criteria

An essential part of the operation of Aguas Andinas is to ensure the quality and continuity. As a result, during 2018, and in view of the effects of climate change, the company executed a large investment plan aimed at strengthening the supply of potable water for the inhabitants of Greater Santiago, and the Los Lagos and Los Ríos regions, through the subsidiary, ESSAL. These investments were made with the purpose of providing the infrastructure with robustness and generating greater resilience and autonomy for the operation of the company in case of extreme events and drought. Historically, the investment made by Aguas Andinas and its subsidiaries practically doubles the amounts of investment committed before the SISS, within the framework of the development plans for the sanitation companies.

During the year, the company invested \$163,753 million, of which 36% was allocated to potable water production projects..

Investments required by the SISS versus investments made



• We exceed the investment required by the SISS

Investment Milestones in 2018

The growing needs of citizens, added to the effect of changing climatic factors, motivated a record portfolio of investments aimed at ensuring the future sustainability of urban growth and the resilience of the organization to the effects of climate change.

Among the most relevant projects in 2018, the following stand out:

PIRQUE TANK

\$35,233 MILLION

NITRATE TREATMENT, LA FARFANA BIOFACTORY

\$9,909 MILLION

EXPANSION OF THE TALAGANTE SEWAGE TREATMENT PLANT

\$4,279 MILLION

EXPANSION OF BUIN-MAIPO SEWAGE TREATMENT PLANT

\$3,949 MILLION



The company finances the construction of all its infrastructure projects using mechanisms committed to the sustainable development objectives of the country.





The company's financial and cash flow management strives to support the social legitimacy of its operations on the basis of the ASG criteria as a management guide.

Throughout 2018, the company raised capital in the fixed income market for a total of UF 3,500,000, divided into two series of bonds, one of which considered the placement of bonds under the series AD for UF 2,000,000. The 25-year issue, with a 23-year grace period, reached a rate of 2.83%, equivalent to a spread of 57 base points over the benchmark, and had a demand of 2.6 times the amount offered.

The second is the issuance of Chile's first green and social bond, under the AC series for UF 1,500,000.

First Green and Social Bond in Chile

In April 2018 Aguas Andinas became the first company to place a Green and Social Bond in Chile. The instrument, of UF 1,500,000 over seven years with a three-year grace period, was placed at a rate of 1.8%, equivalent to a spread of 53 base points, recording a demand that exceeded 3.6 times the amount offered to the market. The international rating agency Vigeo Eiris delivered its Second Party Opinion (SPO) on the Aguas Andinas Green and Social Bond Framework.

The SPO concludes that the environmental and social objectives associated with the projects financed by this bond are clearly defined, measurable, relevant and accurate, with quantified targets at the level of each project. Therefore, the operation met all the conditions required for the placement of this type of securities. The financed projects fall into three categories: potable water supply, resilient infrastructure and wastewater treatment.

The company has the firm intention of consolidating the strategy of raising debt in the capital market by prioritizing the structuring of new green and social bonds.

Por more information see here.





The services provided by the company are closely related to the available resources in the environment. Therefore, making responsible use of its natural assets is an imperative that Aguas Andinas has undertaken to pursue responsibly in carrying out environmental initiatives in all its fields of action.

201-2

Aguas Andinas manages its relationship services, allowing it to make significant with the environment, its different progress in its efforts to ensure the stakeholders and natural resources from continuity of its potable water supply and harmonize sanitation and environmental climate change.

a integrated perspective that seeks to to adapt to the new scenarios posed by



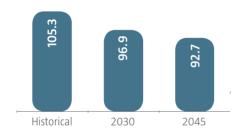


The challenge imposed by drought

201-2

The drought affecting central Chile continued to be one of the main concerns of the company in 2018, as a matter of fact, it was the driest since the problem of scarce rainfall began to worsen a decade ago. Based on the conditions observed, the company estimates that by 2030 the Maipo River will contain 8% less water than its current flow, and that in 2045 the figure will be 12% lower.

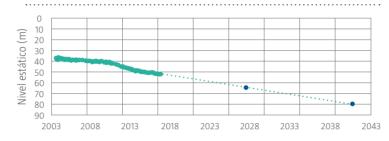
Average annual flow (in m³/s) in the Maipo River at the El Manzano measuring station.



The level of the aquifers is constantly monitored in more than 200 observation wells owned by the Group within its concession area. Depending on the sector, the levels have evolved in different ways, with stable sectors observed over time, others with seasonal variations according to hydrology, and some with a downward trend at different rates.

As an example, a well located in the center of the Central Santiago aquifer, which has shown an average rate of decline of about 1 m/ year. Considering its relatively fixed observed rate of decline in time, it is possible to make simple extrapolations, with the expectation that this zone shows static levels (depth at which the zone shows static levels (depth at which the water is) of around 65m to 2030 and 80m to 2045.

Historical evolution of water level depth in a well of the Central Santiago aquifer



In this context, the company has taken action in relation to:

- Make investments that guarantee supply in drought and climate change conditions, preserving water as a source of life.
- To offer solutions that allow to elevate the level of resilience of the company and to offer maximum quality. services.

This has allowed a high rate of continuity of supply to be maintained.

♦ 99.5% is the Continuity of Supply Index of Aguas Andinas and **99.7%** of Aguas Cordillera and of Aguas Manque- hue, over **99.4%** industry average ⁷.

Investment Actions to Face the Drought

- Implementation of the Drought and Climate Change Plan developed for the 2016 2030 period.
- Promoting a Hydraulic Efficiency Plan to avoid losses in the network.
- 71.4% of hydraulic efficiency in 2018, with an industry average of 67.0%.

Management actions to deal with drought

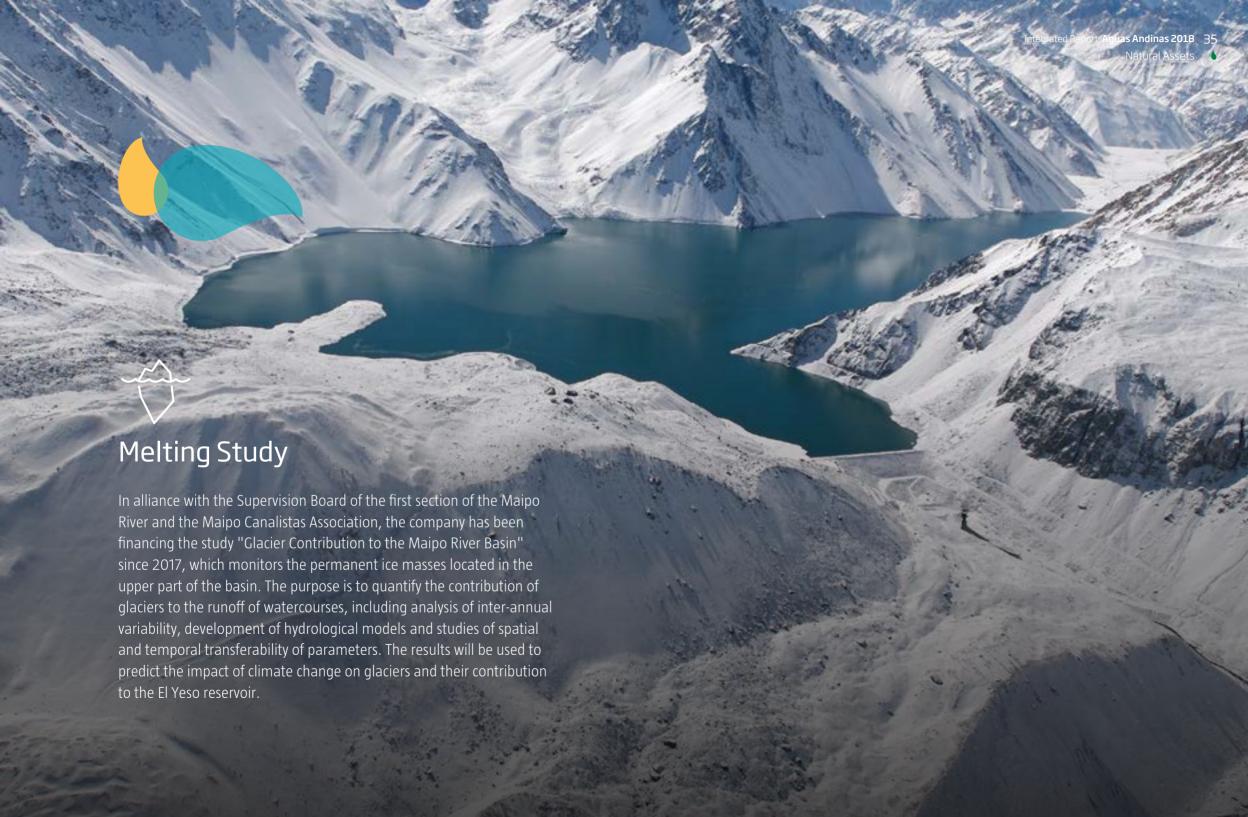
- Permanent management of the resource in partnership with the Maipo River supervisory board.
- Agreements with other users and owners of water rights of the basin. This represents 90% of surface water rights in the region (including the Mapocho River).
- Purchases of water rights.
- Efficient use of the resource. 80% of the water that the company collects is returned to the rivers, already treated and in conditions to be used in irrigation work (agriculture).
- Joint work with municipalities to reduce water consumption for irrigation and study to find formulas for the use of surface water (from canals) for the irrigation of parks and gardens.
- Alliance for the development and financing of studies on the longterm behavior of existing glaciers in the Maipo River Basin.

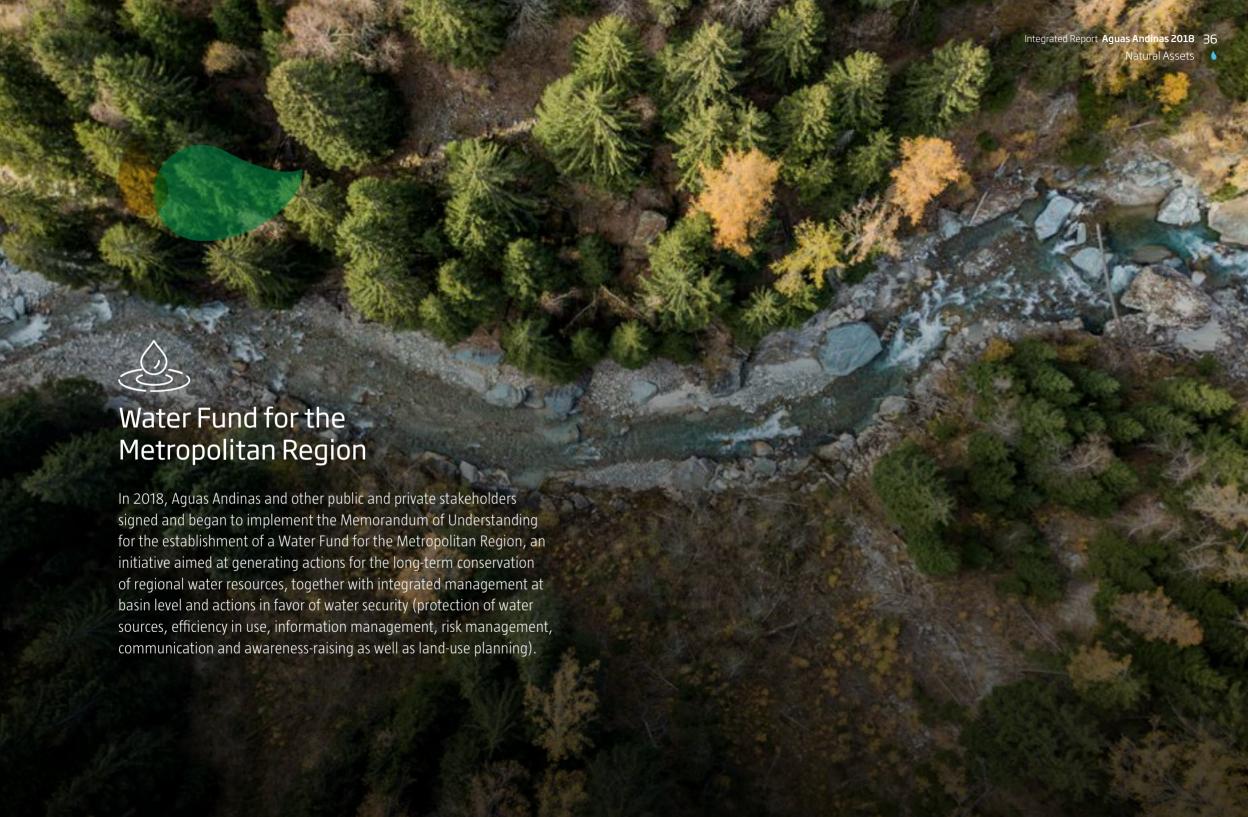
Communication actions

Complementary to management and investment actions, the company systematically proposes plans for resilience to the effects of climate change to citizens.

The aim is to raise awareness of how everyone can contribute to the preservation and care of the resource, and to this end campaigns are carried out for the responsible use of water and detection of leaks, which are disseminated through the media.





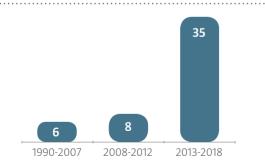






With increasing frequency, natural events attributed to climate change are occurring that generate extreme turbidity in the Maipo and Mapocho rivers, preventing the production of potable water. These are convective precipitations in the Andean foothills, characterized by their high intensity, high level of rainfall and short duration, with high isotherms or important defrosting in the Andes, which cause avalanches in the creeks affluent to waterways and which therefore excessively raise the turbidity levels of rivers, becoming flows of mud, stones and logs.

Number of events with a duration greater than 12 hours over 3,000 UNT and peaks over 5,000 UNT⁸



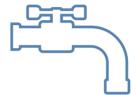
- 8 The nephelometric turbidity unit (NTU) is used to measure
 - 5,000 NTU means that for every 1 liter of treated water is removed of it 3.8 grams of mud.
- 5,000 NTU of turbidity in the Vizcachas plant, with 20 m3/s of treatment flow, means the entrance to the plant of 6,566 tons of mud a day.

Faced with these extreme situations, the company will be forced to halt the operation of the Las Vizcachas and La Florida Complex production plants, which could cause a massive supply interruption, if this interruption rises beyond the hours of autonomy. This is currently one of the main risks faced by Aguas Andinas and to address it the company is carrying out various action plans, among them, advance in a significant increase in autonomy hours, with new tanks, ducts, and wells with an advanced emergency management plan,, established in collaboration with ONEMI, the City Hall and the municipalities. For more information see here.

Increased autonomy hours

Aguas Andinas progresses in significantly increasing the autonomy hours. In 2018, it went from 9 to 11 hours, thanks to the entry into operation of the so-called Emergency Works, and also continued with the the construction of the Pirque megatanks, an investment that will increase the autonomy of the potable water system to 34 hours by the end of 2019.







2017



In addition, the authority evaluates four alternatives submitted by Aguas Andinas, with the purpose of reaching an autonomy of 48 hours.

4 possible alternatives to reach an autonomy of 48 hours:

1. Increase the reserve capacity of raw water with a reservoir adjacent to the Pirque pond, Phase II.

USD\$115 Estimated Investment: million

3. Conduction from El Yeso Reservoir to Pirque pond.

Estimated USD\$ 410 Investment: million

2. New Coyanco reservoir and pipeline to the Piraue pond.

USD\$ 238 Estimated Investment: million

4. Recycling of water, through the regeneration of treated water in the Biofactories of Aguas Andinas and transporting it to the supply points.

Estimated MORETHAN Investment: USD\$ 500 million

The decision in the selection cannot respond to a solely economic criterion since the value generated by the alternatives is very different.

The first two are based on increasing the hours of autonomy through an increase in the water reserve volume; the third aims to increase the availability, by means of transport, of the current regulated resource and the fourth achieves something that the other three do not provide, which is to include new resources in the system, reusing the water that currently leaves the urban cycle.





One of the goals of Aguas Andinas, from its circular viewpoint, is to achieve energy sustainability.

- Efficient energy consumption in the operation
 Savings, compared to 2017, of the **1.7%** and **4.2%** in the energy consumption of the Biofactories of La Farfana and Mapocho Trebal, respectively.
- Self-generation of renewable energy 80% of the energy demand of the Biofactory Mapocho Trebal supplied by biogas.
- NCREs in the company's energy matrix 44% of total electricity consumed coming from renewable sources.

Efficiency in operation

The Energy Management System (EMS) standardizes the execution of tasks and procedures to optimize the energy performance of facilities, including energy diagnostics to understand their operation and identify potential for improvement. Thanks to the advances made in 2018, the company managed to reach 6 installations and close to 150 GWh/year of electric energy with an EMS implemented and certified under the ISO 50001 standards.

Since 2017 Aguas Andinas has held the Energy Efficiency Seal of the Ministry of Energy in the Gold category. In 2018, four new facilities (Talagante wastewater treatment plant, San Antonio drinking water production plant, Padre Hurtado elevator plant and the corporate building) were certified under the 50,001 energy efficiency standard, reaching 54% of the total consumption of Aguas Andinas implemented and certified under the strict standards of the standard.





302-1, 302-3, 302-4, 302-5

Betting on NCRE

Aguas Andinas favors initiatives that allow advances in energy self-generation and the use of Non-Conventional Renewable Energy (NCRE). Thus the company, since April 2018, began to receive 65 GWh from renewable sources, a figure that is expected to increase in the coming years as new contracts are signed with power suppliers that consider the renewable variable.

• % of renewable energy in the Aguas Andinas electrical matrix

18% > 44%

We self-generate renewable energy

The company has developed initiatives to co-generate and install turbines that produce renewable energy from drinking water and sewage, thus seeking to increase its rates of electricity self-generation and continue to contribute to the social objective of reducing CO2 emissions and protect the environment.

Cogeneration

The company uses the biogas generated by the Mapocho-Trebal Biofactory as fuel to produce electricity. In addition, heat from cogeneration engines and their exhaust gases are used as a source of thermal energy for anaerobic digestion and thermal hydrolysis processes. The electricity produced is distributed in the plant and/or exported to the general network of the National Interconnected System.

Natural Gas Generation

With the commissioning of the La Farfana bio-methane plant in 2017, it was possible to start producing gas from biogas that is compatible with natural gas. according with Chilean Norm 2264. It is injected directly into the Metrogas network to supply homes or taxis powered by natural gas.

Hydrogeneration

During the fiscal year, a turbine entered into operation in the San Antonio potable water production plant (Vitacura), which allowed 10% of the electrical consumption of this installation to be self-generated, advancing in the same direction as the La Florida potable water biofactory, already 100% supplied by renewable energy through turbines driven by the water captured from the La Florida Canal.

OUR ENERGY CONSUMPTION

56% rof the total energy consumed is generated by biofuels, versus 41 % which is electricity and 3% fossil fuels.

 \bigcirc 0.36 kWh is the internal consumption of electrical energy in Aguas Andinas and regulated subsidiaries of the Metropolitan Region for each m³ of water produced, the same ratio as in 2017.

0.26 kWh/m³ was how much the intensity of electrical energy consumption rose in the group for water treatment in the La Farfana and Mapocho-Trebal Biofactory operating centers, versus **0.27** kWh/m³ in 2017 (504 million of m³ treated in 2018).

13 million m³ of biogas per year is produced by the La Farfana methanization plant, a fuel that is injected into the natural gas network of the Greater Santiago supplying 32,000 homes, equivalent to 150,000 inhabitants.





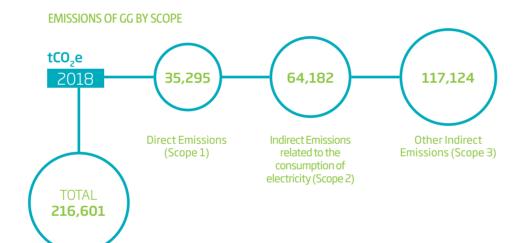


Emissions

As an ally of the country in achieving the goal of limiting global warming, Aguas Andinas is firmly committed to reducing its emissions. The company measures its carbon footprint since 2009 under the GHG international methodology protocol-IPCC and, since 2015, discloses its performance through the Carbon Disclosure Project (CDP).

RATING AGENCY	INDEX	2015	2016	2017	2018
CDP	CDP	D91	В	С	С

In 2018, the previous year's footprint was recalculated, updating the global warming potential of Greenhouse Gases (GG) as well as updating the emission factors and incorporating into the inventory elements not previously accounted for (new arsenic treatment plants). Work also began during the period on the definition of science-based reduction targets (Science Based Target), and in 2019 the inclusion of the value chain in the disclosure (Carbon Supply Chain project) is projected.







For more information se page 142.

In its guest to make a significant contribution to mitigating the effects of climate change, in 2018 the company signed a commitment to set its greenhouse gas (GG) reduction targets on a science-based target (SBT) basis. In this way, the reduction of the company's emissions will be associated with the level of decarbonization required to place the global temperature rise below two degrees Celsius compared to preindustrial temperatures.

For more information see here.





Water footprint

The water footprint reflects the total volume of freshwater used to produce the goods and services consumed directly or indirectly.

According to the criteria of the Water Footprint Network, in Aguas Andinas 86% of the footprint corresponds to the supply, and is linked to the collection and treatment of water that does not return to the original basins and that is mostly destined for the final consumer of water.

The regeneration of wastewater contributes to reducing the global water footprint of the entire water cycle, given that the Biofactories avoid the grey part of the footprint, related to the amount of water that would be necessary for the water returned to the environment to have the quality of that basin. In 2018, the water footprint has been calculated for the perimeter of Aguas Andinas and sanitation subsidiaries of the Metropolitan Region.

905.8 Hm³





BLUE Water Footprint 238,725,934 m³

Related to the consumptive use of freshwater (surface or groundwater)

> **Supply** 777,517.566 m³

Wastewater Treatment -538,791,632 m³



GREY Water Footprint 667,076,134 m³

Related to quality

Supply

Wastewater Treatment 667,076,134 m³



GREEN Water Footprint Does not apply

> Related to rainwater



Aguas Andinas water footprint

Water footprint of 1 | of water = 1.18 |



26% blue

Water footprint of 1 kg of bread (wheat) = 1,608 l. 70% green 19% blue

Source: Water Footprint Network. Pror more information see here.



306-2

Waste

Sewage biofactories produce biosolids, which contain a rich fraction of organic useful for the agricultural sector.

In 2018 agreements were reached for the disposal of sludge with about 40 farmers and 115 destinations, which add up to approximately 3,100 hectares of agricultural use. With this alternative, environmental benefits are generated and the company avoids a final disposal, contributing to the country's transition in terms of waste management and circular economy.

As of 2018, the stabilized sludge from the plants (Wastewater Treatment Plant) of the localities located outside the Greater Santiago began to be transferred to the Greater Santiago Mapocho-Trebal Biofactory, with the purpose of subjecting them to biodigestion and valuing them as eco-fertilizers, ceasing to send them to final disposal. Within the framework of the co-digestion project, sludge is also received from other industries, in alliance to obtain efficiency in waste management.

Aguas Andinas is one of the companies adhered to the Clean Production Agreement (CPA) Zero Waste to Disposal, an initiative promoted by the Ministry of the **Environment through the Agency** for Sustainability and Climate Change.

P For more information see here.

An important milestone reached in 2018 was that, for the first time, the company reached its goal of sending zero biosolids from treatment plants to sanitary landfills in the Metropolitan Region.



304-1, 304-2, 304-3, 304-4



The company favors a better quality of life for citizens and promotes the creation of healthy environments. It also contributes to the common good of Chilean society and to the ecological diversity of its geography, encouraging healthy habits in the population and facilitating the conservation and recovery of biodiversity.

To this end, projects are developed that contribute to serving, preserving and protecting the different species of flora and fauna that inhabit the company's enclosures, as well as its ecosystems.

For more information see here.

In 2018, the publication of a book illustrating the existing biodiversity in the El Canelo basin and the El Rutal estate was promoted. The objective of this initiative is to disseminate the results of flora and fauna monitoring carried out in both areas during the last few years. Its publication is scheduled for 2019.

Protection Projects in the Metropolitan Region



Aguas de Ramón Park

Developed since 2002, together with Corfo, Parque Cordillera and Conaf, it has 36,000 hectares of great value for biodiversity. This park has trekking trails with environmental awareness programs.



La Farfana Environmental Pond

The Environmental Lagoon is located within the La Farfana Biofactory. With 15 hectares, it is home to several species of birds, which are protected since 2013 by an agreement between Aguas Andinas and the Association of Ornithologists of Chile (Unorch). During 2018 it received species that were at risk in the urban territory.



El Canelo Basin

Located in the Cajón del Maipo, in the source of drinking water of the Estero El Canelo, is a natural area of 20 hectares rich in vegetation and avian fauna. This area has been worked on since 2015 on flora and fauna surveys in the lower part of the basin, with the aim of identifying and knowing the richness of the site in terms of biodiversity and proposing a protection plan that takes into account its link with the water quality of the stream.



Melipilla Environmental Pond

With 4.3 hectares, the Melipilla pond is located within the land of the Melipilla Wastewater Plant, which is currently not operational and is maintained as an artificial pond. At the site, the company has been monitoring seasonal birds since 2014.



El Rutal Center for Integrated Biosolids Management

Located 54 kilometers north of Santiago, the Center for Integrated Biosolids Management (El Rutal) covers a perimeter of 2,000 hectares where the company carries out ecosystem characterization studies that have provided relevant information on the components of a semi-arid Mediterranean climate zone.

In 2018, Aguas Andinas produced the book "Los Arcaicos de El Rutal", a publication that deals with the rich biodiversity and archaeological heritage present in this center.





Within the framework of the construction of the mega ponds of raw water reserve in Pirque, the company submitted as voluntary compensation for minor loss of biodiversity (logging of walnut trees) to participate in the project of reinsertion of a flock of approximately 100 Tricahue parrots (one of Chile's four endemic parrot species), an initiative promoted by the Wildlife Rehabilitation Center (CRFS) of the NGO Comité Nacional Pro Defensa de la Fauna y Flora (CODEFF), located in Cajón del Maipo. The Tricahue, the largest and most colorful Chilean parrot species, has suffered a sharp population decline due to hunting, destruction and loss of habitat, along with trade and tourism and

illegal holding as pets. In this first experience in the country of conformation and release of a flock of birds of this species, Aguas Andinas participated in the construction of a large cage that made it possible to exercise the flight and increase the physical resistance of the parrots, process necessary for their later adaptation and reinsertion to the environment. It also helped to reinforce the social interaction and the exercise of the leaderships that a flock requires for its strength and capacity of survival in the wild.

Thanks to this effort, the flock was successfully released during the first semester of 2018.





Our people (Figures as of December 2018)

- **2,117** total own staff of Aguas Andinas and subsidiaries, **14** more than in 2017.
- **2,051** permanent workers, **97%** of the total staff.
- 36% of the Professional staff is women.
- 255 new hires,75% men, 25% women.

Staffing and percentage of workers by company:



• 60% of the new recruits were people between their 30s and 50s., 36% younger than 30 and 4% older than 50.

For a breakdown of staff by gender, nationality, age range and seniority, see page 152.

Main instances of workers' representation

- Trade Unions
- Health and Safety Joint Committees
- Bipartite Training Committee
- Health Solidarity Fund
- Chilean Gender Equality Standard Committee
- ISTAS 21 Committee

102-41, 201-3

Unionization

Aguas Andinas encourages and values the creation and existence of unions as instances of relationship with its workers for a respectful and formal discussion of issues of common interest, especially those which contribute to improving the quality of their working and living conditions.

11 collectively bargaining unions exist in Aguas Andinas and its subsidiaries.

They represent 84% of the staff.

For more information, see page 133.

Organizational Climate

In 2018 a pilot working climate measurement project using the Happyforce platform was carried out. This is a feedback platform that, by means of a question allows the worker to indicate his state of mind as well as to give opinions or ideas for the organization.

9 months of pilot testing

325 participants

Happiness Index: **72** (scale from 0 to 100)

Emergency support network

Volunteer work plays an important role in the company's activities, especially during emergency management, distributing potable water to the public at alternative supply points and providing timely notice of any anomaly or requirement at such points.

100 people are part of the emergency support network.



This tool makes it possible to achieve two objectives: on the one hand, to know the daily pulse of the organization in terms of job satisfaction and, on the other hand, it helps to improve two-way communication between workers, their leaderships and the organization in which they work.





102-8, 405-1, 405-2

Since 2015, the company has designed the formal foundations to ensure gender equality and the reconciliation of work, family and personal life, and has established the foundations for the development of a more inclusive and diverse organization. Aguas Andinas participated in the drafting of the standard for gender equality and reconciliation of work, family and personal life (NCh3262) and was the second private company in the country to be certified in compliance with this standard.

Diversity and equality policy

Since 2018, Aguas Andinas has had a Diversity and Equality Policy that involves all of the company's employees, who learned about its contents at a workers' summit held in September. This document provides an account of the official manifesto that the organization adopted to advance towards greater gender equality, functional, sexual and cultural diversity.

For more information see here.

The Company has set up a Diversity and Equality Committee, in which the Chairman of the Board of Directors takes part, and whose focus is to develop the axes of equality, diversity and inclusion, together with monitoring the annual objectives proposed in these areas.

22% of women working in the company as of December 2018.

3% of foreign workers in the year to be reported.

1% employees with disabilities in the company. This figure amounts to 1,4% for regulated companies in the Metropolitan Region.

Focused on equality

Throughout 2018, initiatives were carried out within the framework of the Equal Opportunities and Gender Plan, which addressed issues such as: wage gaps, selection processes for executive positions with groups that include women professionals, facilitating work/home conciliation and flexible hours, among others. A highlight of the exercise was the certification of the company, during October, in the SGI 2010 standard on equality issues, which was added to the Chilean standard NCh3262, previously obtained and implemented throughout the company.



Benefits

The company offers programs that benefit workers with a permanent contract, including those relating to flexible working hours, teleworking, complementary health insurance that can be extended to family members, bonuses for mothers with small children, family parties and the use of recreational centers. A survey is carried out every year to find out how employees perceive the work-life balance measures implemented by the company, which enables direct proposals to be received from workers on measures that could help to improve their working, family and personal lives.

79% of approval of conciliation measures in the company by December 2018. The entertaining winter week for workers' children achieves maximum approval, with a 93%

17 people performed functions in 2018 through teleworking.

25 women took their parental leave during 2018. $\frac{9}{6}$ returned to their jobs upon completion of the leave

102-35, 102-36

Equal pay

Aguas Andinas has a Compensation Policy which seeks to ensure equity and non-discrimination in the wages of all its employees. It defines the annual procedures for hiring, promotion and evaluation. Variable compensation metrics include internal financial goals (recurrent net profit, budget execution, cash flow from operating activities, EBIT), external perception (performance in sustainability indices) and social goals (including health and safety indicators and the implementation of sustainable development programs as well as operating variables and individual variables).

To ensure fair and competitive compensation, Aguas Andinas determines compensation based on average market rents for counterpart positions. The relative position will depend on different factors required for each position, including educational level, work experience and performance, among others.

Increasingly diverse

Aguas Andinas is determined to become one of the world's most diverse organization that promotes a tolerant and inclusive society for citizens. At this level, the company has set itself the goal of having 2% of its jobs occupied by people with disabilities by 2022, thus duplicating what is dictated by the regulation governing this matter (1%).

In order to achieve this objective, a survey was carried out in 2018 to identify company employees with a certain degree of disability, and an active search for people with this condition was established in the selection processes. Additionally, reception plans were made in the units that included personnel with disabilities, for their full integration.

The company is also focused on encouraging cultural diversity, without making social, ethnic or religious distinctions, welcoming workers of different nationalities and hiring professionals according to their job skills, avoiding favoring graduates of any particular institution of higher education, working with blind résumés.





Aguas Andinas works to create spaces that allow for the growth and development of individual talents of collaborators, along with initiatives that generate value for the organization and its environment. In order to materialize these efforts, the company conducts training and development activities aimed at training its employees. The Integrated Talent Program of Aguas Andinas prioritizes performance evaluations, considering them as one of the main inputs to approach the succession plan and the key positions of the company. Thus, a large part of the internal vacancies are filled by people from the organization itself.

♦ TRAINING PROGRAMS



68 average hours of training per worker in 2018, compared to **45** hours in 2017.

380 MM\$ was the annual budget for training in the companies of the Metropolitan Region, equivalent to an investment per employee of **\$220,469** pesos.

Performance Evaluations

An annual performance evaluation is applied to all employees of the organization. This makes it possible to determine the career potential of employees, according to objective and effective criteria.

Professionals with outstanding performance are part of a Technical Assessment Center, which aims to define your career plan according to his/her capabilities and the needs of the company.

99% of the workers were evaluated in their performance during 2018, only those who had been with the company for less than 6 months and therefore do not have sufficient time to measure performance, workers on extended medical leave of more than 6 months, and union leaders who do not opt in, were given their choice whether or not to participate in the evaluation.

Digital Transformation Training

In 2018, with the advisory services of The Valley Digital Business School, the company applied the General Digital Ability (GDA) to 750 professionals, a knowledge and skills test aimed at evaluating the digital maturity of Aguas Andinas' personnel. Based on its results, the company structured a training program, Digital Talent, aimed at workers with the best GDA scores and it was provided in three formats: in classroom 50 hours, remote 18 hours and E-Learning 14 Hrs. The Program included topics such as Artificial Intelligence, Robotics, Machine Learning, Big Data, Smart Cities and Blockchain, among others, analyzing how these concepts can impact the business.

20 workers participated in the classroom digital transformation training program.

400 workers were trained in digital transformation with remote and online programs.

Certification of competences-ChileValora

In 2018, after promoting in Chile the development of operators and supervisors propessional profile for sanitation sector, and within the Workers Development Program of the denominated Impulsa group, members of the company could benefit from certification of their competences through the state agency ChileValora, linked to the Ministry of Labor and Social Securityl.

110 operators and **14** supervisors from potable water networks areas were evaluated during the period, in order to being certified in 2019.





We encourage occupational health and safety

403-2

Ensuring health and safety at work is a priority area for Aguas Andinas. With this objective in mind, a series of plans and programs are being implemented, which seek to reduce the number of accidents and, consequently, the number of days off work.

• fatalities and • occupational diseases In the company during 2018.

12 accidents in Aguas Andinas, versus 13 in 2017.

170 days of work absenteeism due to accident, versus **315** days in 2017.

2.82 days of work absenteeism due to accident, versus **3.17** days in 2017.

Health and Safety Risks

The main risk to which Aguas Andinas and subsidiary workers are exposed, depending on the type of work, is work in confined spaces. It should be noted that the risk of exposure in the company is within the limits established by Supreme Decree 594 on basic sanitary and environmental conditions in workplaces.



⁹ The frequency rate is the number of accidents that occur per million hours worked by women or men.

Aguas Andinas carries out a self-evaluation of its safety culture, based on the "Fair Culture" approach, based on information on errors and incidents in order to correct the deviations in the processes that could trigger accidents or serious consequences for the operation in advance.

The diagnoses are intended to strengthen three pillars:



A positive approach of safety and health.



The promotion of spontaneous declaration of events.



Not tolerating transgressions and adapt sanctions to the levels of responsibility.

403-1 **loint Committees**

The Joint Health and Safety Committees are made up of representatives of the company and the workers, who together promote activities to ensure good working conditions, and the health and safety of people.

100% of the workers of Aguas Andinas are represented by joint health and safety committees.

Drug and alcohol prevention

The company has a policy of prevention of drug and alcohol consumption, and quality of working life, in addition to a protocol of referrals, which provides guidelines on the steps to follow when risk cases are detected.

The company also has a working group in which representatives from different areas participate, whose task is to define an annual plan in this area. During 2018, its actions included recreational activities aimed at promoting sports and healthy living.

"Working with Quality of Life", initiative with official certification that seeks to make Aguas Andinas a space that promotes the prevention of the consumption of tobacco, alcohol and other drugs.



403-2

Health and safety in contractor companies

The company seeks to standardize its own health and safety standards among the workers of its contractors. There is a permanent search for solutions to make its processes more efficient and safe and to speed up the operational activities that are carried out on public roads.

This effort entails a prior commitment from these companies to comply with the guidelines that govern Aguas Andinas in this area. Along these lines, the company and all its subsidiaries monitor contractors' compliance with labor laws, transparency and social security, as well as ensuring that they are free from legal problems.

There is also a digital platform to monitor the works and services carried out by these suppliers. Aguas Andinas has registered 500 services providers, with 7,000 workers, in which a registry of their risks was also made. Thanks to this work, all purchase contracts with contractors now include specific health and safety terms, as well as penalty clauses for non-compliance. In addition, the company is concerned to promote investment plans for internal infrastructure with the objective of facilitating the work and reducing the risks for contractor workers (e.g. improvements to walkways, access to tanks, and lifelines).

• fatalities in contractor companies during 2018.

37 Workplace accidents of contractor workers, **17** Less than in 2017.

412 days lost due to accidents at work of contractor workers, 250 less than in 2017.

8.54 was the frequency rate of workplace accidents of contractor workers, versus **12.60** in 2017.





Aguas Andinas has undertaken the challenge of transforming itself into an environmental services company, with a double purpose: to develop, on the one hand, a business that adds value to society, its shareholders, suppliers and all its stakeholders and, on the other hand, to make a consistent contribution to the global target of limiting the global temperature increase to 2°C. Consequently, today it carries out its activities according to a circular economy model, with an organizational and cultural structure adapted to this new paradigm, key elements in what makes up our intellectual capital.

Our intellectual capital strategy focuses on the following axes **Innovation Culture Collaborative Work**



The company has adapted to an organizational culture that promotes open innovation, able to proactively anticipate changes and generate sustainable solutions with a broad and renewed vision. In this way, Aguas Andinas can improve its processes and, at the same time, capture new operational efficiencies. The company promotes innovation by applying a mixed model:

- Internal innovation processes, with teams 100% made up of Aguas Andinas personnel.
- Open innovation processes, implemented by teams made up of a diversity of capacities and talents, coming from both the organization and the external innovative ecosystem.

Innovation represents a relevant tool for operational efficiency and improvement of performance indices as well as occupational health and safety. For this reason, the company promotes an innovative culture among its collaborators and offers incentives for the creation of internal solutions that result in benefits for the business and the workers.

AguasLab

In matters of collaborative environments, AguasLab is a particularly relevant initiative. It was created in February 2017, with its first headquarters located in IF Blanco Recoleta, where

work concentrates with entrepreneurs and social innovation. Subsequently, the San Joaquín headquarters was inaugurated, located in the UC Innovation Centre, from where a process of association with the innovation ecosystem and university talent is carried out. **Pror more information see here.**

Main projects in 2018

- Health and Safety App Project
 Initiative that seeks to allow the management of all procedures related to the management of internal health and safety through the cell phone and online.
- Solo work PRL hard hat
 Consists of the design of a new protective hard hat for
 those workers who perform their functions alone inside the
 network. It allows monitoring the displacements of these
 collaborators in order to maintain permanent contact with
 them and react in time to possible contingencies.
- Dual Fuel Conversion Project
 Pioneering initiative in Chile, focuses on making the conversion of the trucks of Aguas Andinas responsible for cleaning the sewers to Dual Fuel technology with diesel-Compressed Natural Gas (CNG).







Cetagua Chilean Corporation of Water Research

Created with the mission of promoting, carrying out research and technological development in the field of integrated water and environmental management, Cetaqua was constituted in 2016 as a non-profit corporation by Aguas Andinas, Suez, the Universidad Técnica Federico Santa María (Santa María Technical University) and the Consejo Superior de Investigaciones Científicas (CSIC) (Superior Scientific Counsel for Scientific Research) of Spain. Cetagua has three lines of research:

Water resources

Treatment and circular economy Water in the industry

Main projects in 2018

- Study of co-digestion of waste with conventional and advanced anaerobic treatment sludge.
- Study of Valorization of Sludge Generated in Potable Water treatment.
- Development of bacteriophage-based technology for the biocontrol of filamentous bacteria causing bulking in activated sludge plants.
- Study of the Glacier Contribution to the Maipo River Basin
- **P** For more information see here.



Water School

The Water School is a company initiative aimed at companies and at other players related to the resource, which allows for the sharing of knowledge solutions in the field of water and the environment. All areas of the integral water cycle are covered through various training programs aimed at key positions in an organization. The School has been developed with an approach that combines the academic rigor provided by universities and prestigious technical schools (among them, Adolfo Ibanez University, the Universitat Politécnica de Catalunya and Duoc UC), with the expertise developed throughout the company's trajectory in the management of the entire water cycle at a national and international level.

Master in Water

The purpose of the Executive Master in Water Technology and Management is to train leading professionals, who can navigate in environments of high uncertainty, making strategic decisions on water and the environment, managing water resources efficiently and sustainably by means of innovative water collection and treatment processes.

The fundamental aspect of this master's program is a dual approach to various aspects: it covers both, technical knowledge (water production, distribution, waste water treatment, etc.) and that linked to business management (innovation, business development, sales strategies, etc.).

Pror more information see here.



Digital transformation

Aguas Andinas and its subsidiaries are working to accelerate the digital revolution by focusing their initiatives according to the needs of citizens, suppliers, workers, and regulators. It seeks proximity, agility and efficiency.

Among these initiatives is the "AGUA 4.0" program, which was conceived with the objective of incorporating digital culture and capabilities into Aguas Andinas, and carrying out a digital transformation of the company. To this end, three lines of action were established with their respective objectives.

Digital Governance Focus

Objectives

- Define a digital strategy and vision.
- Establish digital governance.
- Define roles and responsibilities in the digital environment.
- Define data governance.

Digital Talent Focus

Objectives

- Include and develop digital profiles.
- To qualify developing projects of digital transformation with agile methodologies.
- Develop a digital culture with an Awareness /Digital Communication Plan.

Digilab Focus

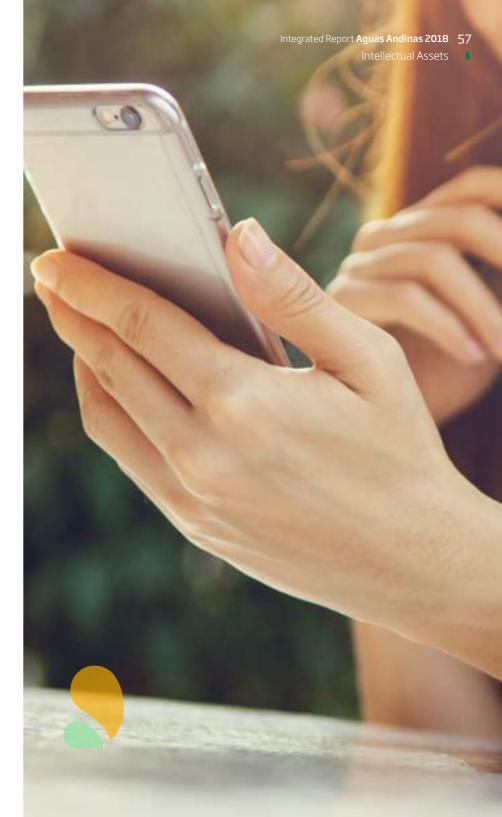
Objectives

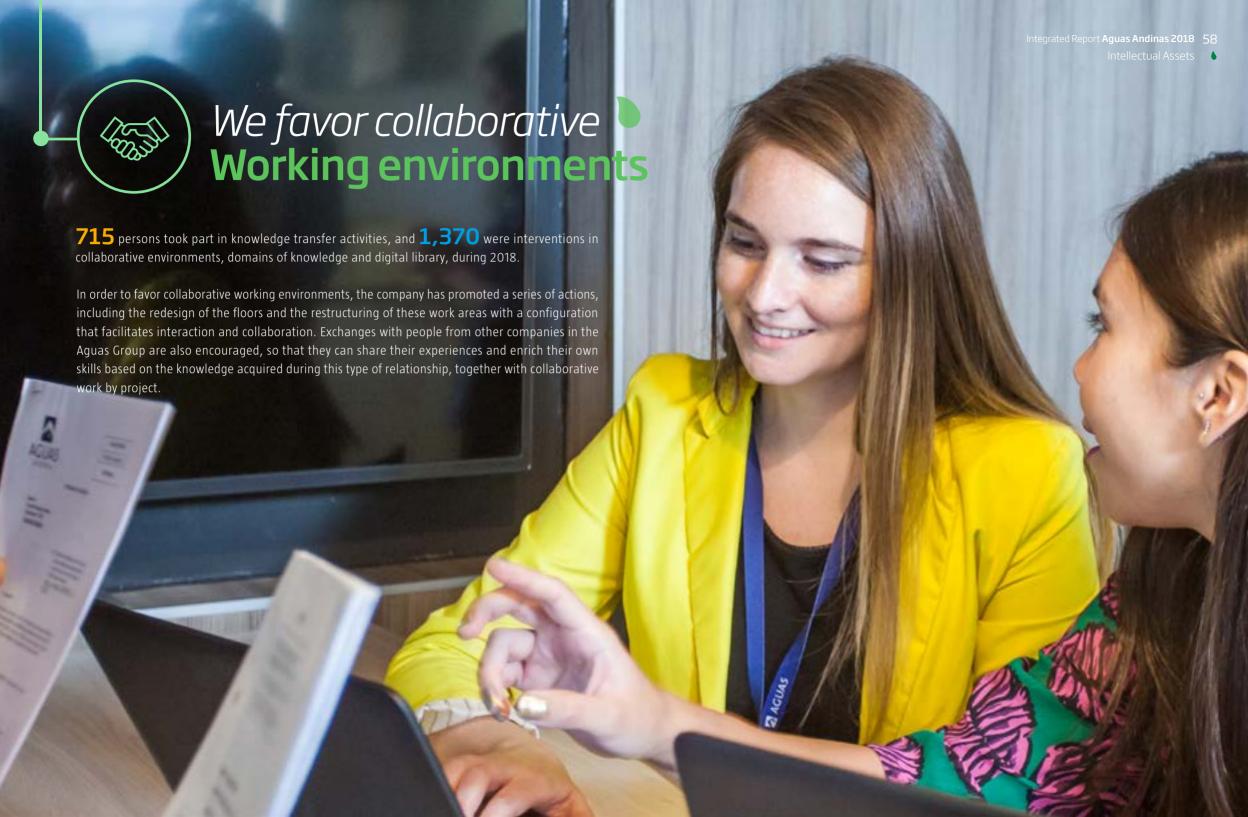
- Generate internal processes and methodologies to facilitate innovation and exploration of initiatives using new technologies.
- Develop digital transformation initiatives in core processes.

Our Virtual Office

An online platform that allows customers to perform the same services as in a service office (payments, management of payment agreements, requests, claims, visualization of progress). Designed to facilitate browsing, by the end of 2018 there were more than 300,000 users created in the virtual office.

- 17% of all requirements entered corresponded to online digital services.
- **71**% was the rate of online service (request met and closed at the same time).
- 56% of payments were made through of non-presential media; 12% were made through the virtual office and the Aguas Andinas App.











Working to achieve the objectives of our country

The company maintains a continuous relationship agenda with the country's authorities in order to jointly address the challenges Chile faces in achieving the objectives to combat climate change and its effects.

Coordination with municipalities

Aguas Andinas is promoting the "Protocol for Emergency Management", a joint initiative between the company and the City Hall of the Metropolitan Region, designed to provide an alternative supply of drinking water to the population with water tankers and replacement tanks in the event of forced service interruptions caused by climatic contingencies or natural disasters. The action plan includes a set of initiatives with shared responsibilities involving the National Office of Emergencies (Onemi), the SISS and all municipalities in the Region.

During 2018, the process of signing the agreements of the Emergency Management Protocol was continued with the municipalities, reaching a total of 31 communes.































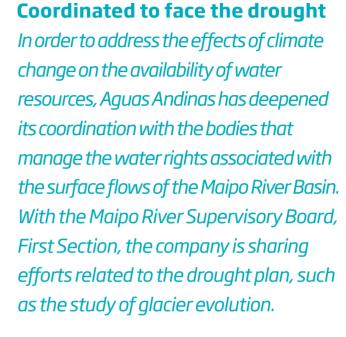


















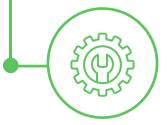












Our suppliers: strategic partners in sustainability and shared value

102-9, 204-1

Aguas Andinas supports the development of an environmentally and socially responsible value chain, seeking to establish fair and mutually beneficial relationships, create bridges to advance together towards sustainability and shared value.

The main suppliers of Aguas Andinas are classified as:



• Contractors in charge of network maintenance and



· Customer service, considering meter reading, distribution of bills and Call Center.



• Support service.



• Supply of network products and chemical inputs.

1,693 suppliers as of December 2018, **97%** of them national, equivalent to **99%** of the expenses of the company in this item.

412-3

Supplier Evaluation Model

Programmer information see here.

Since 2017, Aguas Andinas has had an evaluation model for its suppliers which examines 10 areas of action: quality of service, communication, image, materials, supplier personnel, risk management, deadlines, labor compliance, environment and operational continuity. Complementarily, the Audit Plan is carried out, whose objective is to identify non-compliance with the 10 rules that save lives, and to identify work that involves performing critical tasks. Additionally, since 2018, a profitability questionnaire is applied with the purpose of measuring the risk of suppliers in this area, evaluating issues related to the supplier's performance principles, contingency plans, human rights, corporate social responsibility (CSR), inclusion, accessibility, subcontracting, environmental management, risk management and ethics, among other variables, which allow Aguas Andinas to safeguard and transfer sustainability to its supply chain.

- **33** audit reports to contractor companies were carried out during 2018.
- **256** evaluations of new suppliers were carried out in 2018 by contract managers.
- **63** suppliers responded to the sustainability questionnaire during the year.

Adherence to ProPyme Seal

Since 2017 Aguas Andinas adheres to the ProPyme Seal, which is awarded by the Ministry of Economy and establishes a payment commitment of 30 days with the micro, small and medium-sized supplier companies. This adherence is part of the company's policy of responsible relationship with its supply chain, and it is based on the conviction that timely payment enables micro SMEs and SMEs improve their financing conditions, have access to financial flows and to pay their obligations and realize their projects, contributing to their economic sustainability.





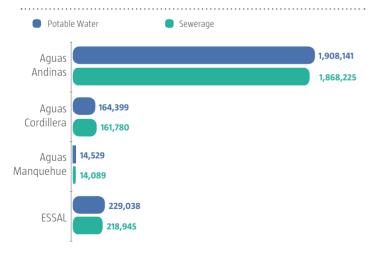
We relate to our customers from a citizen's standpoint

416

Aguas Andinas developed a customer relationship model that leaves behind the old definition of users of sanitation services, to generate a citizen's perspective, committed to the environment and sustainable development, which generates shared value from the delivery of a basic service essential to the lives of people and the city.

In order to achieve this, the company builds bonds of trust with its customers based on fluid communication, which allows us to understand their needs and requirements from the primary source, and on this basis, structure the decision-making process regarding interventions and relevant works valued by the public.

Number of Customer per Company



In sync with the main sanitation **challenges facing citizens,** In August 2018, the SISS delivered the conclusions of the strategic work carried out by several stakeholders in various regions of the country, with the purpose of detecting the industry's main challenges for citizens for 2030. The information gathered was grouped into four strategic axes: Institutionality 2.0, city and territory, climate change and efficient use of water resources, and citizen XXI. The citizen XXI concept considers people as the focus of the service, a challenge that the company already accepted when it outlined its 2018-2022 husiness strategy and roadmap.







Customer perception and satisfaction

Aguas Andinas performs and takes part in a series of measurements of customer perception of the services provided, some of which are carried out by government bodies and others are internal to the organization.

SISS perception study

In November 2018, SISS released the results of its latest Customer Perception Survey. The figures showed a sustained improvement since 2016, reaching 51% satisfaction, while that dissatisfaction rates were reduced from 25% to 19% in the last two years. However, in spite of the improvement, it was found how the water sector fails to achieve the highest indices within household services, where gas supply service is in first place.

The best evaluated dimensions corresponded to those related to the experience in the payment of the bill (81.3%), the meter reading process (68.2%) and the bill (64.4%). Continuity of service or recovery of service after an outage was also well evaluated (50.3%), along with contact channels (50.6%).

(6° overall).

- Z positions in rating was the improvement of Aguas Andinas in the national ranking, ranked № 1 6
- ♦ Aguas Manquehue is ranked № 19.

National Consumer Satisfaction Index (INSC) of ProCalidad

Aguas Andinas is evaluated by the INSC, a study that carries out a continuous monitoring of Chile's 130 most important service brands. By carrying out daily surveys for eleven moths of the year, it is possible to measure the "total" performance of the company.

• 44 points was the net satisfaction with Aguas Andinas at INSC during the second half of 2018, 1 2 points above the result obtained on the same date of the previous year, when the lowest score of the entire measurement history was obtained.

In addition, Aguas Andinas performs 3 internal customer satisfaction measurements:

Overall Satisfaction Study - Active

- 3,000 customers answered the Active survey in 2018.
- **69%** rated their overall satisfaction with Aguas Andinas at a level of "excellence".

Customer Satisfaction Survey with Requirements - Active

- ♦ Monthly **5.7%** of the customers file a complaint with the company.
- More than 12,000 customers responded to the Activa survey in 2018.
- 64% of the customers evaluated the service with a score over 6 10.
- **18%** indicated a rating equal to or less than 4 ¹⁰.

Post-Service Survey (EPA)

• 88% of customers surveyed noted in the EPA survey being satisfied with the service received.



Complaint Management

The company makes a permanent effort to optimize the work of its Contact Center.

182,380 customer complaints were received by Aguas Andinas in 2018, **64**% related to the distribution networks and **36**% with commercial matters.

The decrease of 12.5% of complaints when compared to the previous year is explained by the implementation of a new service management model, which focuses on prevention and personalized information for customers, through all customer service channels.

Protecting customer information

Aguas Andinas has a Integrated Security Policy that safeguards and protects customer information, with permanent monitoring systems for all data channels and internal awareness campaigns. During 2018, there were no complaints of violations of privacy or loss of customer data, nor were there any events of information leakage.

Customer Counsel

Also known as Customer Counsel, it is a figure created by Aguas Andinas to intermediate between the client and the company in an impartial way.

The Customer Counsel intervenes in a second instance, when a customer does not

agree with the solution provided by the company or have had no response to his complaint. Its rulings are binding for the company and voluntary for customers.

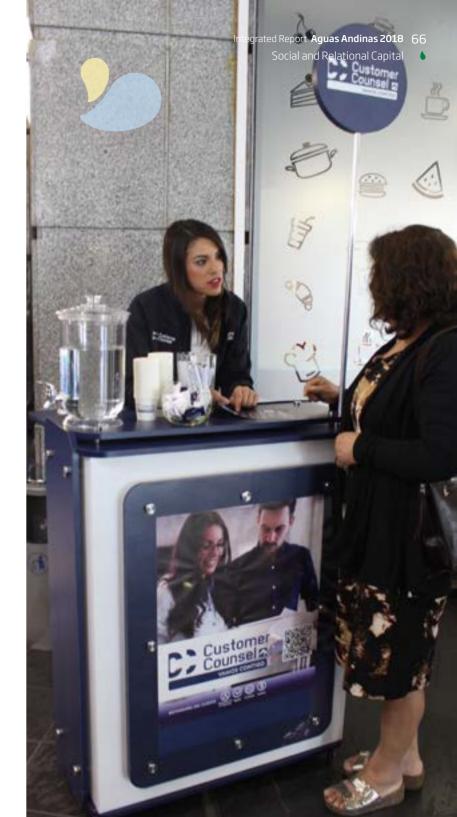
As an independent figure in the company's management areas, the customer's ombudsman ensures objectivity in mediation and decision-making. It also ensures transparency and confidentiality in its management.

The role of the Customer Counsel is not only to resolve conflicts, but also to make recommendations to the organization to improve service quality.

- 212 cases handled by the Customer Counsel in the companies of the Metropolitan Region.
- 93% was satisfactorily resolved according to those affected.
- 95% is the satisfaction goal for 2022.

Pror more information see QR code





Guaranteeing water to all customers

Aguas Andinas is a company that guarantees water to all people who are in a state of vulnerability. The company has a policy of payment options that complements government subsidies, offering a range of options to customers depending on their socioeconomic situation, allowing them to make payments in installments, without paying interest, or establishing new payment agreements. For customers segmented as "social" there are two debt regularization programs: "Friendly Bill" and "Aguas Andinas gives you a Hand". During the period, 26,255 agreements were signed, 9% more than the previous year.

Friendly Bill

Debt restructuring and normalization plan for vulnerable families with eight or more unpaid bills. Grants payment options by means of a social agreement with a shared down payment with a municipal contribution and another from the client. From the signing of the agreement, the client pays his monthly consumption plus an additional 25% for a period of 36 months without interest. After this period, the rest of the debt is written off. It is also an incentive to save water.

11,099 social agreements of the Friendly Bill program were signed during 2018, 30% more than the previous year.

Aguas Andinas gives you a hand

Initiative aimed at regularizing the situation of vulnerable clients The agreement allows paying a minimum of \$5,000 and a fixed fee of \$2,500 to be paid over 24 months, after which the debt is extinguished with accumulated debts equal to or greater than \$200,000, who have from 24 unpaid bills and cannot access a normal payment agreement.

• 15,156 social agreements of the Aguas Andinas gives you a hand program were signed during 2018, 3% more than the previous year.

Debt write-off figures

	2016	2017	2018	Variation 2018 vs 2017 (%)
Number of customer write-offs	1,837	2,248	2,337	4%
Total amount of write-offs (\$)	844,941,637	1,016,739,456	1,174,358,283	16%

307-1, 416-1

Water amount

As an expert in environmental services, Aguas Andinas provides a quality service for its customers and at the same time plays a leading role in the dissemination and research of the benefits of water, taking into account the impacts it can generate with its operations, mainly on biodiversity.

The SISS is in charge of controlling that the providers comply with the current standard regarding the quality of potable water (standard NCh 409), guaranteeing a supply suitable for human consumption, and also supervising the discharges to the watercourses coming from biofactories and sewage treatment plants (Decree DS90).

In this sense, during 2018 the compliance of Aguas Cordillera and ESSAL in drinking water parameters was 100%, 99% in Aguas Manguehue and 99.4% in Aguas Andinas.

Regarding the non-compliances in the discharges of biofactories and sewage plants, in the Metropolitan Region the following were generated:

208 non-compliances, 88% of which correspond to the total nitrogen parameter. In order to address this problem, from October 2017 onwards, detailed engineering was carried out on the nitrogen treatment project for the centrifuging returns from the La Farfana biofactory. with construction beginning in April 2018 for an investment amount of \$11,862 MM and expected to be completed in 2019. At the same time, in the Mapocho-Trebal biofactory, a pilot plant was installed with tests during 2018 and the start of detailed engineering as of October 2018. The amount of the project for the treatment of nitrogen in Mapocho-Trebal is \$19,428 MM, with a planned startup in October 2020.

In ESSAL there were 262 non-compliances, 85% of which corresponded to fecal coliforms. For more information, see page 147.

Technological solutions for citizens

As part of the company's effort to move towards a digital culture, technological solutions have been developed, the scope of which As contributes to improving the quality of life for those who live in the city. In the next stage, the company will develop a notification system for service interruptions using online channels.

From 2018 onwards, all users of the Waze application can find information on works and installations in progress by Aguas Andinas affecting the city's traffic flow.







Focused on the community

Contribute to local development

Aguas Andinas seeks to maintain fluid communication and efficient joint work with the communities surrounding its facilities, to generate relationships of trust and local development under the concept of shared value.

Work roundtables

The working groups are a formal channel of permanent dialogue with the communities neighboring the plants (Rungue, Montenegro, El Trebal, La Farfana, Casas Viejas and Maipú Urbano), in order to detect possible problems or nuisances early on and promote their development.

Aguas Andinas annually hires an external firm specialized in social research and corporate reputation to carry out a community perception study. The objective is to find out the opinion of the residents of these communities about the operation, the relationship maintained with the company and its knowledge of new local projects in progress, as well

as detecting their main expectations and needs, to contribute to the community management strategy of the company.

The 2018 perception study concluded that, although impacts caused by the facilities have been felt, the vast majority of localities considered an improvement in the relationship between the company and the community. This is explained by the rise in the perception that the company cares about the needs of the families in the area, as well as by the improvement in the perception that Aguas Andinas seeks to reduce the effects derived from the operation.

The most recognized efforts by the communities are related to the efforts to reduce bad smells and fumigations that are carried out.

Listening to the neighbors of Pirque

Among the activities carried out by the workgroups during 2018, the link with the community adjacent to the works of the Pirque mega-tanks, a project that included anticipated citizen participation in its implementation, including neighborhood follow-up workgroups to discuss the concerns of the communities during the construction of the works.



Education and awareness-raising projects

One of the lines of action to address the challenge of protecting water resources are the education campaigns and workshops developed by Aguas Andinas with the communities neighboring its areas of operation.

Educational program in schools

A benchmark program in Chile on environmental education, with a focus on the responsible use of water. It is aimed at third and fifth grade students.

- **13,230** students of **120** schools participated in the educational program during 2018.
- 47% of the schools are municipal.

Guided visits to biofactories

Every year Aguas Andinas develops an annual plan of guided visits to the biofactories. On this occasion, pedagogical material is shared with the school and university community, who can work with the students in the different subjects based on the lessons learned during the visits.

- **6,083** students visited the biofactories in 2018.
- 55% of the visitors were students in middle school and college.

Aguas Andinas in my Neighborhood

Aimed at different stakeholders, it seeks to foster community leadership skills, strengthen the digital literacy of citizens, make visible the infrastructure of the company and educate about better working practices in the sanitation area, among other focuses.

During 2018 in particular, **234** community leaders from the six communes in which the Program was taught graduated (Puente Alto, Independencia, Quilicura, San Bernardo, Lo Espejo and Conchalí).

AVANZA Entrepreneurship project

It seeks to promote entrepreneurship in the neighbors of San José de Maipo and Pirque, through co-creation and co-responsibility. The project focuses on the delivery of tools that allow them to offer services or improve their trade, providing training, work practices, tutorials and seed capital.

• \$60 million is the total amount of this initiative.

Social Development Funds

Aguas Andinas allocates funds to finance social projects developed by neighboring communities to the Biofactories of the Greater Santiago and the El Rutal Biosolids Management Center. In 2018, the company's Sustainability Committee protocolized the process, establishing the criteria for selecting projects: improvement of the environment, infrastructure and community equipment; environmental education, and community productive fostering.

- **▶ 180** projects were submitted in the 2018 process.
- 112 projects were selected, 18 from Pudahuel, 18 from Maipú, 31 from Til-Til and 45 from Padre Hurtado.
- \$448 million has been invested in Social Development Funds during 2018.





Aguas Andinas commits important resources to infrastructure projects that allow it to guarantee the continuity of the supply and an efficient treatment of the sewage, with the purpose of providing sanitation and environmental services of the highest quality.

102-2

The company maintains infrastructures, equipment as well as furniture and real estate installations and equipment for the collection, production and distribution of potable water, sewage collection and treatment. Investments

aimed at maintaining and improving these infrastructures sustain a robust network of assets that make it possible to fulfill the promise of being an ally of citizens in meeting their basic need for water and sanitation.



Assets for Potable Water Production



Sewage treatment assets



Other assets



Our infrastructure for production and distribution of potable water

303-1, 303-2

The environmental services provided by Aguas Andinas involve the Integrated management of the water cycle and of the resources produced from treatment of potable water and sewage. This management includes the processes of catchment of raw water, production and distribution of potable water, as well as the collection of wastewater and its treatment, transforming waste into resources for all (clean water, quality air, energy, gas and eco-fertilizers).

Catchment of raw water

In the Metropolitan Region, Aguas Andinas catches 85% of its water from surface sources, mainly from the Maipo, Mapocho and Arrayán rivers. The remaining 15% is extracted from the three natural aguifers that cross the subsoil of the concession area, and that include 285 deep wells and drains.

Raw water catchment by source, in millions of m³

SOURCE		Aguas Andinas, Aguas Cordillera y Aguas Manquehue			ESSAL		
	2016	2017	2018	2016	2017	2018	
Surface water	681.8	689.2	692.4	24.5	21.5	21.7	
Groundwater	101.0	114.0	130.3	40.0	39.1	39.9	
Municipal or from others water companies	0.6	0.6	0.4	0.0	0.0	0.0	
Total	783.4	803.8	823.1	64.5	60.6	61.6	

Potable Water Production

The production of drinking water is developed through the facilities:

- Las Vizcachas Complex, including the Vizcachas, Vizcachitas y Antonio Tagle plants.
- La Florida Potable Water Production Plant.
- Chamisero potable water plant.
- Another 15 smaller facilities including those belonging to Aguas Cordillera and Aguas Manguehue.
- ESSAL: 24 plants for the production process of potable water in the southern territories of the country.

Drinking water production by company, in millions of m³

	, , ,,		
COMPANY	2016	2017	2018
Aguas Andinas	646.4	659.7	682.6
Aguas Cordillera	100.6	101.7	99.0
ESSAL	62.0	60.6	61.6
Total	809.0	822.0	843.2

Production of potable water by type of source, in millions of m³

FUENTE	2016	%	2017	%	2018	%
Water Surface	667.5	83%	668.3	81%	672.9	80%
Groundwater	141.5	17%	153.7	19%	170.2	20%
Total	809.0	100%	822.1	100%	843.2	100%

In 2018 Aguas Andinas reached a total potable water production capacity of 843.22 million m³, 2.57% more than in 2017.

Milestones for 2018

- Start-up of the Chamisero potable water plant to meet the demands of the population of the Chamisero and Chicureo areas.
- Beginning of the expansion of the Padre Hurtado Potable Water Treatment Plant, which will increase its capacity by 1 m³/sec.
- Upgrade of the filters at the Las Vizcachas plant to optimize and modernize the treatment process, bringing them up to the highest standards.
- Final entering into operation of 16 new wells for the extraction of groundwater, drilled in 2017, which will assist in coping with and drought extreme turbidity events on the Maipo River.
- Advances in the mega raw water ponds of Pirque, which by the end of 2019 will add an additional 1,482 million m³ to the system, extending the autonomy of the supply to 34 hours.
- Inauguration of the second stage of back-up pond works in La Reina, La Pintana and San Bernardo, extending supply autonomy from 9 to 11 hours in Greater Santiago.



203-1 Our water reserves

The company makes significant investments to build and maintain water reserves that allow it to increase the autonomy of the system and provide greater security to the water supply in case of emergencies. Aguas Andinas currently has three large operational water reserves: El Yeso Reservoir

220
Million m³
CAPACITY

Laguna Negra

600 Million m³ Laguna Lo Encañado

Million m³

To this existing infrastructure, the company will add by the end of 2019 the mega reservoirs of raw water in Pirque.

In the Greater Santiago, the company has 7 aqueducts - which have a total length of 70 kilometers - and 264 regulation tanks, with a storage capacity of 1,322,630 m³ of potable water. ESSAL, on the other hand, has 128 tanks, which have the combined capacity to store 66,871 m³. The water is transported through a network of 13,296 kilometers in the Metropolitan Region and 2,387 kilometers in the ESSAL concession area.

Length of the distribution network

COMPANY	KM
Aguas Andinas	11,919
Aguas Cordillera	1,157
Aguas Manquehue	220
ESSAL	2,387
Total	15,683

Treated water storage volume

COMPANY	N° OF TANKS	VOLUME (m³)
Aguas Andinas	172	1,183,600
Aguas Cordillera	59	100,830
Aguas Manquehue	33	38,200
ESSAL	128	66,871
Total	392	1,389,501



203-1

Productive plans and programs of the distribution infrastructure



Hydraulic Efficiency Plan

The company seeks to reduce potable water losses to no more than 20% of the total by 2022 (the best standards of OECD countries) in the 15,000 kilometers of distribution network. This objective involves recovering 70 Hm³ of water per year, developing a program based on improvements to the operating model, optimizations, detection and repair of leaks in networks, regulation of pressures, renewal of networks and connections and improvement of the meters.

In 2018, investments were made to install pressure regulating valves throughout the network, together with the implementation of telecontrol and systematic leak detection, which, at the end of the year, achieved a hydraulic efficiency of 71.4%.



Integrated Network Management Plan

Aguas Andinas and its subsidiaries manage a integrated management model for potable water networks, aimed at minimizing the risks of failures in the distribution of the supply, which is made visible by the indicator of the number of breaks per kilometer of the network.

Number of unscheduled breaks, with supply interruption to the customer.

COMPANY	2016	2017	2018
Aguas Andinas, Aguas Cordillera y Aguas Manquehue	1,100	1,216	1,060
ESSAL	755	758	826
Total	1,855	1,974	1,886

15% less breakage due to emergencies in the water network in 2018 versus 2017 in the Metropolitan Region.

The breakage indicator in the Metropolitan Region is 8 breakages/100 km, considering the failures that result in a supply interruption for the customer. When considering breaks with and without interruption, the indicator is 15.5 breaks/100 km. keeping the company at levels below the industry average which has an index of 19.411.







The company has an efficient and extensive sewage collection network, while for the treatment process it has two large infrastructures in the Greater Santiago: the La Farfana Plant and the Trebal-Mapocho Complex, today transformed into the first biofactories of the entire sanitation industry in the world and 12 sewage treatment plants in the Metropolitan Region, along with 25 plants in the Los Rios and Los Lagos Regions, owned by its subsidiary ESSA.

Sewage collection

Sewage collection is the process of evacuating wastewater from homes, businesses and industries to treatment plants or biofactories. It is basically based on the sewage network, which at the end of 2018 was 10,805 kilometers long in the Metropolitan Region and 2,160 kilometers in the ESSAL concession area.

NETWORK LENGTH (km)	
Aguas Andinas	9,695
Aguas Cordillera	920
Aguas Manquehue	190
ESSAL	2,106
Total	12,911

Annual Preventive Maintenance Program of the Collection Network

For the second consecutive year, the company developed the Advanced Management of Collection Networks (ARG) program for preventive cleaning in sewerage networks, optimizing their unblocking after an exhaustive analysis by previous inspections and optimization of the operation. In 2018, the program allowed 3,133 tons of solids to be removed, contributing to a 2% reduction in the number of obstructions when compared to the previous year.

303-3

Sewage treatment

After collection, the sewage is diverted to the biofactories, where it is purified, with the aim of returning the already clean water to the natural waterways. In these facilities and from the treatment process, by-products of great value are obtained: biosolids, energy, biogas, decontaminated water and eco-fertilizers.

- **14** sewage treatment plants in the Metropolitan Region (2 biofactories and 12 local plants).
- 6 25 sewage treatment plants in the Los lagos and Los Rios regions.
- **605** million m³ of treated sewage by 2018.





Aguas Andinas currently treats 100% of the wastewater generated in the Greater Santiago, which contrasts with the reality of the year 2000, when the figure only reached 3.6%. Thanks to this management, the city shows standards that few other cities in the world are able to show, which has allowed to recover the ecosystems of the Maipo river basin and particularly of the Mapocho river and gradually decontaminate inland and marine watercourses.

Volume of treated water (in millions of m³)

OPERATIONAL CENTER	2016	2017	2018
La Farfana	283.5	275.8	274.9
Trebal-Mapocho	209.2	222.4	229.0
Otras depuradoras RM	32.0	35.6	35.9
ESSAL	55.1	62.0	65.2
Total	579.8	595.9	605.0

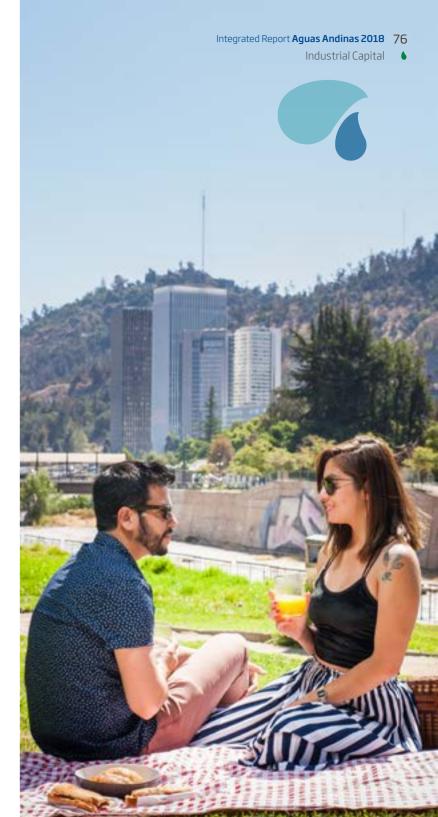
850 tons (approx.) of biosolids are produced daily in the biofactories of Aguas Andinas. **51%** was allocated free of charge for use as an eco-fertilizer on agricultural land, the remaining quantity is subjected to solar drying in the biosolids management center of El Rutal, owned by the company and located in the district of Til-Til.

Volume and destination of bio-solids

DESTINATION	VOLUME (TONS)	%
Sanitary landfills	35,543	11.4%
CGIB El Rutal	108,255	34.9%
Agricultural reutilization	159,479	51.4%
Co-Digestión	7,270	2,.3%
Total	310,547	100.0%

Energy Autonomy

In the Mapocho-Trebal biofactory, works are being carried out that will add 4.55 MW of power generation capacity, in addition to the following the existing 8.20 MW. With this investment, energy self-sufficiency will be practically achieved, leaving over 2.5 MWh/year available for other requirements of the country, reducing the company's carbon footprint and that of Chile as a whole.









The company owns a number of additional assets necessary to complete its operations, including buildings, offices and other work centers. Likewise, it has assets destined to the automation and control of the operation.

Digitalization of the network

The company implements network digitization programs that provide solutions for the control of water collection, production, meter reading, treatment, distribution and transportation processes, as well as for the security of the facilities.

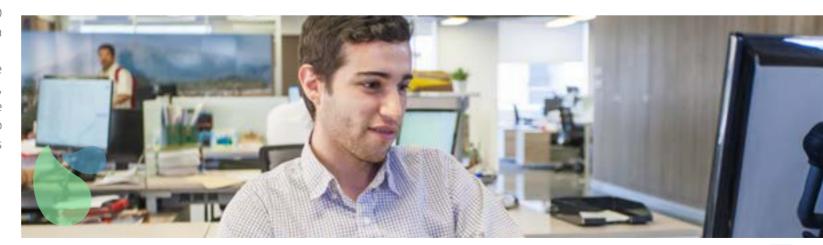
The Operational Control Center (OCC) integrates the company's operational data, managing over 50,000 variables and more than 700 remote telecontrol stations distributed in the Greater Santiago, which operate 24 hours a day throughout the year.

The company invests in strengthening the levels of automation of the company, integrating data from production processes, transportation, distribution, collection and purification. The intention is to cover the new operational needs and introduce control systems that allow to operate under contingencies, as well as to develop predictive methods that help clients to be less and less affected by emergencies.

▶89% of the Aguas Andinas facilities are tele-controlled.

In 2018, 1,000 sensors were installed to transmit information in the more than 13,000 kilometers of potable water network managed by Aguas Andinas. This technology makes it possible to anticipate contingencies and carry out repairs without interrupting the service, increasing the resilience of the network, thus providing a better service to the citizenry.

Through these technological elements and changes in the models, in the last 2 years, more than 14 billion liters of water have been recovered and the number of clients affected by emergency cuts has been reduced by 25%. Intelligent monitoring network will continue to grow in the coming years to improve the quality of our service to our customers and ensure the sustainability and efficiency of the use of water resources.







Corporate Governance

The Board of Directors is the highest body of corporate governance of Aguas Andinas, being the body in charge of issuing guidelines and supervising the management of the company, to ensure the greatest interest for shareholders and interested parties. The senior management, led by the CEO, is responsible for implementing the corporate strategy "Santiago deserves a 7", combining excellence in the management of the daily operation with the essential long-term social, economic and environmental sustainable strategies.

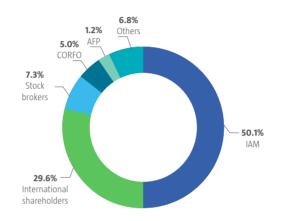
102-5 Ownership and control of the company

Aguas Andinas is incorporated as an open stock corporation. Its Inversiones Aguas Metropolitanas S.A. is the main shareholder and controller with 50.1% of the property. (IAM).

IAM's largest shareholder is Suez IAGSA (Inversiones Aguas del Gran Santiago), which in turn is controlled by Sociedad General de Aguas de Barcelona (SGAB), 100% owned by the Suez Group. SGAB has more than 150 years of experience and provides services to 32 million people in Spain, Chile, United Kingdom, Mexico, Colombia, Algeria, Peru, Brazil, Turkey and the United States.

The Suez Group has more than 120 years of experience, has a presence in around 70 countries and employs over 90,000 people throughout the world.

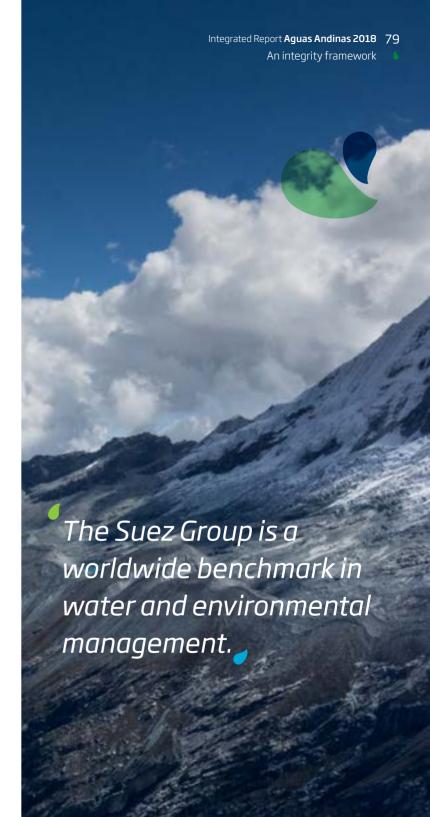
SHAREHOLDER COMPOSITION¹²



Investor Relations

This area promotes relations with the company's shareholders, providing them with timely information in a continuous and updated manner. Through permanent individual conference calls with local and international investors, as well as meetings at local and international conferences, the Investor Relations area actively interacts with the company's various shareholders, which is complemented by financial and ESG information, corporate presentations, and relevant news and events that are communicated to the capital market through the website www.aguasandinasinversionistas.cl.

¹² For updated information on the shareholding composition visit the website: https://www.aquasandinasinversionistas.cl/en/shareholders/composicion-accionarial.



A trustworthy Board of Directors

102-18, 102-22, 102-23, 102-24

The Board of Directors of Aguas Andinas is made up of seven named directors and an equal number of alternate directors exercising their function for a period of three years.

Directors cannot perform executive functions, but they can be shareholders of the company. The current Board of Directors has two independent directors, whose independence is defined according to the terms established by the Chilean Corporations Law. The minimum number of independent directors established by the company is the number established by national legislation.

The alternate director may replace the named director in the form of a permanent director in the event of a vacancy, and temporarily in the event of absence or temporary impediment.

At the end of its three-year period, the Board of Directors must be renewed in its entirety. However, it may be revoked before the expiration of its mandate by resolution of the Ordinary or Extraordinary Shareholders' Meeting; in such case, the same Meeting must elect the new Board of Directors. Therefore, the individual or collective revocation of one or more directors is not appropriate.

After their election, directors receive an induction on the company, its business areas, risks, policies and procedures, main accounting criteria and legal framework. In addition, they are provided with the necessary means to receive external advice if required for the proper performance of their functions.

For a Diverse Board of Directors

In keeping with the company's commitment to respecting and promoting the principle of non-discrimination in any area, Aguas Andinas has a Board of Directors' Nomination Policy, which guides shareholders regarding the guidelines they should consider when nominating a candidate for the Board of Directors.

This policy encourages the choice of profiles with appropriate skills and expertise; selected on the basis of their ability, experience, strength and leadership in their field of expertise; and with a strategic view of the public service context in a regulated area of the company's business.

Likewise, the guidelines for the nomination of Board members consider the inclusion of the following aspects in order to enrich the company's outlook:

- Presence of men and women.
- Different ages, cultures, nationalities or countries of origin, religious beliefs or confessions, or political ideas.
- Diversity and consequent complementarity in the studies of its members, whether they are university graduates or otherwise.
- Different levels of specialization of its members.
- Varied previous professional experiences in organizations that pursue different purposes, which complement their future work.

Pror more information see here.

Operation of the Board of Directors

The Board of Directors meets in ordinary and extraordinary sessions. The first meetings are held on dates predetermined by the Board of Directors and at least one monthly meeting is held. The second are held by summons of the Chairman, by himself or by indication of one or more directors, subject to the Chairman's qualification of his necessity, unless requested by the absolute majority of the directors. Three extraordinary sessions were held during 2018.

The quorum for a session is the absolute majority of its members. Resolutions are adopted with the favorable vote of the absolute majority of the attending directors, except for those which, according to the company's statutes, the Law and its Regulations or other special provisions, require a higher majority. With respect to directors' attendance to monthly meetings, the Board of Directors agreed in August 2018 that its members must attend a minimum of nine meetings a year, seven of which must be in person.



Board of Directors

102-22

The current Board of Directors was elected for a statutory period of three years at the 26th Ordinary Shareholders' Meeting, held on April 27, 2016. The by-laws specify that a new Board of Directors election is to be held in the first quarter of 2019.

The directors of the company have vast experience in the business world, holding several of them executive or managerial positions in other organizations.



Guillermo Pickering De La Fuente Chairman

Member Leader in Sustainability in Chile.

Chilean, RUT 7.577.744-2, 59 years old

Lawyer from the University of Chile and expert in regulated markets. He was president of the Asociación Gremial de Empresas de Servicios Sanitarios (ANDESS), advisor to Aguas Andinas and director of ESSAL. He has chaired the Board of Directors of Aguas Andinas and the Boards of Directors of Aguas Cordillera, Aguas Manquehue and ESSAL since April 2016. Awarded in 2018 by ALAS20 as a Board



Herman Chadwick Piñera

Vice-chairman

Chilean, RUT 4.975.992-4, 59 years old

Lawyer from the Pontificia Universidad Católica de Chile. Senior Partner of the Chadwick and Reymond Abogados Law Firm.

President of the Chile-Spain Business Committee (Sofofa), vice-president of Intervial Chile.

Ruta del Maipo Soc. Concesionaria, Ruta del Maule Soc. Concesionaria, Ruta del Bosque Soc. Concesionaria, Ruta de la Araucanía Soc. Concesionaria y Ruta de los Ríos Soc. Con-cesionaria. Director of Santa Carolina Vineyard, elective advisor of Sofofa, advisor of the Arbitration and Mediation Center of the Santiago Chamber of Commerce, member of the Academic Council of Military Studies and Research. President of Club El Golf 50, Enel Chile and Corporación para el Desarrollo de Zapallar. Director of Inversiones Aguas Metropolitanas. Director of Aguas Andinas since 2011.



Ricardo Escobar Calderón

Named director

Chilean, RUT 8.483.513-7, years old

Lawyer from Universidad de Chile and Master in Law from University of California in Berkeley, United States. He was a member of the Foreign Investment Committee and then worked at Langton Clarke. He was a partner of the law firm Carey y Cía., director of the Internal Revenue Service between 2006 and 2010, and partner of EY Chile until 2013. He is currently a partner of Bofill Escobar Abogados. Director of Aguas Andinas since August 2013.



Laureano Cano Iniesta

Named director

Spanish, RUT 25.374.056-6, 44 years old

Degree in Economics and Business Studies from the Pompeu Fabra University of Barcelona, Spain. With extensive experience in the Agbar Group, he has served as Economic Manager and member of the board of several sanitary companies. General Manager of IAM since May 2016. Director of Aguas Andinas since April 2016.



Rodrigo Manubens Moltedo

Named director (independent)

Chilean, RUT 6.575.050-3, 60 years old

Commercial Engineer from Federico Santa María University and Adolfo Ibáñez University, Master of Science from the London School of Economics and Political Science, London, United Kingdom. President of the Board of Directors of Banchile Seguros de Vida and Seg-Chile Seguros Generales. Director of the Santiago Stock Exchange, Banco de Chile, Orión Seguros Generales and SM Chile. Member of the Board of Directors of Banco de A. Edwards and Banco O'Higgins. He was also a director and chairman of the board of Endesa Chile. Director of Aguas Andinas since July 2011.



Pedro Sierra Bosch

Named director (independent)

Chilean, RUT 7.939.734-2, 58 years old

Commercial Engineer with a specialization in Economics from the Universidad de Chile, postgraduate degree in Economic Development and Planning Techniques ISVE, Italy. Corporate Manager of Corfo. Director of Empresa Nacional de Minería on behalf of Corfo. Consultant for the Inter-American Development Bank and the Ministry of Economy. Extensive experience in the mining sector as advisor to the vice presidency of Development and Sustainability of Codelco and as manager of the Institute of Innovation in Mining and Metallurgy. Director of Aguas Andinas since April 2016.



Fernando Samaniego Sangroniz

Named director

Chilean, RUT 6.374.438-7, 53 years old

Lawyer from the Pontificia Universidad Católica de Chile. Member of the firm Prieto y Cía. Member of the list of Arbitrators of the Mediation and Arbitration Center of the Santiago Chamber of Commerce and the National Arbitration Center. Director of Aguas Andinas since August 2013.

Alternate directors

Christophe Cros

French O-E 59 years old

Master in Economics at the Université de Paris I. Executive Vice President Chairman of Water Technologies and Solutions of the Suez Group. He has worked for the Suez Group since 1991, assuming various executive roles in Crédisuez, SITA and Suez Environnement. Director of Aguas Andinas since 2013.

Sonia Tschorne Berestesky

Chilean RUT 7.289.989-K 58 years old

Architect of the University of Chile, Master in Territorial Urban Development of the Pontificia Universidad Católica de Chile. Director of Neourbanism Management. She was General Rector of Public Works. Minister of National Assets, Minister and Undersecretary of Housing and Urbanism and National Director of Architecture. Director of Aguas Andinas since April 2016.

Loreto Silva Rojas

Chilean RUT 8.649.929-0 54 years old

Lawyer from Universidad de Chile. Partner of Bofill Escobar Abogados. She was Minister of Public Works from 2012 to 2014 and previously Undersecretary of Public Works. She was also a partner of the law firm Morales & Besa and a lawyer of the Chilean Chamber of Construction. Director of Aguas Andinas since April 2016.

Rodrigo Terré Fontbona

Chilean RUT 9.011.344-5 53 years old

Industrial Civil Engineer from the University of Chile. He has an outstanding career in companies such as Lucchetti, Inversiones Consolidadas Ltda. and Canal 13, among others. Director of Aguas Andinas since July 2011.







102-21, 102-26, 102-27, 102-28, 102-31, 102-33, 102-34

Board Evaluations

The Board of Directors of Aguas Andinas has a formal continuous improvement process, which contemplates a biannual evaluation of its management by an external consultant specialized in corporate governance. The purpose is to detect and implement possible improvements in its organization and operation, seeking to identify opportunities for improvement and implement measures to maximize the strengths.

During 2018 financial year, a Board of Directors' self-assessment process was carried out, initiated with individual interviews with the Chairman and each of the directors in order to gather background information on the Board's operations. Subsequently, a confidential survey was conducted by each member of the Board of Directors, addressing issues such as coordination, information, and compliance.

PFor more information see here.

Best corporate governance practices

The functions of the Board of Directors include approving policies, strategies and the company's stakeholder map. The implementation of these guidelines is delegated to senior management or the Steering Committee (CODIR). In its sessions, the Board of Directors follows up and monitors the fulfillment of the goals associated with the strategy, and makes decisions on the management of the company in the economic, social and environmental aspects, identifying the main risks and possible relevant aspects arising from the relationship with stakeholders.

When contingencies, emergencies or critical concerns arise, the Board of Directors meets as often as necessary in extraordinary sessions to deal with such situations and find solutions.

Induction and training of directors

According to the NCG 385 of CMF, since their inception, directors receive different types of training and internal and external advice, including briefings and delivery of relevant material. Among the matters dealt with in these instances are the fundamental aspects of the business, its risks, main policies and procedures, and the most relevant legal framework for the company and for the Board of Directors. For the same purpose, the Board of Directors receives periodic presentations from the directors of the company's areas.

Within the framework of this regulation, during 2018 two training sessions were held for the Board of Directors, one focused on human rights issues and a second one aimed at deepening cyber security issues.

Code of Conduct

Aguas Andinas has a Code of Conduct applicable to company directors regarding possible conflict of interest situations they may face. In addition, it contemplates scenarios that, although not specifically contained in the law, could affect the corporate interest of the company if not resolved in a timely manner.

The code contains, inter alia, the following provisions:

- Identification of the main situations that constitute a conflict of interest.
- Mechanisms to avoid conflicts of interest.
- Procedure for declaring conflicts of interest.
- Ways to resolve conflicts of interest.
- Pror more information see here.



Remunerations of the Board of Directors

Pursuant to Law No. 18,046, the Ordinary Shareholders' Meeting held on April 24, 2018, agreed on the following compensation scheme for the Board of Directors¹³:

A monthly allowance of UF 100 for the Chairman, UF 75 for the Vice Chairman and UF 70 for the named and alternate directors.

A variable remuneration for attendance to each session of UF 80 for the President, UF 60 for the Vice President, UF 20 for named directors and UF 20 for alternate directors (only when they replace the named directors).

It also established the following remuneration for the participation of the members of the Board of Directors in various Committees other than the one established in article 50 bis LSA: UF 20 to each for titular and substitute directors (only when they replace the named directors), for each session in which they actually participate in the respective Committee.

Expenses of the Board of Directors

During the financial year, the expenses of the Board of Directors amounted to ThCh\$ 10,518, corresponding to consultancies contracted by the Board of Directors, rativo.

Remunerations of the Board of Directors (M\$)

Directors	Position Remuneration		Remuneration		ion
		2017	2018	2017	2018
Guillermo Pickering de la Fuente	Director	31,906	32,634	27,630	30,456
Herman Chadwick Piñera	Director	23,609	24,475	16,503	21,212
Ricardo Escobar Calderon	Director	22,334	22,843	5,841	5,450
Bruno Phillippi Irarrázabal	Director	7,402	0	2,110	0
Rodrigo Manubens Moltedo	Director (independent)	22,334	22,843	6,381	7,614
Fernando Samaniego Sangroniz	Director	22,334	22,843	6,908	7,074
Pedro Sierra Bosch	Director (independent)	22,334	22,843	5,844	7,074
Loreto Silva Rojas	Director	22,334	22,843	535	1,624
Sonia Tschorne Berestesky	Director	22,334	22,843	0	1,630
Rodrigo Terré Fontbona	Director	22,334	22,843	526	0
Total		219,255	217,013	72,278	82,133

¹³ The compensation of the Board of Directors has not changed since 2009.

Diversity *in the Board of Directors*

405-1

♦ NUMBER OF DIRECTORS PER CATEGORY

Named	Alternate	Seniority
7222	7888	3

♦ NUMBER OF DIRECTORS PER GENDER



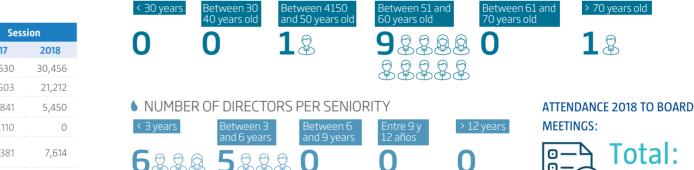
CURRENT NUMBER OF DIRECTORS

Named	Alternate
7 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	4000

NUMBER OF DIRECTORS PER NATIONALITY



NUMBER OF DIRECTORS PER AGE RANGE



♦ NUMBER OF INDEPENDENT DIRECTORS 14

• NOPIDER OF INDEFENE	DENT DIRECTORS
named independent	Alternate independent
2	18

¹⁴ The definition of Independent Director is governed by Chilean law.

102-18

As stipulated in the Law, the Directors' Committee is made up of three Members of the Board of Directors and their respective alternates, the majority of whom are independent. The Chairman of the Board of Directors may not be a member of this The diet of the Directors' Committee consists of a fixed monthly remuneration body or its sub-committees, unless he/she is independent director.

It meets in ordinary session once a month and an extraordinary session is called whenever a situation warrants it, in order to address the matters entrusted by article 50 bis of Law 18.046 on Public Limited Companies. A minimum quorum of two members is required to sit.

The deliberations, agreements and organization of the Committee must be governed by the rules pertaining to the meetings of the Board of Directors of the company. The Committee will communicate to the Board of Directors the manner in which it will request information, as well as its resolutions.

Functions and powers

- Examine the reports of external auditors, the balance sheet and other financial statements, and pronounce on them prior to their presentation to the shareholders.
- Propose to the Board of Directors names for external auditors and private risk classifiers.
- Examine and report on the history of the operations mentioned in Title XVI.
- Examine the remuneration schemes and compensation plans of the company's managers, chief executives and workers.
- Prepare an annual report on its management, including its main recommendations to shareholders.

Current composition

•

Rodrigo Manubens Moltedo

Chairman of the Committee, Named independent director



Pedro Sierra Bosch

Named director of the Committee Named independent director



Fernando Samaniego Sangroniz

Named director of the Committee

ATTENDANCE 2018 TO DIRECTORS' COMMITTEE MEETINGS



Remuneration of the Directors' Committee

The diet of the Directors' Committee consists of a fixed monthly remuneration of UF 25 for each member and one variable of UF 20 for attendance to each session for directors and alternate directors, only when the latter replaces the named director.

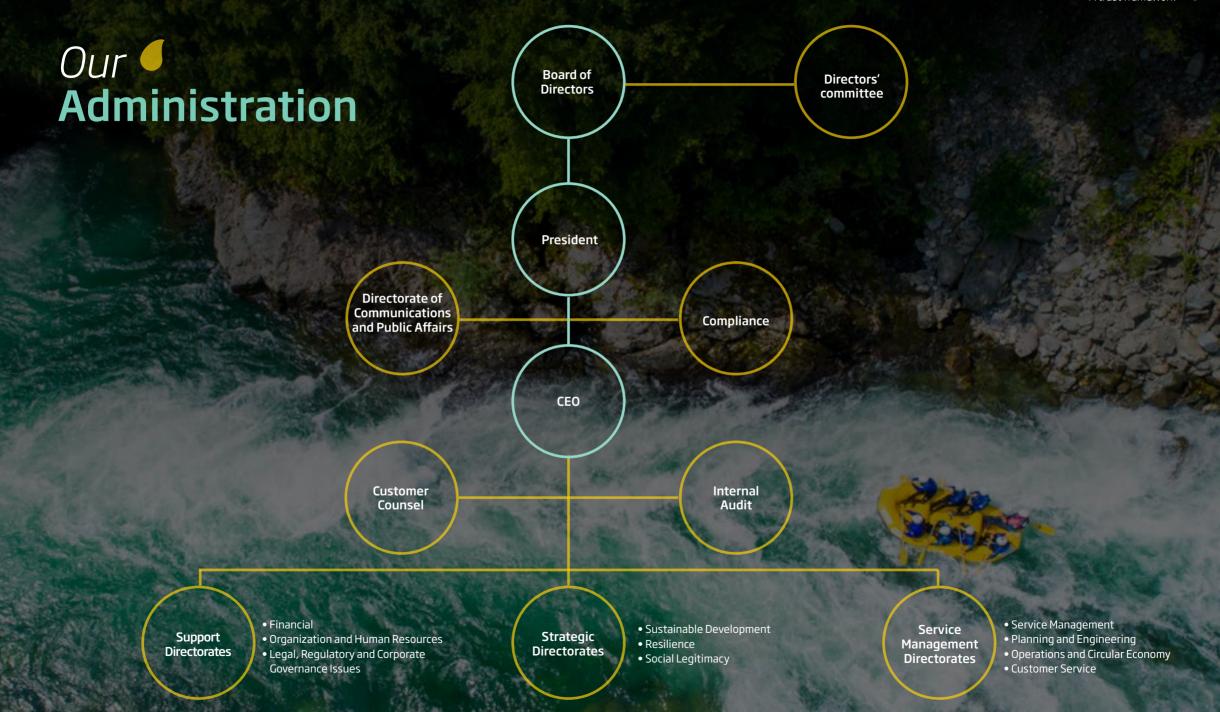
Expenses

According to a UF 3,000 budget agreed for 2018, depending on the activities authorized by law, the expenses incurred by the Committee during the year amounted to \$45,775 million, which corresponded to the remuneration of the secretary of the Committee.

REMUNERATION TABLE OF THE DIRECTORS' COMMITTEE (M\$)

Directors	Position	Remu	neration	Ses	ssion
		2017	2018	2017	2018
Rodrigo Manubens Moltedo	Director	7,977	8,158	7,440	7,066
Pedro Sierra Bosch	Director	7,977	8,158	7,440	6,523
Fernando Samaniego Sangroniz	Director	7,977	8,158	7,440	7,066
Totals		23,931	24,475	22,320	20,655





Steering Committee >

102-18, 102-19, 102-20, 102-32

The Steering Committee (CODIR) is 7 composed by the top executives of the company. It is headed by the CEO and meets periodically to know, analyze and discuss the execution and launch the main activities and operations that are part of the daily management of the company. The work of CODIR is complementary to that of the Committees on Regulation, Investments and Expenses, Donations and Sponsorships, and Communications.

There is a mixed instance between administration and management that is the Sustainability Committee, integrated by 5 directors of the company including the President of the Board of Directors. The role of the Sustainability Committee is to share best practices and country initiatives in terms of Environmental, Social and Corporate Governance, as well as to guide the Sustainability Strategy of Aguas Andinas with a long term perspective.









Narciso Berberana Sáenz

Chief Executive Officer (CEO)

RUT 22.105.171-8

Industrial Civil Engineer, Master in New Technologies for Business Management, School of Industrial Organization of Madrid; Management Development Plan of the Business Institute, IE of Madrid, Spain, among others.

With 23 years of professional experience, he has held positions of responsibility in different global sanitary companies. He was Corporate Manager of Aguas Andinas between 2006 and 2009 and since 2016 is the CEO of the company.

He was awarded in 2018 by ALAS20 as CEO of the Leading Sustainability Company of Chile.



Alberto Julián Blanco Marenco

Director of Planning and Engineering RUT 25.879.803-1

Roads, Canals and Ports Engineer from the Polytechnic University of Madrid and Executive MBA from the Instituto de Empresa (IE) in Madrid, Spain. In Aguas Andinas since 2017, he has 18 years of experience in the construction of large civil infrastructures, being the manager of a construction company dedicated to large public hydraulic works. He has been Director of Planning and Engineering for Aguas Andinas since 2018.



Javier Irazábal Beltrán

Director of Organization and Human Resources RUT 25.881.916-0

Degree in Labor Sciences with studies at the Universitat de Lleida; Industrial Labor Relations at the Universitat de Oberta de Catalunya and Law at the same university. He was for three years Director of Human Resources and Organization of Suez Spain in Alicante, Director of Human Resources of Suez Spain and Head of Labor Relations and People Development in Suez Spain. Since 2017 he has been Director of Organization and Human Resources at Aguas Andinas.



Javier Ybarra Moreno

Director of Operations and Circular Economy RUT 26.515.351-8

Industrial Engineer from the University of Barcelona, with vast experience in the field of health services. Before joining the company, he was President of Cluster Citizem, General Manager of Hidrogea of Suez Group and Vice President of Aguas de Lorca, among others. At Aguas Andinas since 2018, he has served as Director of Operations and Circular Economy.



Gonzalo Valenzuela Medina

Director of Communications, Institutional Relations and Social Leaitimacy

RUT 12.651.463-8

Journalist from the University of Chile, with studies in Political Science and Government at the University of Arizona and MBA International Management from the Thunderbird School of Global Management. For five years he was manager of Corporate Affairs at Walmart Chile and previously partner and Director of Communications at Extend Comunicaciones and manager of Public Affairs at the Ministry of Mining and Energy. He joined Aguas Andinas in 2017 and has been Director of Communications, Institutional Relations and Social Legitimacy of Aguas Andinas since 2017.



Sandra Andreu

Director of Sustainable Development RUT 24.901.622-5

Graduated in Civil Engineering from the Ecole Supérieure d'Hydraulique et de Mécanique de Grenoble, France, with an MBA in Explorer Training from GDF Suez University and with training in Management, Legal and Personal Control, among others. In Aguas Andinas since 2015, she has 20 years of experience in the Suez Group. She has been Director of Water Resources and Manager of subsidiaries of Suez Consulting and Director of Cabinet of Suez Water Europe. Director of Sustainable Development of Aguas Andinas since 2017.



Iván Yarur Sairafi

Director of Finance and Resilience

RUT 8.534.007-7

Industrial Civil Engineer and Magister from the University of Chile, Master of Science in Accounting and Finance from London School of Economics and Political Science, United Kingdom. Joined 2000. Between 2011 and 2013 he was General Manager of Inversiones Aguas Metropolitanas S.A., the parent company of Aguas Andinas. From 2013 he held the position of Corporate Manager of Finance and Purchasing and from 2017 he assumed the position of Director of Finance and Resilience.



Camilo Larraín Sánchez

Director of Legal, Regulatory and Corporate Governance Affairs RUT 10.436.775-5

Lawyer from Diego Portales and Master in Law from Los Andes University. Joined in 2000. He was a Law Attorney for Aguas Cordillera and a lawyer for the Enersis Group. Director of the subsidiaries Aguas Manguehue S.A. and ESSAL S.A., Sociedad Canal del Maipo and Eléctrica Puntilla S.A. and currently Director of Legal, Regulatory and Corporate Governance Affairs.



Eugenio Rodríguez Mingo

Director of Service Management RUT 6.379.051-6

Commercial Engineer from the University of Chile. Before joining the company, he was commercial manager of Inmobiliaria Piedra Roja, Proyecto ENEA of Grupo Enersis and Santander Leasing S.A. In Aguas Andinas since 2005, he has been Commercial Development Manager and Zone Manager of Mapué. He was appointed Corporate Manager of Customer Service in March 2012 and Director of Service Management in 2017.



José Sáez Albornoz

Director of Customer Service RUT 9.447.215-6

Commercial Engineer University of Santiago, Magister (c) in Human Behavior and Organizational Development of Diego Portales University. Joined in 2008, has 30 years of experience in the Sanitary Industry. He was General Manager of ESSAL S.A., Zone Manager and Commercial Development Manager in Aguas Andinas. Since 2017, he has been the company's Director of Customer Service.





As of December 31, 2018, the list of senior executives was made up of 26 executives, corresponding to the Managers, Directors of areas (Strategic, Support, Service Management and Communications and Public Affairs) and the CEO.

List of Senior Executives

lut	Name	Profession	Position	Company	Start date in the position
2105171-8	Berberana Saenz Narciso	Industrial Civil Engineer	Chief Executive Officer	Aguas Andinas S.A.	01-sept17
0436775-5	LarraÍn Sanchéz Camilo Ernesto	Lawyer	Director of Legal Affairs	Aguas Andinas S.A.	01-sept17
2651463-8	Valenzuela Medina Gonzalo Alfredo	Journalist	Director of Communications and Public Affairs	Aguas Andinas S.A.	01-sept17
6379051-6	Rodrĺguez Mingo Eugenio	Commercial Engineer	Director of Service Management	Aguas Andinas S.A.	01-sept17
5881916-0	Irazábal Beltran Javier	Degree in Labour Sciences	Director of Organization and Human Resources.	Aguas Andinas S.A.	01-sept17
5879803-1	Blanco Marenco Alberto	Civil Engineer	Director of Planning and Engineering/ Direct	Aguas Andinas S.A.	01-sept17
9447215-6	Saéz Albornoz José Raúl	Commercial Engineer	Director of Customer Service / D. COM	Aguas Andinas S.A.	01-sept17
3534007-7	Yarur Sairafi Iván	Industrial Civil Engineer	Chief Financial Officer / Resilience	Aguas Andinas S.A.	01-sept17
1901622-5	Andreu Sandra	Civil Hydraulic Engineer	Director of Sustainable Development	Aguas Andinas S.A.	01-sept17
253396-8	Arata Zapico Paola del Carmen	Industrial Civil Engineer	Northern Territorial Manager	Aguas Andinas S.A.	01-ene17
746808-0	Auger Hernández Mario Alejandro	Civil Engineer	Major Works Construction Manager	Aguas Andinas S.A.	01-feb17
087571-K	Reyes Cea Rodrigo Ándres	Accountant Auditor	Accounting and Tax Manager	Aguas Andinas S.A.	01-sept17
867840-9	Torres Rojas Cristián Patricio	Commercial Engineer	Manager of Management Control	Aguas Andinas S.A.	01-sept17
028060-0	Nicoletti Ortigosa Franco Luighi	Civil Engineer	Distribution and Collection Manager	Aguas Andinas S.A.	01-ago18
709240-7	Lesty Yves	Sanitation Engineer	Circular Economy Manager	Aguas Andinas S.A.	01-sept17
200262-8	Riquelme Hernández Alejandro	Accountant Auditor / Commercial Engineer	Manager, Finance, Purchasing and Investor Relations	Aguas Andinas S.A.	01-jun14
343884-1	Schwerter Loyola Cristian Bernardo	Civil Engineer	Engineering Manager	Aguas Andinas S.A.	01-aug16
380974-6	Salazar Villalobos Victor Rúben	Industrial Civil Engineer	Innovation and Development Manager	Aguas Andinas S.A.	01-may16
613091-6	Ocariz Martín Hernan Alfonso	Civil Engineer	Planning Manager	Aguas Andinas S.A.	12-jul04
5027966-7	Estay Caballero Ricardo	Civil Engineer	Production, purification and resources manager	Aguas Andinas S.A.	01-feb12
383964-1	Torres Barrientos Carlos René	Electrical Execution Engineer	Operational Resilience Manager	Aguas Andinas S.A.	01-aug18
043598-3	Faundez Pérez Luis Alberto	Civil Engineer	Tariff and Regulation Manager	Aguas Andinas S.A.	01-aug18
446387-6	Lores Ruiz Jorge	Sup. Telecommunications Engineer, Degree in ADE	Information Technology Manager	Aguas Andinas S.A.	16-jul16
1757639-8	Peña Martínez Jesus	Telecommunications Technical Engineer	Risk Management and Business Continuity Manager	Aguas Andinas S.A.	01-aug18
078362-0	Clos Peñalba Esteve	Bachelor of Science in Education	Talent Management Manager	Aguas Andinas S.A.	01-may18
449688-3	Figueroa Ramírez Sergio Martín	Construction Engineer	Southern Territorial Manager	Aguas Andinas S.A.	01-jan17



Senior Executive Compensation

The metrics for calculating the total compensation of the company's executives are determined according to average market income, by company size and specialization of the item, with variable retribution components according to the company's results and the individual objectives set for the. financial year.

the company has no compensation or benefit plans for its senior executives, other than the variable bonus mentioned above.

As of December 31, 2018, Aguas Andinas' payroll of senior executives at the individual level consisted of 26 people, a group that received a total compensation in the year of \$ 5,251 million, \$107 million more than the previous year. Severance indemnities totaled \$1,504 million.

Remuneration of senior executives (Million \$)

Fix	Fixed		Variable		uneration id
2017	2018	2017	2018	2017	2018
4,326	4,514	818	737	5,144	5,251

Indemnities paid (Millions of \$)

2017	2018
61	1,504

Diversity inSenior executives

405-1

♦ NUMBER OF EXECUTIVES PER GENDER

 ♦ NÚMERO DE EJECUTIVOS POR NACIONALIDAD



♦ NUMBER OF EXECUTIVES PER AGE RANGE















> 70 years old

♦ NUMBER OF EXECUTIVES PER SENIORITY





3888







We are guided by a culture based on ethics and integrity

102-2

Aguas Andinas directs its actions with more demanding behavioral guidelines than those dictated by compliance with laws and regulations overall. The company understands that cultivating a culture based on high ethical standards is an essential condition for generating social and environmental value. As a result, corporate policies are constantly disseminated among employees and those who join the company have a compliance management clause in their employment contracts.

Chief Compliance Officer

As part of Aguas Andinas' commitment to generate and maintain a regulatory compliance system efficient, involving the entire organization in building a culture of integrity and respect for ethical standards, the company created the figure of the Chief Compliance Officer.

PFor more information see here.

Under the direct supervision of the Aguas Andinas Board of Directors, the Chief Compliance Officer is responsible for evaluating and managing the risk of non-compliance of internal procedures and legal regulations, together with the obligations linked to the corporate ethical structure, promoting the development of adequate policies and procedures and disseminating and training all workers in these matters and in best corporate practices. It also ensures compliance with the Crime Prevention Model, the Code of Ethics and the confidential management of investigations arising from complaints received in the channel that the company has implemented and disseminated on its corporate website.

During 2018, 9 complaints were reported, most of which were raised in connection with the provisions of the Company's Code of Ethics, and which were resolved without generating relevant sanctions.

Compliance Management System

In 2018, a Compliance Registry System was created, which keeps a registry of gifts, invitations, trips and meetings of company executives with public officials, as well as being the instance to report the existence of conflicts of interest. It should be noted that all company executives sign a statement of conflicts of interest, a policy that also applies to new employees when they join the organization. This tool consolidates the processes, policies, procedures and practices of organizational management aimed at implementing best practices in all areas that make up the organization, with a mechanism that includes the submission of two half-yearly reports to the Board of Directors with the progress of the system and the number of complaints received. In this manner, compliance with the principles of ethics and integrity promoted by the company is sought on the basis of managing a single compliance risk matrix.



The policies related to the Compliance Management System are:



The Aguas Andinas Code of Ethics governs the entire Aguas Group, establishing the fundamental principles of complying with and enforcing laws and regulations, rooting a culture of integrity, showing loyalty and honesty, and respecting all people. These basic standards must be applied to shareholders, customers, competitors, the local community and the environment, and become a guide for the actions of all the company's employees.

The Code of Ethics is part of the company's Complaints Channel and to ensure its operation and compliance, audits of the management system are conducted by external organizations.

The Complaints Channel is accessible to both workers and third parties and access is available through both the intranet and the corporate website. On the other hand, the Compliance area has an e-mail address that has been communicated to workers, through which advice can be requested. You can also contact the company's Compliance Officer by telephone or in person.

Pror more information see here.



Crime Prevention Model

Both Aguas Andinas and its subsidiaries have a Crime Prevention Model that establishes rules, protocols and procedures that allow the adoption of crime prevention measures that everyone in the company must comply with, including suppliers and contractors. For greater control, the Board of Directors appointed a Crime Prevention Officer, who must ensure compliance with the model.

The Crime Prevention Model is audited and certified each year by an external compliance agency.

P For more information see here.





The purpose of the company's Anti-Corruption Policy is to specify the principles of fairness, integrity and impartiality that must govern relations between employees, directors and representatives of the company, as well as those established with all those who are directly or indirectly related to the company, whether natural or physical persons, and whether they come from the public or private world.

Aguas Andinas was the first company in Chile to certify its Anti-Corruption Management System under the ISO 37001 standard. In force until 2020, the corresponding process was in the hands of a foreign certifying agency and a follow-up audit is carried out every year.

The Anti-Corruption Policy expressly prohibits the cash contributions, as well as any donation or collaboration intended to finance political parties or campaigns or to support political activities of any kind, directly or indirectly, through any mechanism.

During 2018, there were no confirmed cases of corruption in the company.

P For more information see here.



Donations and Sponsorships Policy



Human **Rights Policy**

The Donations and Sponsorships Policy is mandatory for all employees of the company. It is based on the principles of caring for water and the environment, charity, commitment to social, environmental and cultural interests, as well as the sustainable and innovative development of the environment and local communities.

There is a Donations and Sponsorships Committee that meets quarterly, whose function is to evaluate and approve initiatives and projects, whose final authorization is determined by the Company's Board of Directors. Projects can be sent to compliance@aguasandinas.cl.

For more information see here.

The approval and implementation in 2018 of a new Human Rights Policy signified a great step forward for us, establishing tools of conduct stricter than those contemplated by Chilean legislation for this matter.

Procedures in this regard include:

- Inclusion into the internal and external complaints channel of breaches of the Human Rights Policy.
- Dissemination of this policy to suppliers, incorporating a new clause in benefit contracts where suppliers state that they are aware of it and undertake to respect the principles established therein.
- Inclusion of a Human Rights section in the internal regulations of the companies of the group and the workers' contracts.
- Inclusion of the Human Rights Policy in the training related to the Compliance Management System, focusing in principle on the crime prevention and anti-corruption model.

Programme For more information see here.



Risk management

102-11, 102-15, 102-29, 102-30, 102-31

"The risk management system is now part of the global SGI system, becoming an essential tool that homogenizes the prioritization of decisions from the outset. Strategy up to the day-to-day decisions"

> Narciso Berberana **CEO Aguas Andinas**

Aguas Andinas is investing in the goal of managing and reducing operational risks through a standardized methodology applicable throughout the organization. With this purpose, and using ISO 31000 as a basis, the company has a cross-sectional impact map, updated and presented to the Board of Directors every six months, which covers the following areas:



Legal and/or Regulatory



Environmental



Reputational



Service



Financial



Labor security and/or Social

For each one, the threats, probability of occurrence and the level of control existing in all the processes are systematically analyzed, with which the diverse areas design mitigation plans and plan their investment projects.

The mentioned map allows to identify and evaluate the significant risks of each process and to define the action plans, to later execute these mitigating actions, following an exhaustive control of its fulfillment and effectiveness, in a continuous process of update. In addition, each risk is evaluated according to its level of impact, probability of occurrence and control capacity.

In order to react efficiently to the modification of natural factors caused by climate change, the company, through an internal analysis, determined that one of the main risks it faces is the impossibility of treating raw water against natural events that generate excessive turbidity in the Maipo and Mapocho rivers. A second priority risk is lack of resources due to drought. Both scenarios have the potential to undermine customer confidence and damage the company's reputation in the event of supply disruptions, which also generate economic losses.

Aguas Andinas is working on different measures to address these risks, seeking to ensure the availability of services with a quality that meets the expectations of its customers and society overall.

412-1

Human Rights Due Diligence

As part of its commitment to the National Human Rights and Business Action Plan (PAN), in 2018 the company conducted a Due Diligence process. Throughout the process, the most relevant issues of this matter in the company's work were reviewed, identifying the respective risks and action plans. For more information, see page 156.

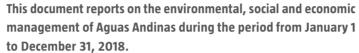




Materiality Report

102-21, 102-32, 102-39, 102-43, 102-44, 102-46, 102-47, 102-48, 102-50, 102-51, 102-52, 102-54

The first Aguas Andinas Integrated Report has been prepared in accordance with the guidelines and recommendations of the International Integrated Reporting Council (IIRC), and in accordance with the Global Reporting Initiative (GRI) standards in its version published in 2016. The company's financial information is disclosed in accordance with the provisions of General Standard No. 30 of the Commission for the Financial Market (CMF) of Chile.



The review presented corresponds to consolidated information of all the companies of the Aguas Group, which includes the sanitary subsidiaries Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Empresa de Servicios Sanitarios de Los Lagos S.A. The following companies are included: Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL), together with the environmental services subsidiaries Ecoriles S.A., Análisis Ambientales S.A. (ANAM), Gestión y Servicios S.A. and Aguas del Maipo S.A. In the Financial Statements and in the Environmental, Social and Corporate Governance (ESG) indicators addressed in the document, the corresponding information coverage is defined.

Aguas Andinas considers it a priority to make its management of risks and opportunities known to its stakeholders through the provision of transparent and timely information that demonstrates the creation of social and environmental value for citizens, with a strategic view that seeks to go beyond water.

For the preparation of this report, a multidisciplinary team was set up, of which different corporate areas of the group have formed, with the aim of providing a complete vision of the company, its creation of value, the challenges, risks and opportunities it faces.

The materiality process required to prepare this report was carried out during September 2018, using the following sources of information as a reference:

- Results of the materiality process of the 2017 Sustainability Report of Aguas Andinas.
- Regulatory contents required by CMF disclosed in the 2017 Aguas Andinas Annual Report .
- Criteria evaluated by RobecoSAM in the application to the DowJones Sustainability Index in 2018.
- Criteria evaluated by the risk rating agency ASG Vigeo Eiris for the Waste & Water Utilities sector in emerging markets.

In addition, the material issues for stakeholders and benchmarks defined by the company were considered, carrying out detailed activities with the following sources of information:

- Interviews with analysts buy side, sell side, and international investors.
- Online surveys to authorities, clients and suppliers.
- Integrated Reporting Benchmark of 3 companies, 2 industry leaders and 1 from another industry.

In these instances, for each source of information indicated, the material topics were identified, scoring them from 1 to 5 according to the level of importance assigned to each of them in the surveys and according to the presence of these topics in the documentary information sources reviewed as part of the process.



For the preparation of the Integrated Report for 2018, and in consideration of The IIRC methodology that guides this type of document, the priority stakeholder is the investor, so that local and foreign investors have been given greater weight in relation to the other stakeholder groups surveyed.

In this way, the materiality matrix was prepared in order to identify the level of relevance of material content proposed by the GRI standards.

- Environmental Standards
- Economic standards
- Social Standards



Importance for the Aguas Andinas strategy



Based on the material contents identified with the highest valuation for both axes, a short list was identified, making a selection of those topics that resulted in a "High" evaluation in the valuation of the company and/or stakeholders. Afterwards, two material contents (Employment and Materials) were removed from this list due to their "Low" score in the valuation of the company, and the following five material contents were added, selected by the company for having a "High" valuation in the Vigeo Eiris and/or DJSI criteria: Training and teaching, Evaluation of human rights, Environmental Compliance (regulatory), Practices in safety matters and Presence in the market.

The topics that make up this short list are:

- Water
- Anticorruption
- Biodiversity
- Local Communities
- Environmental compliance (regulatory)
- Socio-economic compliance
- Economic performance
- Diversity and equal opportunities
- Effluents and Waste
- Emissions
- Energy
- Human Rights Assessment
- Training and teaching
- Indirect economic impacts
- Security Practices
- Presence in the market
- Customer health and safety
- Health and safety at work

These material topics were classified according to the six capitals identified by the IIRC integrated reporting methodology: financial capital, natural capital, human capital, intellectual capital, relational capital and industrial capital. Coverage is detailed in the ASG Indicator Index. The report was reviewed by the corporate managers and directors and by the members of the Board of Directors of Aguas Andinas. The extra-financial information has been verified by PwC, an independent international auditing firm whose report has concluded that the information is fairly presented in accordance with the Comprehensive option of the GRI Standards.



External **Verification**

102-56

(A free translation from the original in Spanish)

INDEPENDENT PROFESSIONALS' REVIEW REPORT

Santiago, April 2nd, 2019

Messrs. Shareholders and Directors Aguas Andinas S.A.

We have reviewed the sustainability information of Aguas Andinas S.A. and its subsidiaries, for the year ended December 31st 2018, included in their 2018 Integrated Report. Aguas Andinas S.A.'s management is responsible for the presentation of sustainability information in accordance with the "comprehensive" option of the sustainability reporting standards of the Global Reporting Initiative (GRI standards). Our responsibility is to express a conclusion on the sustainability information based on our review.

Our review was conducted in accordance with attestation standards established by the Chilean Institute of Public Accountants. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the sustainability information in order for it to be in accordance with the "comprehensive" option of the GRI standards. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the sustainability information is in accordance with the "comprehensive" option of the GRI standards, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

We performed the following procedures:

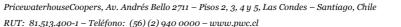
- work planning according to relevance and volume of the sustainability information presented in the 2018
 Integrated Report draft;
- understanding of the materiality process conducted by Aguas Andinas S.A. and subsidiaries, the material
 aspects identified, management approaches and selected indicators, in accordance with the
 "comprehensive" option under the GRI standards;
- interviews with different executives responsible for the sustainability information in the 2018 Integrated Report;
- review, based on testing, that the sustainability data included in the 2018 Integrated Report is consistent
 with the documentary evidence reviewed and/or comes from verifiable supporting information sources;
- review that the financial information included in the sustainability information is derived from accounting records or from financial statements as of December 31st 2018, audited by an independent firm of auditors.

The information reviewed is detailed in pages 124 to 129 of Aguas Andinas S.A.'s 2018 Integrated Report.

Based on our review, we are not aware of any material modifications that should be made to the sustainability information of Aguas Andinas S.A. and subsidiaries, for the year ended December 31st 2018, included in their 2018 Integrated Report, in order for it to be in accordance with the "comprehensive" option of the sustainability reporting standards of the Global Reporting Initiative.

Price waterboas Gropes













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6

Stock market codes

Series A: "Aguas-A" Series B: "Aguas-B

6

Information to shareholders

Central Securities Depository

Address: Huérfanos 770, floor 22, Santiago, Chile

Telephone: (56-2) 2393 9003

Fax: (56-2) 2393 9101



Investor relations

Address: Av. Presidente Balmaceda Nº 1398, piso 3,

Santiago, Chile.

Telephone: (56-2) 2569 2301 Fax: (56-2) 2569 2309

inversionistas@aguasandinas.cl

The purpose of the company is to produce and distribute potable water; to collect, treat and treat sewage; and to perform other services related to such activities, in the terms and conditions established in the decree with the force of Law No. 382 of the Ministry of Public Works of 1988, the General Law of Sanitation Services, and other regulations applicable to it.

Legal incorporation

Aguas Andinas S.A. was incorporated by public deed dated May 31, 1989, executed at the Santiago Notary's Office of Mr. Raúl Undurraga Laso, and an extract of it was inscribed on pages 13,981, No. 7,040, in the Registry of Commerce of the Santiago Real Estate Registrar of 1989, and published in the Official Journal of June 10, 1989.

The bylaws have been amended several times. The last of these amendments was agreed by the 18th Extraordinary Shareholders' Meeting, whose purpose was to: (i) incorporate the amendments introduced to the laws and regulations that regulate the company's activity; (ii) modify the corporate purpose by adapting it to the General Law of Sanitation Services; (iii) extend the duration of the Board

of Directors to three years; (iv) certify that the share capital is fully subscribed and paid; and (v) repeal the transitory provisions that are no longer in force.

In addition, a new consolidated text of the statutes was issued. This amendment is made by public deed dated October 2, 2013, executed at the Santiago Notary's office of Mr. Iván Torrealba Acevedo, and an extract of it was inscribed on pages 78.299, No. 51.547, in the Registry of Commerce of the Real Estate Registrar of Santiago in 2013, and published in the Official Journal of October 21, 2013.

Legal aspects

The company is registered in the Securities Registry of the Financial Market Commission under No. 0346 by provision of Law No. 18,777.

As a company in the water utility sector, it is supervised by the Superintendence of Sanitation Services in accordance with Law No. 18,902 and the Decrees with Force of Law No. 382 and No. 70, both of 1988.



Company ownership

Aguas Andinas and its sanitation subsidiaries (regulated)

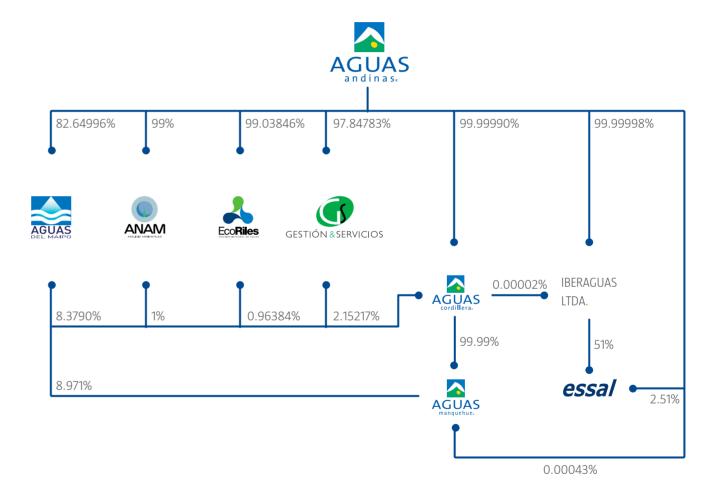
Aguas Andinas S.A. • Aguas Cordillera S.A. • Aguas Manquehue S.A. • Empresa de Servicios Sanitarios De Los Lagos S.A. (ESSAL).

Regulated by Chilean legislation, these water utility companies provide the services of production and distribution of potable water, together with the collection, processing and final disposal of sewage.

Environmental services subsidiaries (non-regulated)

EcoRiles S.A. • Gestión y Servicios S.A. • Análisis Ambientales S.A. • Aguas del Maipo S.A.

They provide knowledge in businesses related to the water utility industry, among them: industrial waste treatment services, marketing of non-conventional renewable materials and energies, laboratory analysis and development of energy projects related to water utility companies, respectively.







Environmental services subsidiaries (non-regulated)



Análisis Ambientales (ANAM, for its acronym in Spanish)

It is the main analytical services laboratory of the Grupo Aguas in Chile, being the most important for environmental analysis in water matrices, biosolids and solid waste in the national territory.

In 2017, ANAM was awarded an important contract to operate in the field the effluent laboratory of one of CMPC's treatment plants in the cellulose market. Another milestone of the year was the assembly of a flow rate bank, aiming to be one of the only flow meter calibration laboratories in Chile.

During the fiscal year, ANAM's sales exceeded MM USD 14.0 per year, equivalent to a 10% growth in revenues compared to the previous year.



Gestión y Servicios

Company dedicated mainly to the marketing of materials for potable water and sewage networks and, to a lesser extent, to the cleaning service of collectors and networks for the water utility market and national industry in general.

As part of the development of new businesses, during the year the sale of chemical products such as polymers, defoamers and coagulants stood out in the national territory, achieving sales of more than MM USD 2.0 per year. In addition, the company started a new line of business in the field of inspection services, repair and replacement of sanitation materials in the networks of the water utility industry in Chile. At the end of 2017, Gestión y Servicios was consolidated as one of the most important suppliers of sanitation materials for the development of projects in the real estate and water utility markets of the Metropolitan Region, reaching annual sales of MM USD 14.0.



EcoRiles

Company specialized in consulting and integral management of wastewater and liquid industrial waste (liw, for its acronym in Spanish), which has consolidated itself as the first operator of industrial effluent plants in the country, with operations throughout Chile.

During the year, improvement and optimization projects for treatment processes were developed, becoming a strategic partner for its customers throughout the environmental cycle, generating revenues of MM USD 1.0. In addition, important new customers from the dairy, salmon and water utility markets came on board, contributing to the company's growth during the year. During 2017 EcoRiles maintained its leadership in the operation and maintenance of liquid industrial waste treatment plants in Chile, highlighting its participation in the dairy industry (more than 90%) and in the paper industry (more than 50%), with a total domestic market share of close to 50%. Its annual income reached MM USD 22.0.



Aguas del Maipo S.A.

The participation of Aguas

Andinas in the field of energy is based in this subsidiary, which was created in 2011.

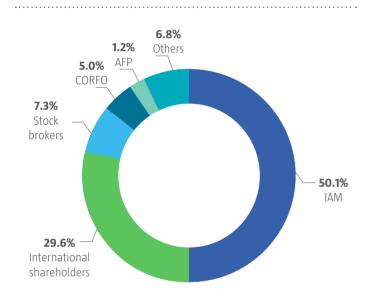
In July 2017, the Methanation Plant began operating, which seeks to convert the biogas generated by La Farfana Biofactory into biomethane compatible with natural gas, which is injected directly into Santiago's natural gas networks. This allows the displacement of a fossil fuel, such as natural gas, by another non-conventional renewable source such as biomethane.



Share Capital of Aquas Anginas as of December 31, 2018

At the end of 2018, the share capital of Aguas Andinas consisted of 6,118,965,160 subscribed and paid shares, distributed among 1,620 shareholders, 94.97% of which corresponded to Series A, equivalent to 5,811,031,417 shares, and 5.03% to Series B, with 307,933,743 shares.

Distribution by type of shareholder



Main shareholders as of December 31, 2018

Name or Company Name	Tax ID No. (Rut)	Shares	Serie	%
Inv. Aguas Metropolitanas S.A.	77,274,820	3,065,744,510	А	50.10%
Banco de Chile on behalf of non-resident third parties	97,004,000	743,526,159	А	12.15%
Banco Itau Corpbanca on behalf of foreign investors	97,023,000	560,879,597	А	9.17%
Banco Santander on behalf of foreign investors	97,036,000	443,805,678	А	7.25%
Corporación de fomento de la producción	60,706,000	305,948,258	В	5.00%
Banchile C. de B. S.A.	96,571,220	117,338,519	А	1.92%
BCI C. de B. S.A.	96,519,800	83,882,459	А	1.37%
Asociación de Canalistas soc. del Canal de Maipo	70,009,410	70,426,696	А	1.15%
Bethia S.A.	78,591,370	59,989,534	А	0.98%
Banco Santander-HSBC Bank PLC London Client Accoun	97,036,000	48,978,484	А	0.80%
Larraín Víal S.A. Corredora de Bolsa	80,537,000	45,989,353	А	0.75%
Credicorp Capital S.A. Corredores de Bolsa	96,489,000	44,648,408	А	0.73%
Others (1,583 Shareholders)		525,822,020	А	8.59%
Others (25 Shareholders)		1,985,485	В	0.03%
Total		6,118,965,160		100.00%

Series of shares A and B

It is important to note that article 5 of the company's bylaws establishes that Series B shares have a preferential character, which endows them with a special quorum established at the Extraordinary Shareholders' Meeting held on March 29, 1999. This allows them to decide on acts and contracts relating to the water use rights and water utility concessions of Aguas Andinas. Series B will expire automatically upon the transfer or exchange of any of its securities for Series A shares, whereby the securities transferred or exchanged will become part of Series A.

It will also disappear after 50 years from the date of legalization of the amendment of the bylaws agreed at the aforementioned Extraordinary Shareholders' Meeting, and in the event that the Series B shares represent less than 5% of the total capital issued by the company. Upon verification of any of these circumstances, series A and B will be eliminated, and all the shares comprising them will be automatically transformed into common or ordinary shares, eliminating the division into series of shares.

The bylaws of Aguas Andinas are available at the following website: www.aguasandinasinversionistas.cl



Related persons

Name / Company Name Informant	Transaction Date	Transaction Communication Date to the CMF	Sale	Purchase	Unit Price (\$)	Amount (\$)	Observations
Luis Faundez Perez	21/11/2018	22/11/2018	31,577		382	12,062,414	Luis Faundéz is Manager of Tariffs and regulation in Aguas Andinas
Rodrigo Terre Fontbona	26/06/2018	28/06/2018		135,517	361	48,921,637	Mr. Rodrigo Terre is Alternate Director in Aguas Andinas
Rodrigo Terre Fontbona	26/06/2018	28/06/2018		30,096	360	10,834,560	Mr. Rodrigo Terre is Alternate Director in Aguas Andinas
Enrique Ruz Galvez	09/04/2018	09/04/2018	5,590		395.5	2,210,845	Enrique Andrés Ruz Gálvez is Aguas Andinas' Executive
Carlos Alarcon Araya	06/04/2018	09/04/2018		175,000	393.21	68,811,749	Reported by Carlos Alarcón Araya, Aguas Andinas' Executive

Secondary market

SANTIAGO STOCK EXC	HANGE			
2018	Average Price (\$)	Units	Amount (\$)	Market Presence
Total 1° quarter	400.96	226,615,577	90,863,760,622	100.00%
Total 2° quarter	385.96	254,298,403	98,150,019,351	100.00%
Total 3° quarter	364.87	223,876,964	81,686,028,548	100.00%
Total 4° quarter	371.29	288,646,533	107,171,400,692	100.00%
2018	380.37	993,437,477	377,871,209,213	

ELECTRONIC STOCK EXCHANGE							
2018	Average Price (\$)	Units	Amount (\$)	Market Presence			
Total 1° quarter	402.06	8,950,575	3,598,649,268	100.00%			
Total 2° quarter	388.93	11,143,957	4,334,195,062	100.00%			
Total 3° quarter	365.62	10,624,601	3,884,527,011	100.00%			
Total 4° quarter	372.21	10,927,663	4,067,381,991	100.00%			
2018	381.42	41,646,796	15,884,753,332				

BROKERS STOCK EXCH	ANGE – STOCK EXCHAGE			
2018	Average Price (\$)	Units	Amount (\$)	Market Presence
Total 1° quarter	411.578	6,783,434	2,791,910,414	100.00%
Total 2° quarter	397.674	11,825,469	4,702,685,056	100.00%
Total 3° quarter	362.625	2,544,550	922,716,984	100.00%
Total 4° quarter	360.012	95,860	34,510,750	100.00%
2018	397.746	21,249,313	8,451,823,204	



Executives' participation in ownership

102-35

Executives' participation in the ownership of the company

NAME OR COMPANY NAME	RUT	SHARES	%
Inversiones Palguin Ltda. (Luis Alberto Faúndez Pérez)	77.429.760-K	895,879	0.01%
Inversiones Los Patricios Ltda. (Patricio Norambuena Duncan)	77.431.180-7	509,421	0.01%
Inversiones Certeza Ltda. (Julio Muñoz Anrique)	77.431.190-4	672,703	0.01%
Rodrigo Andrés Reyes Cea	12.087.571-K	123,451	0.00%
Sebastián Acevedo Walker	6.639.714-9	4,300	0.00%





At the twenty-fourth Ordinary Shareholders' Meeting, a dividend policy was agreed upon consisting of distributing 100% of the profits, corresponding to 30% of the liquid profits of the fiscal year as an obligatory dividend and the remaining 70% as an additional dividend. This policy remains in force as long as the current level of capitalization of the company continues and is compatible with the investment and financing policies established for each fiscal year.

DISTRIBUTABLE PROFIT (IN M\$)	
Net profit for the year 2018	136,056,517
Accumulated distributable profit	17,761,948
Interim dividends on account of profit 2018	(43,223,758)
Remaining distributable profit	110,594,707
% of dividends distributed over distributable profits	31.77%

Remaining distributable profit

The company distributes 100% of its profits in accordance with its

Dividends Paid per Share

\$ per share	2014	2015	2016	2017	2018
Book Values	99.81	100.87	106.34	105.02	104.37
Profit	19.52	21.08	24.61	22.81	22.235
Dividends Paid	19.07 ^(a)	19.52 ^(b)	21.08334 ^(c)	21.1184 ^(d)	22.70 ^(e)

- (a) (a) Includes two items: An interim dividend of \$6.0468 per share, paid on January 14, 2014; and a final dividend of \$13.02105 per share, on account of 2013, earnings, paid on May 26, 2014.
- (b) Includes two items: An interim dividend of \$6.35 per share paid on January 13, 2015 and a final dividend of \$13.1667 per share paid on May 26, 2015, on account of 2014 earnings.
- (c) Includes two items: An interim dividend of \$6,294 per share paid on January 13, 2016 and a final dividend of \$14.4539 per share paid on May, 2016, on account of 2015 earnings
- (d) Includes two items: An interim dividend of \$6.8614 per share paid on January 18, 2017 and a final dividend of \$15,257 per share paid on May 22, 2017, on account of earnings of 2016.14.02.
- (e) It includes two items: a final dividend of \$15.64 per share paid on May 24, 2018, from 2017 earnings, and an interim dividend paid on January 22, 2019, on account of 2018 earnings.

N° Dividend	Year	Туре	Payment Date	AMOUNT PER SHARE (CLP)
39	2003	Final	14-05-2004	\$ 6.64
40	2004	Final	05-05-2005	\$10.21
41	2005	Interim	27-09-2005	\$3.50
42	2005	Final	25-05-2006	\$8.92
43	2006	Interim	26-10-2006	\$4.61
44	2006	Final	22-05-2007	\$9.25
45	2007	Interim	25-10-2007	\$4.90
46	2007	Final	28-05-2008	\$10.92
47	2008	Interim	29-10-2008	\$5.30
48	2008	Final	22-06-2009	\$12.44
49	2009	Interim	23-11-2009	\$ 5.30
50	2009	Final	17-05-2010	\$14.81
51	2010	Interim	22-11-2010	\$5.41
52	2010	Final	23-05-2011	\$11.56
53	2011	Interim	23-11-2011	\$5.60
54	2011	Final	23-05-2012	\$12.62
55	2012	Interim	13-11-2012	\$5.79
56	2012	Final	25-05-2013	\$14.02
57	2013	Interim	15-01-2014	\$6.05
58	2013	Final	26-05-2014	\$13.02
59	2014	Interim	13-01-2015	\$6.35
60	2014	Final	26-05-2015	\$13.17
61	2015	Interim	13-01-2016	\$6.63
62	2015	Final	25-05-2016	\$14.4539
63	2016	Interim	18-01-2017	\$6.86
64	2016	Final	22-05-2017	\$15.26
65	2017	Interim	24-01-2018	\$6.8614
66	2017	Final	24-05-2018	\$15.64
67	2018	Interim	22-01-2019	\$7.06



Our • regulatory framework

Aguas Andinas carries out its activities under the sole regulatory framework dictated by the General Law of Sanitation Services (DFL 382-88) and its respective regulation (DS 1199 04). In addition, Aguas Andinas is supervised by the Superintendence of Sanitation Services (SISS, for its acronym in Spanish), which also acts as requlatory counterpart in the process of setting tariffs.

Tariffs are updated every five years by means of a process in which the concession holder and the regulatory body participate. The adjustment is objectively made through a technical model that considers the long-term total cost of a model company, a minimum annual return on assets of 7% after tax, and allowed adjustments between updates linked to polynomials indexed to the CPI and the PPI. Aguas Andinas is always available to contribute to the debate of regulatory projects in the National Congress, mainly through its active participation in the National Association of Water Utility Companies (ANDESS, for its acronym in Spanish). Naturally, the company remains attentive to those bills subject to processing that could impact its management, with the aim of preparing well in advance.

Regulatory changes

SERNAC Strengthening Law

In 2018 the new Law 21.081 was published, reforming the National Consumer Service (Sernac, for its acronym in Spanish), giving it new powers. Because of this, Agua Andinas organized talks with specialists who explained in depth the bill, its consequences and positive messages, with the aim of incorporating them into the company's internal processes.

In particular, work was done on the design of a compliance model for

customers, through an awareness process led by the Compliance area. In parallel, the company's risk map was revised to adapt it to the contents of this new legislation.

Water Utility Regulation

The legislation in force in the country establishes that water utility providers are under the supervision and regulation of the Superintendence of Sanitation Services (SISS), a functionally decentralized body with legal personality and its own equity, which operates subject to the supervision of the President of the Republic, through the Ministry of Public Works.

There is a set of laws and regulations that regulate the functioning of the water utility companies and sector. The main legal bodies are:

- General Sanitation Services Law (DFL MOP No. 382 of 1988). Itcontains the main provisions regulating the concessions regime and the activity of water utility service providers.
- Regulations to the General Sanitation Services Law (DS MOPNo. 1199/2004). Establishes the regulations that allow for theapplication of the General Law of Sanitation Services.
- Sanitation Tariffs Law (DFL MOP No. 70 of 1988). It establishes the main provisions governing the setting of potable water and sewerage tariffs and reimbursable financing contributions.
- Regulation of the Law on Sanitation Services Tariffs (DSMINECON № 453 of 1989). It contains the regulations that allow the application of the Law on Sanitation Services Tariffs.
- Law that creates the Superintendence of Sanitation Services (LawNº 18,902 of 1990). Establishes the functions of the SISS.
- Law on Subsidies for the payment of potable water consumption and

- sewerage services (Law No. 18,778 of 1989). Establishes asubsidy for the payment of potable water consumption and sewerage for low-income customers.
- Subsidy Law Regulations (DS HACIENDA No. 195 of 1998). Itcontains the regulatory provisions for the implementation of the Subsidy Act.

A bill is currently under discussion in the National Congress that "Modifies the legislation applicable to public water utility services, in terms of non-regulated services, tariff setting and compliance with development plans by providers".

The main idea of the project is to improve the water utility legislation in aspects such as regulation of services that today are not regulated for the purpose of calculating tariffs; citizen participation; tariff setting process; incentive to comply with development plans; modernization of the supervisory and sanctioning power of the SISS, among others. The bill is in its second constitutional stage before the Senate and must be discussed and reports must also be heard before various committees. During the previous government, the Executive guestioned the constitutionality of the bill. During this government, a Roundtable was formed between advisors from the Senate Public Works Committee and the Ministry of Public Works to study issues that could improve the current water utility regulatory framework, among which was excluded the Capital Cost Rate and the creation of a Panel of Experts, the two most sensitive issues for the sector. ANDESS, with a significant contribution from Aguas Andinas, has collaborated in this study by presenting minutes on the different topics, has made proposals and presentations to the Ministry of Public Works. The work of the Roundtable is nearing completion, which will probably translate into indications from the Government to the bill currently being processed in the National Congress.





and Sanctions

307-1, 416-2, 419-1

The following are the violations of the period regarding compliance with sectoral regulations on water utility service conditions.

Aguas Andinas, Aguas Manquehue y Aguas Cordillera.

Sanctioning body	Sanction (description of the evant)	Grounds for the violation	Amount	Status
SISS	Repeated Cuts in Padre Hurtado	Service Quality	20 UTA	Pending appeal
SISS	Low water pressure in Padre Hurtado, San Miguel, San Bernardo, Sector Pabellón, Melipilla, Puente Alto, Lo Padro, Santiago, Buin, Calare de Tango, Talagante and Santiago	Service Quality	68 UTA	Pending appeal
SISS	Deficiencies is sewer service in localities	Service Quality	37 UTA	Pending appeal
SISS	Repeated cuts in 7 locations in Greater Santiago in the second have of 2015	Service Quality	24 UTA	Paid
SISS	By obstruction of the collection system in the UD of a housing complex of the commure of Santiago	Service Quality	10 UTA	Paid
SISS	Non-compliance with the continuity of the potable water distribution service, with 55 company liability failures	Service Quality	13 UTA	Paid
SISS	Non-compliance with the continuity of the potable water distribution service, with 116 company liability failures	Service Quality	26 UTA	Paid
SISS	Unscheduled cuts, Las Condes	Service Quality	5 UTA	Paid
SISS	Low water pressure Villa Los Dominicos	Service Quality	7 UTA	Paid

ESSAL

Sanctioning body	Sanction (description of the event)	Grounds for the violation	Fine applied	Process stage
SISS	Potable water distribution service	Service Quality	63 UTA	In process
SISS	Quality of the sewage collection service, use of bypass in unauthorized circumstances and non-compliance with SISS instructions	Service Quality	700 UTA	In process
SISS	Quality of the potable water distribition service affecting the generality of users	Service Quality	61 UTA	Paid / Completed
SISS	Potable water service quality. Turbidity month of April 2017	Service Quality	13 UTA	In process
SISS	For non-compliance with its development programs committed for 2016	Development Plan	306 UTA	In process
Seremi of Health	Sanitary deficiencies related to sludge accumulation	Sanitary Standard	50 UTM	In process
Seremi of Health	Deficiencies in the Sewage Water Treatment Plant	Sanitary Standard	30 UTM	Written warning / completed
Seremi of Health	Dumping of sewage	Sanitary Standard	25 UTM	In process
Seremi of Health	Not declaring emissions in the town of máfil	Sanitary Standard	30 UTM	In process
Seremi of Health	Sludge management	Sanitary Standard	20 UTM	In process
Seremi of Health	Saturated sewer network, draining sewage water to public roads	Sanitary Standard	20 UTM	Paid and completed







Aguas Andinas, Aguas Manquehue and Aguas Cordillera calculate their current tariffs on the basis of the sixth tariffsetting process, from which the values of potable water, sewerage and sewage water treatment services applicable to customers were determined during the five-year period 2015-2020.

The tariff agreement between SISS and the water utility companies established, in general terms, the following parameters:

- For Aguas Andinas and Aguas Cordillera, tariffs were maintained in real terms.
- For Aguas Manguehue, tariffs were reduced by 5% in real terms.

Additional tariffs were also defined, which are applied as new services come into operation, which, in the case of Aguas Andinas, correspond to the following scenarios:

- Increase of 1.1% for production assurance works, for situations of extreme turbidity (this tariff is estimated to apply from 2020).
- Increase of 1.1% due to Nitrogen treatment works on the return of the La Farfana treatment plant (this tariff is estimated to apply from October 2019).

• Increase of 0.3% due to the Nitrogen treatment works in the return of the Trebal-Mapocho treatment plant (it is estimated that this rate will apply from April 2021).

In addition, for Aguas Andinas, a discount was determined on the tariffs for the provision of future non-regulated services specifically linked to the Alto Maipo Project (discount of 1.2% once the Project is in operation).

The tariffs established in the VI Tariff Setting Process are valid until 2020. From that year on, the tariff charges determined in the VII Process, initiated on November 30, 2018, with the publication of the Preliminary Terms and Conditions, will be applied.

On the other hand, the ESSAL tariffs corresponding to the VI Process were defined during 2016 and will be valid until 2021. This agreement established the following:

- ESSAL's tariffs were maintained in real terms.
- Additional tariffs of 1.5% were determined, which are applied once the production assurance works proposed by the company come into operation. These infrastructures include assurance ponds, generators and support equipment.



To know each other better

Real Estate, equipment and insurance

Aguas Andinas owns the main real estate and equipment used in the provision of potable water production and distribution services, as well as those used in the collection and treatment of sewage water. The company is concerned with maintaining these infrastructures in optimum working condition.

In 2017, the operation of the Great Santiago Biofactory (Farfana, Mapocho-Trebal and Rutal) began. The following is a list of the main properties and facilities belonging to the company: El Yeso Reservoir, Las Vizcachas Complex, La Florida Potable Water Production Plant, potable water dis-

tribution and sewage collection networks in all its extension and the wastewater treatment facilities La Farfana and Trebal-Mapocho Complex.

The company maintains current insurances that include mainly risks of nature and fires for all its infrastructure assets, property and its contents. Also covered are facilities for the production and distribution of potable water, wastewater collection and treatment, as well as offices and warehouses.

MAIN FACILITIES

Facility	Purpose	Address	Ownership
La Florida Plant	Potable water production plant	Tobalaba 9670, La Florida, Santiago	Yes
Las Vizcachas Plant	Potable water production plant	Av. Camilo Henríquez 540, Puente Alto, Santiago	Yes
Trebal-Mapocho Plant	Wastewater treatment plant	Av. Las Parcelas S/N, Padre Hurtado, Santiago	Yes
La Farfana Plant	Wastewater treatment plant	Camino La Farfana,	Yes





To know each other better

Staffing and diversity in the organization

102-8

NUMBER OF PEOPLE BY GENDER



• NUMBER OF PEOPLE BY NATIONALITY (CHILEANS AND FOREIGNERS)

Aguas Andinas	Aguas Cordillera	Aguas del Maipo	AguasManquehue	Análisis Ambientales	Ecoriles	ESSAL	GestiónyServicios
≈ 1059	121	₹1	14	₹239	₹195	₹390	₹32
□30	□ 6			□6	□17	□ 5	≥2

NUMBER OF PEOPLE PER AGE GROUP

V 50 years	Between 30 and 40	years Between	141 and 50 years	Bermeen 21 and 90	years Betw	leen 61 and 70 y	ears > 70 years
Aguas Andinas	Aguas Cordillera	Aguas del Maipo	AguasManquehue	Análisis Ambientales	Ecoriles	ESSAL	GestiónyServicios
108	13	1	3	86	35	33	7
394	18		10	100	95	160	17
298	34		1	42	63	112	8
223	51			15	14	66	2
66	10			2	5	24	
	1						

NUMBER OF PEOPLE PER SENIORITY

< 3 years	Between 3 and 6 y	ears Betwe	een 6 and 9 years	Between 9 and 12 y	ears •> 1	L2 years	
Aguas Andina	as Aguas Cordillera	Aguas del Maip	o Aguas Manquehue	Análisis Ambientales	Ecoriles	ESSAL	GestiónyServicios
237	43	1	14	103	88	93	22
190	1			62	45	71	7
134	83			27	31	18	3
80				21	23	37	1
448				32	25	176	1



Was the total staffind of Aquas Andinas and subsidiaries in 2018

Staffing by company as of December 31, 2018

Position	Aguas Andinas	Aguas Cordillera	Aguas Manquehue	ESSAL	Others	Grand Total
Top Managers and executives	152	14	0	52	23	241
Professionals and technicians	652	57	7	193	291	1,200
Operators and administrative	285	56	7	150	178	676
Total General	1,089	127	14	395	492	2,117

Gender pay gap

The differences between the incomes of men and women in the company are produced only by general conditions that cannot be assigned to gender, such as seniority or bonuses for special jobs, zone assignment, shifts or work on public holidays.

The gender pay gap in Aguas Andinas is mainly explained by seniority for equivalent positions.

Proportion of women's remuneration to men's remuneration

WORKFORCE	REGULATED AND NON-REGULATED COMPANIES IN THE METROPOLITAN REGION	ESSAL	
Executives	94%	-	
Managers	88%	71%	
Professional	83%	76%	
Technician	83%	97%	
Administrative	119%	88%	
Operator	114%	95%	
Grand Total	93%	97%	





Main potable water clients

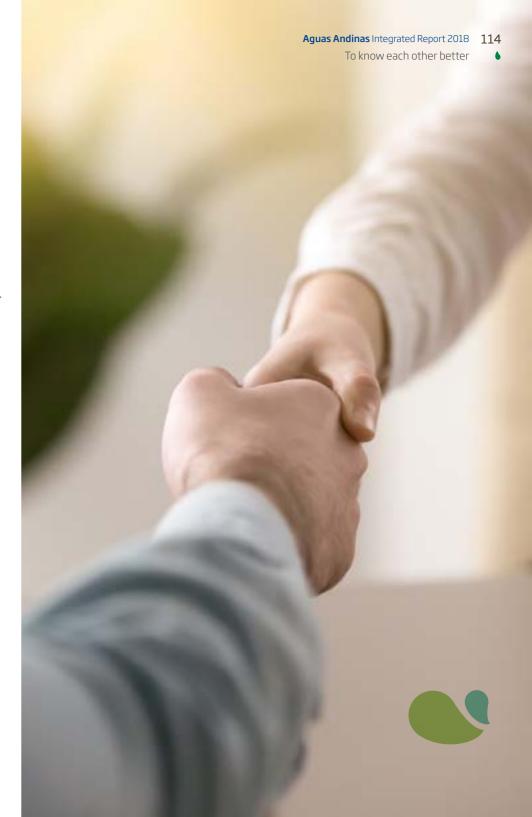
In terms of risk, it is worth noting that the company's top 100 customers represented only 9.8% of total sales for the year.

- Ministerio de Obras Públicas

- ♦ Universidad de Chile
- Centro de Detención Preventiva Santiago 1
- Soprole S.A

Main suppliers

- ♦ Suez Biofactoría Andina SpA¹5
- Constructora Pérez y Gomez Ltda.
- ▶ Inmobiliaria y Constructora Nueva Pacífico Sur Ltda.
- Consorcio Constructor Los Estanques SpA
- ▶ Echeverría Izquierdo S.A.
- Ingeniería y Construccion MST Ltda.
- Constructora Olbertz Ltda.
- ♦ Suez International Agencia en Chile¹5
- Inlac S.A.
- ♦ Suez Medioambiente Chile S.A.¹⁵





102-11, 102-15, 102-29, 102-30

Aguas Andinas has a Risk Map that is updated every six months and presented to the Board of Directors. Through this process, risks and opportunities are evaluated in the following areas: legal and/or regulatory, reputation, financial, environmental, service, and labor and/or social security. Based on the evaluation of these risks, the impacts, probability of occurrence and the level of control existing in each process are systematically analyzed, with which each area generates mitigation plans and plans its investment projects.



BUSINESS RISKS

Regulatory risk

The local water utility industry is highly regulated by the State of Chile, due to its natural monopoly condition. The legal framework regulates the exploitation of concessions and the tariffs charged to customers. The mechanism for setting tariffs is carried out every five years, under technical criteria, with studies submitted by the water utility and by the sector regulator, which is the Superintendence of Sanitation Services (SISS). If there are differences between the two reports, these are resolved by a commission of experts formed by representatives of each of the parties. The current regulations have been characterized by their stability, generating conditions conducive to making the necessary investments to undertake relevant works and long-term projects.

Regarding the water utility legislation, in December 2016, the House of Representatives approved a bill -Bulletin No. 10795/33-, which seeks to amend the legislation applicable to public water utility services, in terms of non-regulated services, tariff setting and compliance with development plans by service providers. This initiative is in the Senate, in the second legislative process (in the Public Works Committee of the upper house). In this instance, two reports were requested: one on its constitutionality, to the Segpres (Ministry General Secretariat of the Presidency) and the other to the MOP (Ministry of Public Works), to deliver their formal position regarding the bill. In the first case, Segpres indicated that the initiative transgresses the rules on the drafting of the law and that it merits rejection by the

Senate; and in the second case, the MOP indicated that it does not

sponsor some changes, such as the reduction of the risk premium and the modifications to the composition and functioning of the Committee of Experts of the tariff setting process, among others. In April 2018 the Senate agreed that the project should also be reported by the Commission on Water Resources, Drought and Desertification.

Investment risk

The development plans committed to the SISS require the company to meet a high level of investment. However, the tariffs charged by Aguas Andinas -and which are regulated by law- have incorporated these new investments, assuring them a minimum profitability. Additionally, the experience of the controlling group and of the company itself guarantees the necessary experience to efficiently manage these investments.

Climate risk

The effects of climate change phenomenon could alter the availability of raw water -essential for the processes of catchment and production of potable water-, due to the occurrence of drought periods as well as strong rainfall events that modify the flows of rivers and quality of their waters in terms of turbidity levels. To mitigate this risk, Aguas Andinas is making important investments in water reserves in order to give even greater autonomy to the system; hydraulic efficiency programs that optimize the distribution of the resource; and exploitation studies of other alternative sources of catchment, among other initiatives.



Environmental pollution risk

The Company is subject to various environmental pollution risks, including (i) possible environmental pollution as a result of discharges into natural watercourses; (ii) possible contamination from odor emanation from sewage water treatment plants; (iii) possible presence of hydrocarbons in surface sources; (iv) possible saturation of landfills where sludge from wastewater treatment plants is deposited; (v) possible chlorine gas leaks; and (vi) possible obstructions to the sewerage system.

Company's infrastructure risks

Natural disasters of great magnitude, such as earthquakes, alluvions or volcanic eruptions, could cause serious breakdowns in aqueducts, matrices of potable water and sewage, etc., or structural failures in the dams owned by the company, causing, in turn, the more or less prolonged suspension of the services it provides.

FINANCIAL RISKS

Credit risk

Credit risk is the possibility of financial loss arising from the failure of our counterparties (clients) to meet their obligations. Aguas Andinas and its water utility subsidiaries have a fragmented market, which means that the credit risk of a specific client is not significant. The Company's objective is to maintain minimum levels of uncollectible accounts. There is a credit policy, which establishes the conditions and types of payment, as well as the conditions to be agreed upon for delinquent customers. The management processes are: control, estimate and evaluate the uncollectibles in order to carry out corrective actions to achieve the proposed fulfillments.

One of the main actions and measures to maintain low levels of uncollectibles is the supply cut-off. The method for analysis is based on historical data of accounts receivable from customers and other debtors.

Liquidity risk

Liquidity risk is the possibility that the Group will have difficulty meeting its obligations associated with financial liabilities that are settled through the delivery of cash or another financial asset and will not be able to finance the commitments acquired, such as long-term investments and working capital requirements, at reasonable market prices. Management monitors the Group's liquidity reserve forecasts on the basis of expected cash flows. Various preventive measures are used to manage liquidity risk, such as:

- Diversify funding sources and instruments.
- Arrange with creditors maturity profiles that do not concentratehigh repayments in a period.

Aguas Andinas' revenue is related to inflation in the Chilean economy. To mitigate this risk, a large part of its debt is issued in Unidades de Fomento (account unit indexed monthly according to inflation). As of December 31, 2018, 89.76% of the company's debt was issued in UFs.

Interest rate risk

In terms of interest rate, Aguas Andinas has 89.76% of its debt at a fixed rate, which is made up of 69.86% short- and long-term bonds and 19.90% repayable financial contributions. The remaining 10.24% of the debt is at a variable rate and corresponds to credits with local banks. All values as of December 31, 2018.





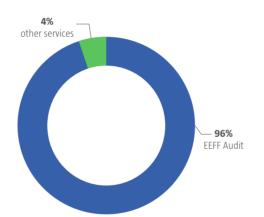
Material information and independence of the external Auditing firm

In 2018, no material information was recorded and, therefore, no such information was reported to the Financial Market Commission.

As agreed during the twenty-seventh Ordinary Shareholders' Meeting of Aguas Andinas held on April 24, 2018, E&Y was appointed as the external auditors of Aguas Andinas for the year. At a consolidated level, in 2018 payments were made to E&Y for MM\$173, distributed in MM\$166 for audits of financial statements and MM\$6.7 for other consultancies.

In accordance with the provisions of the Securities Market Law (No. 18,045) in relation to external audit firms, the Company verifies the independence of the auditor, ensuring that there are no commercial or proprietary relationships on the part of the partners and those providing the service.

For those cases that are not part of an external audit, the Directors' Committee authorizes the hiring of services that are not prohibited by law, such as internal audits, accounting systems implementation, hiring advice and personnel management, among others. The Company requires that the partners in charge of an external audit do not stay longer than 5 years.





Report of the Directors' Committee 2018

In compliance with the provisions of article 50 bis), paragraph eight, No. 5, of Law No. 18,046 on Corporations, the activities and management developed by the Directors' Committee during the year ended December 31, 2018 are reported below.

I.- Committee Composition and Functioning

The Board of Directors was formed in 2018 by the independent director Mr. Rodrigo Manubens Moltedo and his alternate Mr. Rodrigo Terré Fontbona; by the independent director Mr. Pedro Sierra Bosch; and by the director Mr. Fernando Samaniego Sangroniz.

The Committee was chaired by the independent director Mr. Rodrigo Manubens Moltedo.

The Committee has had ordinary sessions once a month, and extraordinary sessions each time it has been necessary to deal with the matters entrusted to it by article 50 bis) of Law No. 18,046.

II.- Activities and Management of the Directors' Committee during 2018.

II.1.- Review of related party transactions:

In all the cases that were reviewed by the Directors' Committee the transactions with related parties it was made on the basis of the

information provided by the Management of the company, or the additional information that this one provided at the request of the Committee. The Directors' Committee recommended its approval only when such transactions complied jointly with the following conditions: i)that were intended to contribute to the corporate interest; ii) thatthey conform in price, terms and conditions to those prevailing in the market at the time of their approval; and iii) that they were within the normal business line and policy of the company. With respect to the fact that they are conducted at prices, terms and conditions similar to those prevailing in the market at the time of their approval, it must be kept in mind that almost all operations with related parties were the object of a public, open and informed tender, in compliance with article 67 of the General Law of Sanitary Services and the Regulation of the referred article, which establish that water utility companies may not acquire goods or contract services for a value of more than 500 UF with related persons, unless such acts have been the object of a public tender. The conditions of such contracts may only be altered for reasons based on the agreement of at least two-thirds of the Board of Directors and with timely information to the Superintendence.

Additionally, in the cases that merit it, the Committee requests other background information that demonstrates that the respective operation is carried out in price, terms and conditions similar to those that prevailed in the market at the time of its approval.

Likewise, the Committee tries to recommend mechanisms that make more competitive the most relevant public tenders. The related operations examined by the Committee during 2018 were the following:

- 1) Public Tender for the Supply of Network Materials 2018. It was recommended to the Board of Directors to make the partialaward to the related entity SUEZ, which made the besteconomic offer in certain items, for a total value of \$202,068,537, which represented approximately 12% of the totalvalue of the network materials awarded.
- Public tender for the Supply of Meters for the year 2018, for the subsidiary Gestión y Servicios S.A. It was recommended to theBoard of Directors to make the partial award of the tender to therelated entity SUEZ, which made the best economic offer in fivetypes of meters, in which by the application of its load vector is estimated to add a total of \$ 914,406,000, equivalent to 81% of the total value to be awarded.
- Contract with the related company SERPRAM, recently acquiredby SUEZ, for the Critical Analysis of the Final EnvironmentalImpact Assessment Report on Air Quality, prepared by GEOAIRE AMBIENTAL SPA, regarding the Adequacy Plan for Mining Works of CODELCO's DIVISIÓN ANDINA, which mayaffect glaciers and snow that supply Aguas Andinas. It was recommended to the Board of Directors to approve the contracting of the entity for 171.48 UF, an amount that due to itslow value does not require public tender.
- Electric Transmission Contract with the related entity ENELDISTRIBUCIÓN to be able to supply energy and power



Report of the **Directors' Committee 2018**

to 22 facilities of Aguas Andinas. The Board of Directors was recommended to approve this transaction because it is a regulated tariff and ENEL is the only service provider in the concession area where the Aguas Andinas sites to be supplied are located.

- 5) Idroloc Specific Service Contract to be entered into with therelated entity SUEZ CHILE, for Emergency Helium Gas Leak Detection in large diameter feeders in the sectors of Independencia, Alameda, Tobalaba and El Carmen. It was recommended to the Board of Directors to approve this transaction since it is a weekly rate similar to the one offered in the 2017 public tender by the suppliers SCR Chile with the nitrogen and hydrogen gas technique and by SUEZ Chile with the helium gas technique.
- Framework Contract for transactions of subsidiary companies with related companies, with predetermined object, duration, prices and conditions. They consist of framework contracts to regulate the sales of certain goods and services by certain subsidiaries to specific related companies, at prices equivalent to market prices, with profit for the Aguas Group, with contractual validity of 3 years, and with maximum annual amounts between 1,500 UF and 5,000 UF. The Board of Directors was recommended for approval and an annual review of the application by the Committee.
- 7) Contract for the transfer of raw water flows by SCM to Aguas Andinas, as of May 11, 2018, up to a maximum flow rate of 3 m³ per second, valued at \$ 8.74 per m³, and the purchase of the Corta del Canal San Carlos, between May 12 and 27 (with an estimated volume between 5 and 10 Hm³). It was also recommended to approve the compensation to Eléctrica Puntilla

- S.A. for the damages caused by the purchase of water by Aguas Andinas from Sociedad de Canalistas del Maipo, with a value equivalent to the m³ not generated in electrical power valued according to the marginal cost of the electrical generation EPSA (Puente Alto 110 kv.) plus a fixed value of \$ 2.19 per m³, values updated by CPI regarding previous years' operations. It was recommended to the Board of Directors to approve up to a total volume of 100 Hm³ in 2018, in the same unit values, meeting the needs of Aguas Andinas in accordance with the evolution of snowfalls during the winter to supply El Yeso Dam.
- 8) Civil Liability Insurance Contract for Directors and Executivesof Aguas Andinas S.A. and its subsidiaries, in which the insurance companies Starr Seguros and Orion Seguros Generales participated in the tender. It was recommended to the Board of Directors that ORION SEGUROS GENERALES S.A. be awarded this contract.
- 9) Donation to Comunidad Mujer in the amount of \$15,000,000. This entity will carry out a one-year mentoring program in Aguas Andinas for female executives and female workers who are leaders in the company. Its approval was recommended, with the Committee's requirement that the funds contributed have transparent application and traceability.
- 10) Membership of Aguas Andinas in the Construction Institute, which is part of the Chilean Chamber of Construction. Its approval was recommended at a cost of 138 UTM, a predetermined fixed value that applies to all members.
- 11) Final Work Compliance Certificate of the Thermal Hydrolysis of the PTAS (WTP) Mapocho Trebal. It was requested on August 21, 2018 by the related entity EDAM. Its approval was recommended considering that three years of operation had

- elapsed in which the thermal hydrolysis works adequately and continuously; that the consistent technical results are higher than the optimal expected; that it was proposed to subscribe a Final Work Compliance Certificate Agreement of the Thermal Hydrolysis between Aguas Andinas and EDAM, among whose stipulations is: that the Guarantee for the total of UF 518,844 will be maintained; that the joint and several debtors of EDAM will participate in the agreement; that Aguas Andinas' rights and shares will be reserved; that it will contain a Work Plan that considers the deferred works with a maximum term of July 30, 2020; that, in the rest, the Agreement will be made under the same terms, conditions, guarantees and reserves as in the previous agreements; This Agreement is entered into within the framework of a Contract that was the subject of a public tender.
- 12) Sale of the company's own vehicles which were assigned to theuse of senior executives and which have already been renovated. Its approval was recommended given that the sale process will be the result of a previous commercial appraisal by Remates Macal and that it will make the sale offer in a public and competitive process under equal conditions, but in which all workers will have a preferential option.
- 13) Six-month extension of the PEC Contract for the ProcessReengineering Service and Implementation of New Information Systems for the Customer Service of the Grupo Aguas. Its Management, Operation and Maintenance stages were tendered and contracted in 2008 to the related company SUEZ Advanced Solutions Chile Ltda. It was recommended to the Board of Directors the approval of the extension for 6 months, considering the following:



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- I) that the continuity of these services is essential for the company and the service to its customers until a new public tender is launched and a new contract is concluded with the successful tenderer:
- II) that the price for the 6-month extension of the management, operation and maintenance services of the Commercial System will be UF 15,909, which corresponds to the proportional price of the extension period for such services, according to the prices of the contract in force since 2008; and that, III) according to a report by external consultants EduardoContreras and Osvaldo Schaerer, partners of PLUS, are prices that are in the normal parameters of the national market.
- 14) Contract for "Control and Monitoring of the Exploitation of the Dams for the Santiago de Chile Water Supply", with therelated company AQUATEC PROYECTOS PARA ELSECTOR DEL AGUA S.A., in UF 2,952 for 3 years. It was recommended to the Board of Directors to approve theaward and contracting for being the best offer in a public and competitive tender process.
- 15) Review of the half-yearly report from May to November 2018 on the development of the Framework Contractsthat were approved to regulate certain transactions with related parties, which are usual and of a small amount, between subsidiaries of Aguas Andinas S.A. and entities related to the controlling group. The amount oftransactions in the six-month period reported is below theauthorized maximums and shows evolution andreasonable proportion to comply with such annual limits.
- 16) Amendment of the CONTRACT PLAN OF ADEQUACY TOBIOFACTORIES OF THE PTAS (WTP) OF THE GREATSANTIAGO

AND MANAGEMENT OF RESOURCES GENERATED between AGUAS ANDINAS and the related entity SUBIAN. The amendment consists only in extending by one year the term of the Management of the specific Project for the Treatment of Nitrogen removal in the Dehydration returns of the Mapocho-Trebal PTAS. The Committee recommended to the Board of Directors to approve this modification because it does not alter the other conditions and price of the same, nor the technical characteristics and specifications, the price and other conditions for the specific project, keeping the total required investment of MM\$ 19,288, postponing MM\$ 14,000 of investment from 2019 to 2020 and 2021. The extension of the term is due in part to the relevant needs of Aguas Andinas, due to the modification of its annual investment budget for 2019, displacing part of it for subsequent years, and to the modification of the company's Development Plan.

II.2.- Regarding remuneration and compensation of managers, executives and workers.

The Directors' Committee examined the remuneration and compensation system for Managers, Chief Executives and Workers of Aguas Andinas S.A., and concluded, based on the background information submitted by the Management to the Committee, that there are no observations to be made on the company's general remuneration, compensation and benefits model, as it is based on a remuneration policy linked to the company's organization, culture and values, and as it has market incomes as a reference for equivalent positions based on Compensation Studies for companies of equal size. Regarding

the remuneration and compensation of managers and chief executives, the Committee recommended to continue increasing the variable remuneration proportion in relation to the fixed one, as well as expanding the ranges of performance assessment and achievement of goals.

II.3.- Regarding the proposal of External Auditors and Risk Classifiers

The Directors' Committee proposed to the Board of Directors the following External Auditors for Aguas Andinas and its subsidiaries during the year ended December 31, 2018, to be suggested to the Shareholders' Meeting, in the order of priority indicated: 1) EY, which quoted a price of UF 8,295; and 2) DELOITTE, which quoted a price of U.F. 12,600. This proposal was based on the fact that both are the most important external audit companies in the national and international markets; they have a long trajectory in the country and international support; they have audited or audit companies in the water utility industry; they comply with the conditions of independence, trajectory and sufficient objectivity to develop the process; they are registered in the Registry of External Audit Companies of the SVS, today CMV, in accordance with Circular No. 2102 of 04/19/2013; and both have been external auditors of Aguas Andinas S.A. and their work has allowed to comply with the dates required by the different regulatory authorities.

Regarding Risk Classifiers, the Directors' Committee proposed to the Board of Directors the following Private Risk Classifiers for 2018: FITCH and ICR. For this purpose, its price offers were considered, as well as its adequate knowledge of the national economy, of the local market and, especially, of the company.



Report of the **Directors' Committee 2018**

II.4.- Regarding the balance sheets and financial statements known in 2018, the Directors' Committee:

The Directors' Committee reviewed:

A) Balance Sheet and the other Financial Statements at the close of fiscal year ended December 31, 2017, its Reasoned Analysis and Essential facts for the period, and agreed to approve them without observations.

It requested the Management to: a) review the additional information to the Reasoned Analysis required by financial analysts, following the best national and international practices in the matter; and, b) develop a cost control plan.

b) Balance Sheet and other Financial Statements at the close of the year ended March 31, 2018, its Reasoned Analysis and Essential Facts for the period, and agreed to approve them without observations.

Without prejudice to the previous agreement, it requested the Management to carry out a detailed analysis and monitoring of the increase in costs, which represent a percentage increase greater than the increase in income, and to present it to the Board of Directors, without prejudice to the development of the cost control plan.

- c) Balance Sheet and other Financial Statements as of the closing of the fiscal year ended June 30, 2018, its Reasoned Analysis and Essential Facts of the period, as well as the report of Limited Review of the External Auditors and agreed to approve them without observations.
- d) Balance Sheet and other Financial Statements at the close of the year ended September 30, 2018, its Reasoned Analysis and Essential Facts for the period, and agreed to approve them without observations, requesting to accept

as pertinent for Aguas Andinas, the requests for clarification made by the Commission for the Financial Market with respect to the Balance Sheet and Financial Statements of its parent company IAM; and to explain better in the Reasoned Analysis the tariff indexations and their effect on income.

II.5.- Regarding additional contracts than that of the Company's **External Auditors:**

The Committee approved the proposal to contract the firm of external auditors EY, to perform the review of key controls to the following processes: i) asset management; ii) legal matters; iii) procurement management; iv) expense notes; and, v) tax management, with a fee of 450 UF. The Committee considered that such services are not part of the external audit; that they are not prohibited pursuant to Section 242 of Law No. 18,045; that the nature of such services cannot generate a risk of loss of independence of the external auditors; and, that they will be services provided by EY teams totally independent of those performing the external audit.

II. 6.- Other matters addressed by the Directors'Committee:

- a) Reviewed and followed up on the progress of the solution of the External Auditors' comments contained in the December 2017 Report to Management.
- b) Took note of statistical information provided by Managementon the public tenders in which the related companies haveacquired Tender Terms and Conditions, those in which they have not submitted bids, those that did bid and those that havebeen awarded to them and their amounts.

III.- Annual Budget and Committee Expenses during 2018.

The annual Budget of the Directors' Committee established by the 2018 Ordinary Shareholders' Meeting was UF3,000, and was partially used.

V.- Recommendations of the Committee to Shareholders:

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As of the date of approval of this report, the Committee has no recommendations to make to shareholders.

The Committee's recommendations on the external auditors and private risk classifiers to be chosen for fiscal year 2019 will be forwarded to the Board of Directors and will be presented to the Ordinary Shareholders' Meeting, once the Committee has examined the proposals and reached an agreement thereon.







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ASG Indicators •



Organization **profile**



102-8

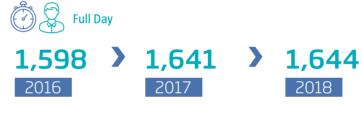
Information on employees and other workers

Contract Type













The 2016 data on workers by type of contract do not include ESSAL staff. In 2018, 81% of the staff is in the Metropolitan Region. ESSAL personnel, in the Los Ríos Region and the Los Lagos Region, is comprised by 80 women and 315 men.





Organization **profile**





Asociación de Empresas de Servicios Sanitarios (ANDESS)



Instituto Chileno de Administración Racional de Empresas (ICARE)



Instituto de Ingenieros



Capítulo Chileno de Transparencia Internacional (Chile Transparente)



Empresas Conscientes



Centro de Estudios Públicos



Pacto Global



Sociedad de Fomento Fabril



Club de Innovación



Fundación ACCIÓN EMPRESAS



Instituto de la Construcción



Stakeholder • engagement

102-40 List of stakeholders

102-42 Identification and selection of stakeholders

102-43 Approach to stakeholder engagement 102-44 **Key issues and concerns raised**

The stakeholders of Aguas Andinas and subsidiaries were defined in a process agreed upon by the different areas of the company and validated by the Board of Directors.

Stakeholder	Participation approach	Frequency	Issues and Concerns	Organization's response to issues and concerns
Capital Providers	Communication through market information.	Annual/ Contingent/ Ad-hoc	Profitability. Investments. Financial performance. Corporate governance practices. Risk management. Transparency. ASG performance.	Investors website. Meetings and ad-hoc calls. Investor relations area. Shareholders' meeting. Annual Report. Sustainability Report. National and international conferences.
Media	Proactive and direct communication (telephone, face-to-face, e-mail). Meetings. Sending press releases. Plant tours.	Periodic, contingent	Operational continuity/resilience. Investments. Projects (investment, social, environmental). Development of works. Preparation of the company Before climate events.	Sending press releases. Response to requirements. Development of meetings. Invitation to events/seminars. Development of management plans for climate events and to mitigate environmental and social impacts.
Opinion Leaders	Keep them informed of matters of interest. Direct communication (faceto-face meetings, telephone conversations, e-mail). Invitation to events.	Periodic	Operational continuity/resilience. Ability to deal with emergencies. Financial position. Labor practices. Environmental practices. Development of activities of citizen interest.	Direct communication. Invitations. Delivery of specialized and detailed information.
Communities	Communication/impact management, localdevelopment projects.	Daily, monthly, biweekly	Management of impacts. Dialogue and relationship. Opportunities for local development.	Hello neighbor. Roundtables. Community relations programs.
Specialized Community	Participation/Support in events (seminars, workshops, talks). Consultations for matters involving the industry.	Periodic, circumstantial	Innovation. Development of human capital. Water management. Regulation. Industry challenges. Climate change.	Organization and participation in seminars, talks and talks. Provision of information. Request for advice.

Stakeholder	Participation approach	Frequency	Issues and Concerns	Organization's response to issues and concerns
Authorities	Consult and/or inform them aboutmatters of interest through formalcommunication channels. Coordination in emergencysituations. Facility tours.	Contingent Permanent	Service continuity. Renovation plans. Urban interventions. Regulatory compliance. Emergency management.	Participation in meetings. Participation in emergency committee and meetings. Development of management plans. Response to information requirements. Communication plan with the population. Early warning.
Regulatory bodies	Single window of communicationthrough Tariff and Regulation Management. Response to requirements. Direct communication. Meetings. Inspection visits. Participation in public activities.	Permanent	Regulatory compliance. Resilience/ operational continuity. Impact management. Investments. Communication management with the population. Customer complaints. Compensations.	Work meetings. Comprehensive reports. Response to requirements. Communication plan. Early warning. Investment plans to give continuity to the service. Marketing campaigns.
Workers	Notice board. Mailing. Internal campaigns. Institutional newspapers and magazines Work meetings. Creation of committees and participation groups. Intranet and Social Networks.	Contingent/ Adhoc	Career development and training. Improvements in working conditions. Health and safety. Good labor practices.	Work benefits (agreements with unions and best practices). Career development plan (new ways of working).
Clients	Potable Water service delivery. Collection and Treatment. Commercial Relationship. Requirements assistance by Contact Center. Web platforms and Commercial Agencies. Perception and satisfaction surveys. Massive communications and by SN.	Monthly o according to clientrequir ments	Career development and training. Customer service channels and claims management. Transparency and accuracy in collections. To have timely warnings before contingencies to take preventive actions.	24X7 customer service channels (Contact Center and Virtual Office). SN and SMS communication (in the case of subscribed customers). Customer Service Improvement Program (Home Owners). Development of remote customer service platforms. Information in easy to understand receipts. Informative videos.
Suppliers	Working meetings Suppliers Portal. Active listening meetings. Satisfaction surveys. Mailing.	Permanent	Timely payment. Risk management (critical suppliers). Supplier development. Supplier evaluation.	Communication channels through the Supplier Portal. Suppliers' Decalogue. Relationship Policy. Responsible with Suppliers. Annual work program: Suppliers Comprehensive Plan. Permanent meetings. Assistance for accredited suppliers.
Water users association	• Working meetings.		Water management. Discharges of treated water. Water quality. Water extraction. Availability of the resource.	Discharge report to water bodies. Water catchment report. Monitoring of reserves.
Civil society associations	•Respond to their requirements. •Communicate the company's actions to provide a better service.	Circumstantial	Emergency management. Service continuity. Tariffs. Specific to each group.	Customer Counsel. Mass media publications. Personalized response according to the requirement



Stakeholder • engagement



102-41 Collective bargaining agreements

During 2018, a voluntary retirement plan was signed, together with Union N°1, Union N°2 and the Union of Professionals and Technicians of Aguas Andinas, and the Union of Workers and Supervisors of Aguas Cordillera S.A., with benefits additional to the legal ones, which benefits both workers who have already reached the legal retirement age and those who are 3 years away (57 years for women and 62 years for men).

20			016		2017				2018			
Company	Total Staffing	Unionized	Negotiators	With extension of Benefits	Total Staffing	Unionized	Negotiators	With extension of Benefits	Total Staffing	Unionized	Negotiators	With extension of Benefits
Aguas Andinas	1100	81.50%	72.90%	0.00%	1127	87.70%	67.00%	19.70%	1089	88.00%	83.20%	6.60%
Aguas Cordillera	109	93.60%	86.20%	0.00%	123	96.70%	73.20%	22.80%	127	96.10%	95.30%	0.80%
Aguas Manquehue	14	100.00%	100.00%	0.00%	14	100.00%	100.00%	0.00%	14	100.00%	100.00%	0.00%
Essal	373	85.50%	52.30%	0.00%	371	86.00%	51.20%	40.40%	395	83.50%	47.60%	44.60%
Ecoriles	196	68.40%	44.90%	0.00%	211	68.20%	71.60%	10.40%	212	63.20%	62.30%	18.90%
Gestión y Servicios	20	85.00%	65.00%	0.00%	25	80.00%	40.00%	40.00%	34	91.20%	29.40%	64.70%
ANAM	214	56.50%	55.10%	0.00%	231	77.50%	58.40%	29.00%	245	77.60%	49.80%	38.00%
Aguas del Maipo	1	0.00%	0.00%	0.00%	1	0.00%	0.00%	0.00%	1	0.00%	0.00%	0.00%
Grand total	2027	79.10%	65.30%	0.00%	2103	84.80%	64.00%	23.70%	2117	84.00%	70.50%	19.10%



Economic Performance

201-2



Financial implications and other risks and opportunities arising from climate change

In order to react efficiently to the modification of natural factors caused by climate change, the company, through an internal analysis, determined that the main risk it faces is the impossibility of treating raw water as a result of some natural event that generates excessive turbidity in the Maipo and Mapocho rivers; the second risk is the lack of resources due to drought.

Both scenarios have the potential to undermine customer confidence and damage the company's reputation in the event of supply interruptions, which also generate economic losses. In order to face these risks and ensure the availability of services, Aguas Andinas is working on different measures in order to deliver a quality service in accordance with the expectations of its customers and society.



Obligations of the defined benefit plan and other retirement plans

The Retirement Plan signed in January 2018 together with Union No. 1, Union No. 2 and the Professional and Technical Union of Aguas Andinas, and the Union of Workers and Supervisors of the Aguas Cordillera S.A., consists of recognizing the labor trajectory of the workers through the improvement of additional benefits to what is agreed upon in the collective instruments in force, improving their compensation by offering a fixed and a variable incentive.

The company has not considered any special fund for its employees' pension scheme.



Market presence >



202-

Ratio of standard entry level salary by sex against local minimum wage

In order to maintain and retain the Organization's personnel, in addition to ensuring fair compensation for its workers, a competitive compensation is established, which is determined on the basis of the average income of the referred market for the counterpart positions. For each of the levels that group together the different positions in the Grupo, remuneration income ranges are defined. In this way, the relative position will depend on different factors required for each position, such as level of education, experience, and work performance, among others.

For both men and women, the minimum base salary assigned corresponds to the legal minimum wage of \$288,000; however, the average monthly salary for this group is \$494,198.



202-2

Proportion of chief executives hired from the local community

The chief executives are those top professionals who work as Managers, Directors of areas (Strategic, Support and Service Management) and CEO.

It has been defined as part of the local community, those executives who are of Chilean nationality.

69%
CHILEANS

31%



FOREIGNERS



Anticorruption _



205-

Operations assessed for corruption-related risks

For the development of the company's compliance risk matrix, 59 processes or operations were analyzed. Once the risks had been assessed in accordance with the company's Corporate Risk Management Methodology, none of the corruption-related risks were evaluated as significant. It should be noted that action plans associated with the risks are developed from the "Medium" category onwards. During 2018, there were no confirmed cases of corruption in the company.



205-2

Communication and training on anticorruption policies and proced

In 2018, the Crime Prevention Model was updated in response to the annual review and updating process corresponding to each of the documents that comprise the Compliance Management System. Its update was approved by the Board of Directors of each of the companies of the Grupo Aguas.

The content of the Model was included in the communication and training plans of the Compliance Management System in general, in which all executives and personnel most exposed to the risk of corruption were included. During 2018, the training program designed for the year was implemented, which included both e-learning and in-person training, the latter mainly for operators who do not have computers available.

As in 2017, all the executives were included in the plan, as they were the positions most exposed to the risks, in this sense it was the same criterion that was used to go down to the other levels.

Number of workers trained per company in anticorruption measures

	Aguas Andinas	Aguas Cordillera	Aguas Manquehue	Aguas del Maipo	EcoRiles	Gestión y Servicios	ANAM	Total
Executives	37	3	-	-	2	1	2	45
Manager	64	5	-	1	6	2	3	81
Professional	197	4	-	-	21	7	32	261
Technician	17	6	1	-	2	3	23	52
Administrative	2	-	-	-	2	-	1	5
Operator	48	17	1	-	-	-	1	67
Total	365	35	2	1	33	13	62	511

	ESSAL
Executives	10
Manager	21
Union	8
Territorial	80
Total	119







Energy consumption within the organization

Internal Energy Consumption

Source of non-renewable	Unit of measure	201	6	201	7	2018		
energy		RM	ESSAL	RM	ESSAL	RM	ESSAL	
Non-renewable fuels	gigajulios (GJ)	48,127	24	60,168	26	61,606	44	
Biofuels (biogas)	gigajulios (GJ)	1,181,349	7,413	1,302,872	5,481	1,390,675	5,208	
Electricity	gigajulios (GJ)	925,713	228,758	983,863	231,131	1,013,827	231,284	
Total energy consumption	gigajulios (GJ)	2,155,189	236,195	2,346,902	236,638	2,466,108	236,536	
Energy sales	gigajulios (GJ)	10,655	-	347,560	-	289,425	-	

Electricity Consumption

Electricity	Consumption	201	16	201	7	2018		
consumption by activity	unit	RM	ESSAL	RM	ESSAL	RM	ESSAL	
Potable water production	kWh/year	46,532,798	26,396,304	52,741,056	26,212,426	60,274,635	24,986,541	
	GJ/year	167,517	95,026	189,866	94,364	216,987	89,951	
Transport and	kWh/year	61,921,548	10,265,229	67,475,520	10,193,721	71,211,901	9,716,988	
distribution	GJ/year	222,916	36,954	242,910	36,697	256,361	34,981	
Duildings	kWh/year	3,909,268	373,990	3,984,188	322,423	3,260,449	483,651	
Buildings	GJ/year	14,073	1,346	14,343	1,160	11,738	1,741	
Cowarage	kWh/year	1,318,196	13,407,222	1,946,907	14,600,659	2,035,756	14,827,231	
Sewerage	GJ/year	4,745	48,266	7,009	52,562	7,329	53,378	
Sewage water	kWh/year	143,462,892	13,101,691	147,149,673	12,874,644	144,837,986	14,231,594	
treatment	GJ/year	516,462	47,166	529,735	46,348	521,413	51,233	
TOTAL	kWh/year	257,144,702	63,544,436	273,297,344	64,203,873	281,620,727	64,246,005	
IOIAL	GJ/year	925,713	228,758	983,863	231,131	1,013,827	231,284	

Fuel Consumption

	Source of non-renewable	Consumption	201	16	20'	2017		2018	
	energy	unit	RM	ESSAL	RM	ESSAL	RM	ESSAL	
	Gas-oil (electricity generation)	gigajulios (GJ)	6,050	7.2	9,701	9.3	12,975	26,7	
	Gas-oil (mobile sources)	gigajulios (GJ)	37,903	14.2	46,359	15.7	45,418	16,0	
Non- renewable	Gasoline (mobile sources)	gigajulios (GJ)	4,174	2.2	4,108	0.9	3,213	1,2	
Terrewasie	Total non-enewable fuel consumption	gigajulios (GJ)	48,127	23.5	60,168	26.0	61,606	43,9	
	Biofuels (biogas)	gigajulios (GJ)	1,181,349	7,413	1,302,872	5,481	1,390,675	5,208	
Renewable Total renewable fuel consumption		gigajulios (GJ)	1,181,349	7,413	1,302,872	5,481	1,390,675	5,208	
TOTAL fuel co	onsumption	gigajoules (GJ)	1,229,476	7,437	1,363,040	5,507	1,452,281	5,252	

*Total energy consumption within the organization = Consumption of non-renewable fuels + Consumption of renewable fuels + Electricity, heating, cooling and steam purchased for consumption + Electricity, heating, cooling and steam generated by the organization itself - Electricity, heating, cooling and steam sold.







The information regarding energy intensity considers energy consumption within the organization.

	Process Energy Intensity (kWh/m³) 2018												
	Mapocho- Trebal	La Farfana	Localities Purification	Surface Water Catchment AP	Treatment Consumption AP	Lift Consumption AP	Underground Catchment AP	WW Lift Consumption					
Total energy consumption (kWh)	61,543,665	68,888,135	14,406,186	2,192,025	6,429,646	71,211,901	51,652,964	2,035,756					
Treated water (m³)	228,960,250	274,905,918	35,878,201	692,626,370	651,289,881	200,147,545	130,345,926	33,199,433					
Intensity (kWh/m³)	0.269	0.251	0.402	0.003	0.010	0.356	0.396	0.061					
				2017		2018							
Energy intensity	of the organizat	tion (kWh/m³)		0.273		0.276	0	.268					

In terms of the intensity of Aguas Andinas' electricity consumption (measured as the consumption of energy (kWh) in proportion to the cubic meters of treated water), during 2018 the energy requirement for water treatment fell in comparison with 2017 from 0.276 kWh/m3 to 0.268 kWh/m3, which is explained by the greater availability of cogeneration equipment from the Mapocho-Trebal Biofactory.



As part of the Energy Management System, Aguas Andinas uses a proven international methodology (IPMVP) for estimating and measuring savings. By taking the normal operation of the plant as a baseline, without efficiency modifications, it is possible to correctly estimate the savings generated by each measure. In addition, an explanatory model of electricity consumption is contemplated based on the independent variables that directly influence this consumption, through statistical and modeling tools.

		EN	ERGY SAVIN	IGS PRODUC	ED.
Name of the initiative	Description	Unit of measure	2016	2017	2018
Aguas Andinas; Stage 1	Underground Catchment	gigajoules			
Aguas Andinas; Stage 2	Wastewater Lifting Plants	gigajoules	416	4,500	877
Aguas Andinas; Stage 3	Potable Water Lifting Plants (PEAP, for its acronym in Spanish), (Efficient Dispatch) PEAP San Antonio, PEAP PH Las Flores and Lo Gallo)	gigajoules			3,852
Co-generation	As of 2013, the electric cogeneration system comes into Operation. Its purpose is to produce part of the energy consumed through the biogas generated in the anaerobic digestion process. Only self-consumption will be considered	gigajoules	176,207	186,310	176,543
Aguas Andinas' Contractors	In the Biofactories, a series of improvements were implemented in the processes that allowed the indicated savings.	gigajoules	14,319	30,775	33,640
TOTAL		gigajoules	190,942	221,586	214,913

For the determination of savings, they are calculated on the basis of a base year. For the case of the figures in "Aguas Andinas, Etapa n" 2015 has been considered as the base year. In the case of "Aguas Andinas Contractors", 2012 has been considered the baseline. The volume of energy saved is the numerical difference of the respective energy performance indicators (base year - report year) by the amount they represent in the reporting year of saving of their independent variable (volume of water in the process reported).







303-2

Water sources significantly affected by water extraction

Source significantly affected	Annual catchment volume 2016 (m³)	% of water extracted from the total flow rate (2016)	Annual catchment volume 2017 (m³)	% of water extracted from the total flow rate (2017)	Annual catchment volume 2018 (m³)	% of water extracted from the total flow rate (2018)
Río Maipo	537,616,589	15.73%	552,376,256	17.86%	561,632,956	26.16%
Río Mapocho	44,038,008	28.92%	27,711,565	23.28%	8,951,123	42.40%
Estero Arrayan	9,629,617	25.61%	10,809,271	35.18%	32,919,723	45.37%
TOTAL	591,284,214		590,897,092		603,503,801	

The process of potable water production begins with the catchment of the water resource, which comes from different sources in the Metropolitan Region. 85% of the raw water collected by Aguas Andinas comes from surface water sources, mainly from the Maipo and Mapocho rivers. The remaining 15% is extracted from the natural aquifers that cross the subsoil of the concession area. These underground water sources are composed of 285 deep wells and drains that extract water from 3 aquifers.



303-3

Recycled and reused water

Wastewater collection	Unit of measure	2016	2017	2018
Total water collection	m³/year	580,815,398	560,184,705	541,990,447
Volume of recycled/reused water	m³/year	3,451,922	3,861,308	3,783,659
Percentage of recycled/reused water	%	0.59%	0.69%	0.70%



Biodiversity -



304-1 Owned, leased or managed operations centers located within or adjacent to protected areas or areas of high biodiversity value outside protected areas 304-3 Protected or restored habitats

	BIODIVERSITY PROTECTION INITIATIVES									
	Type of area	Type of area Description Investment (M\$)	Inversión (M\$)							
Parque Natural Aguas de Ramón	Non-protected area (officially) of the Metropolitan Region of great value for biodiversity. 36,000 hectares	Its objective is to promote the values of outdoor life, environmental education, recreation, sports and nature conservation in the inhabitants of Santiago. During 2018, improvements were made in the management of the park (health pruning, fences, firebreaks, etc.) that contributed to the environmental quality of the park, facilitating the development of biodiversity.	155,830							
.aguna Ambiental .a Farfana	A lagoon that hosts several species of birds within the grounds of the La Farfana plant. 15 hectares	Designed by the Chilean Ornithologists Association (UNORCH), its objective is the conservation of aquatic avifauna and the maintenance of a protected ecosystem for the life that naturally grows in the Santiago Basin. A permanent monitoring of the water quality, the birds present in the lagoon and its environment is carried out.	0							
l Canelo	Sub-basin of the Maipo River basin. 2,000 hectares	It is a natural area rich in biodiversity (flora and fauna) in which there is a source of potable water (Estero El Canelo). The expenditure reported is related to fauna studies, a publication and cleaning of the property, in its lower part.	11,014							
aguna Ambiental Melipilla	It hosts several species of birds, located within the land of the Melipilla Wastewater plant. 4.3 hectares.	It is a space corresponding to old lagoons of rich treatment that have become wild bird habitat. The reported expenditure corresponds to the monitoring of birds in the lagoons. There were 4 monitorings during the year.	1,802							
CGIB Rutal	This property is located 54 kilometers north of Santiago. Total land of 2,000 hectares, however the operational land is 80 hectares approx.	Ecosystem characterization studies have been carried out, which will give rise to a publication on which work was done during 2018.	3,000							

Sites where Biodiversity protection projects are carried out in the Southern Zone (ESSAL)

EL BOLDO AND BELLAVISTA BASINS

The El Boldo property, owned by ESSAL, has an area of 185 hectares, located in the Cordillera de la Costa, in the so-called "Selva Valdiviana", very close to the Alerce Costero National Park, where the Alerce (Fitzroya cupressoides) species declared a Natural Monument is preserved and protected. The high biodiversity and, in particular, the high endemism existing in the Cordillera de la Costa de Valdivia, has made it an internationally recognized priority site for biodiversity conservation.

Due to the anthropogenic deterioration of the property, since 2013 ESSAL has a tripartite agreement with the Municipalidad de Corral and the Región de Los Ríos National Forestry Corporation (CONAF, for its acronym in Spanish), to restore, preserve and protect the El Boldo watershed. To date, 48 hectares have been restored with native species of the Evergreen Forest type, and protection actions have been developed on a permanent basis with a property keeper. The investment since 2015 in planned

activities has been close to \$ 216 million.

Also, in the Bella Vista property, which has an area of 214 hectares, located in the Commune of Paillaco, work is being done to submit forest management plans to the competent authority. The objective is to ensure the continuous water supply of the basin, both in quantity and quality. The investment since 2015 has been approximately \$334 million.



Biodiversity -

304-2 Significant impacts of activities, products and services on biodiversity

304-3 Protected or restored habitats



304-4 Species appearing on the IUCN Red List and on national conservation lists whose habitats are in areas affected by operations

306-5 Water bodies affected by water discharges and/or run-offs

The Melipilla Lagoon is an old process lagoon, which is currently inoperative, and is maintained as an artificial lagoon, the company performs and maintains seasonal bird monitoring considering 4 monitoring per year.

The studies and monitoring of birds are carried out by the Chilean Ornithological Association (Aves Chile).

One of the species present in the lagoon is in a state of conservation, Shoveler Duck: category poorly known.

As a result of the environmental impact study of the La Farfana treatment plant, Aguas Andinas decided to assume the construction of the "La Farfana Environmental Lagoon", designed by the Chilean Ornithologists Association (UNORCH), which has a total surface area of 15 hectares, considered a protected ecosystem for life that naturally grows in the Santiago Basin. The lagoon is an artificially constructed swamp, where numerous species of aquatic birds have been recorded and have chosen La Farfana Environmental Lagoon as their home, such as ducks, coots, grebes and herons, as well as a great variety of birds classified as "rare" or " poorly known", among which the Pato Gargantillo (white-checked pintail), Pato Rinconero (black-headed duck and the Pato Cuchara (shoveler duck), respectively, stand out.

Wealth, absolute and relative abundance of birds in Laguna Melipilla

		Wealth			Absolute Abundance (n°)			Relative Abundance (%)		
Common name	2016	2017	2018	2016	2017	2018	2016	2017	2018	
Ducks and Swans	6	6	6	235	220	297	77.81	83.65	80.05	
Herons and Night Herons	3	3	1	2	3	6	0.66	1.14	1.62	
Seagulls, Lapwings, Stilts, Yellowlegs	6	7	2	5	11	32	1.66	4.18	8.63	
Grebes	0	1	0	2	2	1	0.66	0.76	0.27	
Coots	5	4	4	57	27	35	18.87	10.27	9.43	
Cormorant	1	0	0	1	0	0	0.33	-	-	
Total	21	21	13	302	263	371	100.00	100.00	100.00	

Wealth, absolute and relative abundance of birds in the environmental lagoon La Farfana

		Wealth			olute Abundance	(n°)	Relative Abundance (%)		
Common name	2016	2017	2018	2016	2017	2018	2016	2017	2018
Ducks and Swans	10	10	8	102	115	126	41.30	49.57	53.16
Herons and Night Herons	5	3	2	6	8	5	2.43	3.45	2.11
Lapwings	1	1	1	5	4	5	2.02	1.72	2.11
Seagulls	2	2	1	84	24	42	34.01	10.34	17.72
Grebes	4	3	3	9	8	9	3.64	3.45	3.80
Coots	4	3	2	36	70	48	14,57	30.17	20.25
Cormorant	1	1	1	5	2	1	2.02	0.86	0.42
Plumbeous rail	0	1	1	0	1	1	-	0.43	0.42
Stilts							-	-	-
Total	27	24	19	247	232	237	100	100	100







305-1 Direct GHG emissions (Scope 1)

305-2 Indirect GHG emissions when generating energy (Scope 2)

305-3 Other indirect GHG emissions (Scope 3)

305-4 Intensity of GHG emissions

305-5 GHG emission reduction

Greenhouse Gas (GHG) Emissions by Scope

	Unit of measure	2016	2017	2017 updated with 2018 calculation criteria	2018	2017 % Variation by updating calculations	Variation % 2018 vs 2017 updated
Direct Emissions (Scope 1)	Ton CO2e	26,387	27,316	38,245	35,295	40.0%	-7.7%
Indirect emissions (Scope 2)	Ton CO2e	83,391	74,977	75,931	64,182	1.3%	-15.5%
Other indirect emissions (Scope 3)	Ton CO2e	106,635	108,516	104,571	117,124	-3.6%	12.0%
Total	Ton CO2e	216,413	210,809	218,747	216,601	3.8%	-1.0%

GHG emissions by sector

Sectors	2016 tCO ₂ /year	2017 tCO _z /year	2017 updated with 2018 calculation criteria tCO ₂ / year	2018	2017% Variation by updating calculations	Variation % 2018 vs 2017 updated
Energy	85,417	77,142	82,691	71,670	7.2%	-13.3%
Transport	11,495	12,549	7,491	10,277	-40.3%	37.2%
Reagents and supplies	14,225	15,664	22,481	25,130	43.5%	11.8%
Water Lines	66,913	68,883	77,767	79,487	12.9%	2.2%
Sludge Line	38.,364	36,571	28,318	30,036	-22.6%	6.1%
Total	216,413	210,809	218,748	216,601	3.8%	-1.0%

GHG emissions by process

	Direct emissions (Scope 1)					Indirect emissions (Scope 2)				Indirect emissions (Scope 3)			
Emission Source	Unit of measure	2016	2017	2017 updated with 2018 calculation criteria	2018	2016	2017	2017 updated with 2018 calculation criteria	2018	2016	2017	2017 updated with 2018 calculation criteria	2018
Potable water production	Ton CO ₂ e	377	518	520	194	18,036	17,191	18,231	19,435	5,193	4,802	8,266	8,757
Water Transport and Distribution	Ton CO ₂ e	4,461	4,720	1,086	709	24,583	22,746	22,699	13,096	1,270	1,695	1,983	2,275
Non-productive buildings	Ton CO ₂ e	591	871	853	1	1,552	1,323	1,321	981	51	37	20	-
Sewerage	Ton CO ₂ e	1,887	1,982	760	290	523	656	690	663	11	11	-	33
Wastewater Treatment	Ton CO ₂ e	19,071	19,225	35,026	34,101	38,698	33,060	32,991	30,007	100,110	101,972	94,303	106,058
Total		26,387	27,316	38,245	35,295	83,392	74,976	75,931	64,182	106,635	108,517	104,571	117,124





305-1 Direct GHG emissions (Scope 1)

305-2 Indirect GHG emissions when generating energy (Scope 2)

305-3 Other indirect GHG emissions (Scope 3)



305-4 Intensity of GHG emissions

305-5 GHG emission reduction

Intensity of GHG emissions from the wastewater treatment process in regulated companies in the RM

	2016	2017	2017 updated with 2018 calculation criteria	2018	
t/million litres	0.301	0.289	0.304	0.315	

Avoided and reduced emissions

	2016 tCO _z /year	2017 tCO ₂ /year	2017 updated with 2018 calculation criteria tCO ₂ /year	2018 tCO _z /year	
Avoided	1,132	20,560	22,314	19,882	
Reduced	42,279	32,435	29,654	45,777	

The reduced and avoided emissions in the company are due to the use of biogas, both internally and externally.

Internally it is used for the heating of sludge and use of cogenerated energy. Externally it is used for the sale of biogas and electrical energy.



Emissions



Emissions of ozone depleting substances (ODS)

During 2018, five R-22 cylinders (common refrigerant) were used in the Aguas Andinas Corporate Building (2) and the operating areas (3). Considering that each cylinder weighs approximately 13.5 kilograms, using a conversion factor of 0.05 units of ODS potential for each unit of R-22, a total of 3.38 CFC-11 equivalent is obtained.

There is a slight decrease in the use of this refrigerant with respect to the previous year (4.05 kg CFC-11 equivalent), the origin of which is attributable to the renovation program of air conditioning equipment in premises of the Aguas Group implemented since 2017, which use refrigerant R-410 (which does not generate equivalent CFC-11).



Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions

REAL DATA, HOURS OF OPERATION												
a · · ·	Ton NOx		Ton SOx			Ton VOC			Ton MP			
Origin	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Farfana	4.37	4.85	3.64	3.88	4.91	1.89	0.06	0.01	0.09	0.23	0.64	0.34
Trebal-Mapocho	5.38	3.16	1.62	0.61	0.29	0.07	-	-	-	0.42	0.54	1.70
Total	9.75	8.00	5.26	4.49	5.20	1.96	0.06	0.01	0.09	0.65	1.18	2.04

ESSAL and the environmental services subsidiaries do not report this information.

24H/365 DAYS DATA												
6.1.1	Ton NOx			Ton SOx			Ton VOC			Ton MP		
Origin	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Farfana	11.11	10.60	8.76	9.70	10.95	4.99	0.16	0.11	0.25	0.57	1.23	0.79
Trebal-Mapocho	6.43	6.31	3.50	5.96	5.50	0.19	S/I	-	-	1.04	0.95	2.30
Total	17.53	16.91	12.26	15.66	16.45	5.19	0.16	0.11	0.25	1.61	2.17	3.09

Note: The scope perimeter is for Mapocho-Trebal Biofactory and La Farfana Biofactory.

- 1. NOx SOx: Real emissions decrease with respect to the previous year. In the case of Farfana, the decrease is explained by the reduction of boiler operating hours by approximately 1400 hours. NOx and SOx concentrations also decreased, but to a lesser extent. For Mapocho-Trebal, the decrease is explained by the low output concentration due to the change of catalysts in the cogeneration engines, which results in greater efficiency of the equipment.
- 2. The increase in VOC for Farfana is due to an increase in the concentration measured in the boiler 4041, attributable to the change of measurement equipment.
- 3. For PM the decrease of Farfana is mainly due to the decrease in operating hours, since in terms of concentrations there are no major differences with the previous year. While for Mapocho Trebal the increase in PM emissions is due to the increase in the operating hours of the Cogeneration equipment.





Effluents and Wastes



Water discharge according to quality and destination

VERTIDOS PLANIFICADOS Y NO PLANIFICADOS 2018							
Discharges	Quantity (m³)	Planned/not planned	Destination	Treatment method	Water quality	Parameter used	
Mapocho-Trebal	227,663,569	Planned	Río Mapocho	Activated Sludge	Treated water in sewage water plants	DS 90	
Mapocho-Trebal	3,715,546	Not planned	Río Mapocho	Untreated	Raw water	by-pass in rainy period	
La Farfana	278,448,677	Planned	Río Mapocho	Activated Sludge	Treated water in sewage water plants	DS 90	
a Farfana	1,661,653	Not planned	Río Mapocho	Untreated	Raw water	by-pass in rainy period	
a Farfana	30,433,127	Planned	Channels	Activated Sludge	Treated water in sewage water plants	DS 90	
ocalities	33,747,225	Planned	Destination varies by locality	Varies by plant	Treated water in sewage water plants	DS 90	
Localities	169,433	Not planned	Destination varies by locality	Untreated	Raw water	by-pass in rainy period	

During 2018, the wastewater treatment plants of the Metropolitan Region carried out 80 unplanned discharges of raw water, all events correspond to by-pass in rainy period.

Regarding EcoRiles operations, they only consider programmed discharges, established by operation contract with the respective industrial clients. Clients' discharges not programmed cannot be quantified by EcoRiles and its management.

The role that EcoRiles plays in the treatment process, as a strategic partner of its clients, is to ensure regulatory compliance of their RILES (liquid industrial waste), through their proper treatment, using each client's infrastructure. RILES are discharged to the different receiving facilities, according to the resolutions under each client is ruled, according to DS 90 and/or sewer discharge, according to DS 609. The quantification of the discharges is timely informed by each client, who is responsible of informing to the corresponding health authority.

	2016*		2017		2018			
	Aguas Andinas and Regulated subsidiaries Metropolitan Region	Aguas Andinas and Regulated subsidiaries Metropolitan Region	ESSAL	EcoRiles	Aguas Andinas and Regulated subsidiaries Metropolitan Region	ESSAL	EcoRiles	
Discharges	M^3	M^3	M³	M^3	M^3	M³	M³	
Planned	Metropolitan	536,305,480	62,006,003	11,601,534	570,292,598	65,016,486	27,371,163	
Not planned	Region	11,511,831	5,317,695	-	5,546,632	3,985,590	-	
Total	547,817,311	548,227,783	67,323,698	11,601,534	575,839,230	69,002,076	27,371,163	

^{*}Details of planned and unplanned discharges for ESSAL and EcoRiles during 2016 have not been released.



Effluents and Wastes



306-2

Waste by type and disposal method

The information for 2018 corresponds to all hazardous wastes produced in Aguas Andinas and is consistent with a plan to register all hazardous wastes in the Hazardous Waste System (SIDREP, for its acronym in Spanish) during 2018. The SIDREP is an official digital system of the Government of Chile.

HAZARDOUS WASTES (Tons.)	2016	2017	2018
Regulated companies of the Metropolitan Region*	79	160	112
ESSAL **	1	10	15.5
ANAM	10	13	15.5
Total	90	183	143

^{*}Includes hazardous waste from wastewater treatment plants (Mapocho-Trebal and Farfana), maintenance ACAL, WWTPs, Plant operations and corporate building.

ESSAL's total hazardous waste in 2018 was 13.8 tons, of which 100% went to hazardous waste landfills. ESSAL's non-hazardous waste corresponds to 43,363 tons of biosolids, of which 57.65% was destined for beneficial use (24,999 tons), 40.61% to landfill (17,612 tons), and the remaining 1.73% corresponded to compost (752 tons).

WASTE BY TYPE OF DISPOSAL OF REGULATED COMPANIES OF THE METROPOLITAN REGION (tons)	2016	2017	2018
Reused sludge (farming)	132,980	113,502	159,479
Non-hazardous final disposal	192,473	225,545	178,623
Reused Oils	15	13	19
Hazardous final disposal	64	147	93
Total	325,532	339,207	338,214



306-3

Significant spillages

Aguas Andinas did not have significant spillages during 2018, so there was no pollution in the river flow. There were also no significant spillages of chemical supplies at the organization's facilities.

The spillages that occurred during the period were limited to the containment parapets provided for this purpose.

ESSAL presented two significant spillages in Osorno's WWTP, both of approximately 50 m³.



306-4

Hazardous waste transport

	Ton 2017	Ton 2018
Hazardous waste transported	160	112
Imported Hazardous Waste	0	0
Exported Hazardous Waste	0	0
Treated Hazardous Waste	160	112
Percentage of hazardous waste transported to other countries	0	0

Aguas Andinas has a Hazardous Waste Management Plan and complies strictly with the provisions of current regulations (DS 148).

The information on the hazardous waste transport corresponds to the Metropolitan Region.



^{** 100%} of ESSAL's hazardous waste went to hazardous waste landfill. EcoRiles does not generate hazardous waste.

Environmental > compliance (regulatory)



Non-compliance with environmental legislation and regulations

Grupo Aguas, as a provider of water utility public services, has the objective of guaranteeing and permanently controlling the quality of the potable water supplied to its clients in accordance with current regulations. For this purpose, it carries out monitoring and analysis, the results of which are sent monthly to the Superintendence of Sanitation Services in a report that summarizes the results obtained and the same happens with the Sanitation Authority, SEREMI Salud.

In the supply of drinking water the requirements of the Nch409 are fulfilled in its parts 1 and 2 in which include quality and sampling requirements respectively, and for discharges to watercourses from biofactories and sewage treatment plants the current standard is the DS90.

Drinking water supply quality compliance

						Quality C	ompliance					
Category		Aguas Andina	ıs	A	guas Cordille	ra	Ag	uas Manque	hue		ESSAL	
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Bacteriology	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Turbidity	100%	100%	99.6%	100%	100%	100%	100%	100%	100%	99.6%	97.5%	100%
Free residual chlorine	100%	100%	99.6%	100%	100%	100%	100%	98.3%	100%	100.0%	100%	100%
Critical parameters	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	99.8%	100%
Non-critical parameters	98.25%	98.25%	97.81%	100%	91.7%	100%	98.3%	100%	95.00%	99.6%	99.8%	100%
Summary	99.65%	99.65%	99.39%	100%	98.33%	100%	99.7%	99.7%	99.00%	99.8%	99.4%	100%

- a. There is a decrease in the % of compliance of Aguas Andinas, in the area of non-critical parameters, where there were five events of non-compliance: Buin-Paine-Linderos, Maipo (June and October), Til Til (July), San Gabriel (May) in which non-compliance arose by overdosing the fluorine parameter. For the residual free chlorine parameter, there is a non-compliance in the Gran Santiago service. (August) and for the parameter turbidity there is a non-compliance in the Padre Hurtado service in the month of August.
- b. 100% of Aguas Cordillera is in compliance.
- c. There is a decrease in the % of compliance of Aguas Manquehue, due to the fact that in February there is a failure in the fluoridation system of the Chicureo service and in November there is also a failure in the fluoridation system.
- d. 100% compliance is presented in ESSAL.

Non-compliance with sewage discharges

	Parameter	2017 Quantity	2018 Quantity
	Faecal coliforms	10	13
Aguas	Free Chlorine	1	0
Andinas And Metropolitan	DBO ₅	4	9
Region	DBO _{c5}	0	2
subsidiaries	Total Kjeldahl nitrogen	3	184
	Total Suspended Solids	5	0
	Faecal coliforms	190	224
	Biochemical oxygen demand	31	19
FSSAL	Total Kjeldahl nitrogen	10	2
ESSAL	Phosphorus (P)	1	8
	Total Suspended Solids	9	9
	Trichloromethane	1	0



Occupational health and safety

403-1

Representation of workers in formal worker-company health and safety committees

	Aguas Andinas, Aguas Cordillera, Aguas Manquehue			ESSAL	Non-regulated subsidiaries	TOTAL
	2016	2017	2018	2018	2018	2018
Number of workers represented on Joint Committees	1,214	1,242	1,234	378	472	2,084
Total de trabajadores (promedio anual)	1,214	1,242	1,234	378	472	2,084
%	100%	100%	100%	100%	100%	100%

The level of participation is from Management, Sub-management, Leadership, workers and union.

403-2



Types of accidents and frequency rates of accidents, occupational diseases, lost days, absenteeism and number of deaths due to occupational accident or disease

Companies	Accident frecuency rate (FR)					
	2015	2016	2017	2018		
Aguas Andinas	4.98	5.63	3.71	2.77		
Aguas Cordillera	3.48	0.00	0.00	11.85		
Aguas Manquehue	0.00	0.00	0.00	0.00		
ESSAL	9.73	4.95	4.80	2.37		
TOTAL	4.75	4.00	3.17	2.82		

Companies	Lost days rate (LDR)						
	2015	2016	2017	2018			
Aguas Andinas	47.00	27.40	16.01	4.57			
Aguas Cordillera	3.40	0.00	0.00	37.50			
Aguas Manquehue	0.00	0.00	0.00	0.00			
ESSAL	54.66	88.98	34.97	37.50			
TOTAL	36.10	33.75	15.19	8.16			

403-2



Types of accidents and frequency rates of accidents, occupational diseases, lost days, absenteeism and number of deaths due to occupational accident or disease

Own Workers	Q 2 Men	018 🔵 Women
Lost Time Accidents (LTA)	11	1
Fatal Accidents	0	0
Days lost due to accident	167	3
Days lost due to occupational disease	0	0
Days of absence due to another type of disability	0	0
Frequency of Occupational Diseases	0	0
Staffing (annual average)	2,	084
Hours Worked (M/H)	4,25	53,012

Contractors	2 Men	018 👰 Woman
Lost Time Accidents (LTA)	37	Wolliali
LOST TIME ACCIDENTS (LTA)	5/	U
Fatal Accidents	0	0
Days lost due to accident	412	0
Days lost due to occupational disease	0	0
Days of absence due to another type of disability	0	0
Frequency of Occupational Diseases	0	0
Staffing (annual average)	1,97	79
Hours Worked (M/H)	4,330	,826

Own Workers	⊖ 20 Men	018 g Woman
Tasa de Frecuencia de Accidentes (TF)	2.586	0.235
Tasa de Incidencia de Enfermedades Profesionales (TI)	0	0
Tasa de Días Perdidos (TDP) (TG)	0.039	0.001
Absentismo Laboral (dias)*	167	3
Tasa de Absentismo Laboral (TAS)	0	0

Contractors	e 20 Men	018 _@ Woman
Accident Frequency Rate (AFR)	8.543	0.000
Incidence Rate of Occupational Diseases (IR)	0	0
Lost Work Day Rate (LWDR) (TG)	0.095	0.000
Work Absenteeism (days)*	412	0
Work Absenteeism Rate (WAR)	0	0

^{*}This report considers those permanent contracts, equivalent to an average of 50 companies.



Occupational health and safety



Workers with a high incidence or high risk of diseases related to their activity

Type of Worker	Risk or disease to which it is exposed
Potable Water Plant Operator	Exposure to chemical agents, work in confined spaces and work at heights.
Analyst/Laboratory Assistant	Exposure to chemical agents, work in confined spaces and work at heights.
Equipment Maintenance Worker	Contact with chemicals, entrapment, contact with energy sources, entering confined spaces and work at height, moving on public roads.
Potable Water Transport Operator	Exposure to chemical agents, moving on public roads, entering confined spaces and work at heights.
Wastewater Treatment Plant Operator / Samplers / LIW	Exposure to chemical and biological agents, entrapment, entering confined spaces, work at heights and exposure to noise.
Wastewater Network Maintenance Operator	Entering confined spaces, working on public roads, exposure to noise, contact with biological agents.



Health and safety issues addressed in formal agreements with unions

Collective bargaining	Description
Health bonuses.	There is a Complementary Health and Dental Insurance for all the workers of the Group Aguas and a Catastrophic Insurance for the workers of Aguas Cordillera and Manquehue.
Guarantee Fund and Medical Loans (FSS).	The unionized workers of Aguas Andinas have a Health Solidarity Fund (FSS), which cancels 100% of the total cost of the benefit. This is then recovered through the isapre or fonasa and the Complementary Health Insurance and the co-payment is subsequently deducted monthly from the remuneration of each worker.
Health Committee.	This committee has the function of overseeing the proper management of financial resources and the service provided by the Guarantee Fund and Medical Loans, must approve the annual balance sheets of the FSS, ensure that the health accident rate is maintained at reasonable levels for the long-term sustainability of the FSS.
Occupational safety.	The collective bargaining agreement mentions "Safety Clothing", indicating strict compliance with the "Safety Clothing and Footwear Regulations".
Supplies of personal protective equipment (PPE).	The company provides all personal protection items according to the position of each worker, such as gloves, glasses, helmet, goggles, sunscreen and disinfectant soap.
Subsidy supplement.	Aguas Andinas pays or supplements the allowance for incapacity for work, for an accident or common or occupational illness, or for maternity, in respect of the liquid part not covered by the allowance, either because it is a leave of less than 11 days (first 3 days), or because it is a remuneration that exceeds the maximum taxable remuneration.





Training **and teaching**

404-1 Average hours of training per year per employee

					2018							
	Aguas An	dinas, Aguas Cordillera y Aguas	Manquehue	Ec	oriles, Gestión y Servicios and A	ANAM		ESSAL				
Category	Nº of workers	Nº of training hours	Average training hours	Nº of workers	Nº of training hours	Average training hours	Nº of workers	Nº of training hours	Average training hours			
Executives	68	6,116	90	7	971	139	8	24	3			
Managers	102	6,400	63	16	1,893	118	41	1,784	44			
Professional	456	29,437	65	147	8,269	56	132	2,628	20			
Technician	261	14,519	56	144	4,875	34	49	444	9			
Administrative	44	2,876	65	17	955	56	53	418	8			
Operator	307	33,966	111	163	7,084	43	112	2,856	26			
Total	1,238	93,313	75	494	24,047	49	395	8,154	21			
Sex	Nº of workers	Nº of training hours	Average training hours	Nº of workers	Nº of training hours	Average training hours	Nº of workers	Nº of training hours	Average training hours			
Man	955	72,595	76	384	18,366	48	82	1,560	19			
Woman	283	20,718	73	110	5,681	52	313	6,594	21			
Total	1,238	93,313	75	494	24,047	49	395	8,154	40			

					2017						
	Aguas And	dinas, Aguas Cordillera y Aguas	Manquehue	Ec	oriles, Gestion y Servicios and A	NAM		ESSAL			
Category	Nº of workers	Nº of training hours	Average training hours	Nº of workers	Nº of training hours	Average training hours	Nº of training hours	Nº of training hours	Nº of training hours		
Executives	76	5,874	77	8	422	53	7	124	18		
Managers	100	9,666	97	13	2,697	207	39	972	25		
Professional	460	33,857	74	127	9,984	79	112	1,700	15		
Technician	266	9,303	35	133	3,351	25	45	768	17		
Administrative	54	2,500	46	12	636	53	52	3,540	68		
Operator	304	7,353	24	142	921	6	112	1,984	18		
Total	1,260	68,553	54	435	18,011	41	367	9,088	25		
Sex	Nº of workers	Nº of training hours	Average training hours	№ of workers	Nº of training hours	Average training hours	Nº of training hours	Nº of training hours	Nº of training hours		
Man	971	48,258	50	350	11,198	32	291	5,758	20		
Woman	289	20,296	70	85	6,813	80	76	3,330	44		
Total	1,260	68,553	54	435	18,011	41	367	9,088	25		



Training **and teaching**

					2016				
	Aguas And	dinas, Aguas Cordillera y Aguas	Manquehue	E	coriles, Gestion y Servicios y AN	NAM		ESSAL	
Category	Nº of workers	Nº of training hours	Average training hours	Nº of workers	Nº of training hours	Average training hours	Nº of workers	Nº of training hours	Average training hours
Executives	71	4,877	69	8	145	18	6	48	8
Managers	103	7,756	76	12	969	81	20	1,410	71
Professional	429	28,253	66	114	7,578	66	132	1,755	13
Technician	262	13,029	50	138	4,410	32	45	700	16
Administrative	67	2,188	33	11	836	76	49	550	11
Operator	294	15,120	51	147	5,861	40	121	899	7
Total	1,26	71,223	58	430	19,799	46	373	5,362	14

Employee Skills Improvement Programs and Transition Assistance Programs

			20	016					20	017					20)18																								
		Aguas Cordiller y anquehue		les, Gestión y vicios	ES	ESSAL		ESSAL		ESSAL		ESSAL A		FSSΔI		ESSAL		ESSAL		Aguas Cordillera anquehue		iles, Gestión y vicios	ES	SAL	Aguas Andinas, Aguas Ma	Aguas Cordillera y nquehue		les, Gestión y ricios	ES	SAL										
Training program	N° of beneficiaries	N° of beneficiaries in relation to the total	N° of beneficiaries	N° of beneficiaries in relation to the total	N° of beneficiaries	N° of beneficiaries in relation to the total	N° of beneficiaries	N° of beneficiaries in relation to the total	N° of beneficiaries	N° of beneficiaries in relation to the total	N° of beneficiaries	N° of beneficiaries in relation to the total	N° of beneficiaries	N° of beneficiaries in relation to the total	Nº de beneficiarios	N° of beneficiaries in relation to the total	N° of beneficiaries	N° of beneficiaries in relation to the total																						
Quality	100	8%	18	4%	100	8%	121	10%	44	10%	42	11%	34	3%	9	2%	67	17%																						
Varied training	561	46%	92	21%	561	46%	454	36%	95	22%	48	13%	47	4%	20	4%	141	36%																						
Soft skills	546	45%	201	47%	546	45%	434	34%	110	25%	105	28%	214	17%	11	2%	17	4%																						
Languages	118	10%	30	7%	118	10%	116	9%	33	8%	2	1%	60	5%	18	4%	0	0%																						
Labor risks	836	68%	40	9%	836	68%	1,418	113%	10	2%	122	33%	515	42%	55	11%	47	12%																						
On the activity of the company	752	61%	89	21%	752	61%	505	40%	46	11%	118	32%	4,156	336%	1,360	275%	36	9%																						
Environmental	103	8%	34	8%	103	8%	72	6%	6	1%	25	7%	339	27%	4	1%	29	7%																						
Others	5	0%	1	0%	5	0%	458	36%	193	44%		0%	1,272	103%	390	79%	0	0%																						
Coaching / Mentoring program	10	1%	0	0%	0	0%	0	0%	0	0%		0%	0	0%	0	0%	0	0%																						



Diversity and equal opportunities

405-1
Diversity in governing bodies and employees

		20	16			20)17		2018				
Sex	ξ	3	(3		3		3	8	3	(3	
Category	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	
Executives	72	85%	13	15%	78	86%	13	14%	72	88%	10	12%	
Managers	114	75%	39	25%	122	79%	33	21%	123	77%	36	23%	
Professional	441	67%	213	33%	456	65%	250	35%	469	64%	263	36%	
Technician	361	80%	91	20%	369	80%	93	20%	372	79%	96	21%	
Administrative	59	47%	67	53%	53	44%	67	56%	48	44%	61	56%	
Operator	550	99%	7	1%	563	99%	6	1%	560	99%	7	1%	
Sub TOTAL	1,597	79%	430	21%	1,641	78%	462	22%	1,644	78%	473	22%	
Total	2,027			2,103				2,117					

	2016)17		2018			
Other vulnerable groups	8	3		3	\$	3		3	(3	(3
Category	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%
Disabled	no data	-	no data	-	no data	-	no data	-	13	68%	6	32%
Foreigners	24	71%	10	29%	38	73%	14	27%	48	73%	18	27%

	2016							2017							2018					
Age Group	Und	er 30	Between	30 and 50	Ove	er 50	Und	er 30	Between	30 and 50	Ove	er 50	Und	er 30	Between	30 and 50	Ove	er 50		
Category	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%		
Executives	0	0%	49	58%	36	42%	0	0%	54	59%	37	41%	0	0%	48	59%	34	41%		
Managers	2	1%	108	70%	45	29%	4	3%	106	68%	45	29%	5	3%	101	64%	53	33%		
Professional	71	11%	457	69%	132	20%	84	12%	488	69%	134	19%	86	12%	505	69%	141	19%		
Technician	102	23%	233	52%	117	26%	86	19%	246	53%	130	28%	79	17%	258	55%	131	28%		
Administrative	8	6%	68	54%	51	40%	8	7%	65	54%	47	39%	12	11%	50	46%	47	43%		
Operator	103	18%	324	58%	135	24%	106	19%	324	57%	139	24%	100	18%	330	58%	137	24%		
Sub TOTAL	286	14%	1,239	61%	516	25%	288	14%	1,283	61%	532	25%	282	13%	1,292	61%	543	26%		
Total	2,041					2,103					2,117									



Diversity and equal opportunities



405-1 Diversity in governing bodies and employees

405-2 Ratio of basic salary and remuneration of women to men

During 2018, the company created and published a policy of Diversity and Inclusion, which reaffirms our commitment to support the sustainable development of our company as well as contributing every day to the working environment and make possible a better quality of life.

The policy is mainly based on 4 fundamental pillars: Gender Equity, Disabled People, Cultural Diversity and Sexual Diversity.

Pillar of Gender Equity: Its objective is to ensure equal opportunities and non-discrimination for all employees of the Grupo Aguas, regardless of gender.

MEASURES AND INITIATIVES 2018

- 1. Creating awareness among the internal Client regardingthe issue of hiring women. Reduction of wage gapsbetween men and women.
- 2.As of June 2018, the Recruitment and Selection Area began to send blind CVs to the managers with current selection processes so that they can choose a list of three without discrimination of any kind.
- 3. From the year 2017 to date, it is considered within the list of three to be presented to include at least one woman, as long as she fulfills the profile required for the position.
- 4.As of October, it was implemented that for each women vacancy generated, it would be replaced by another woman.

- 5. Agreements are established with professional institutes and technical schools with the aim of establishing means of recruiting women for the Grupo Aguas.
- 6. Comunidad Mujer (Women's Community): Mentoring program for women with high potential, in which their professional and personal development is worked on.
- 7.E-learning courses for all employees of the Grupo Aguas on Matters of Gender Equality and Sexual Harassment.
- 8.It was carried out together with the Compliance area, a day of Sexual Harassment Talk for workers.
- 9. The certification process of the SGI 2010 standard is implemented, an international standard that seeks to recognize those companies that wish to position themselves in matters of equality in the workplace.

Pillar of Disabled People: It aims to ensure the generation of physical spaces and a work environment that integrates and respects all our workers by promoting integration and professional development.

MEASURES 2018

1. Since 2018, the company has been working with the Tacal-Foundation, which provides advice and training through talks on labor inclusion and supports the integration of people with disabilities into the workplace.



Diversity and equal opportunities

- 2. An internal census was also carried out to identify workers with some type of disability and to be able to guide them in the process of obtaining their disability credentials.
- 3. To date, the Aguas Group exceeded the percentage required by Law 21,015 of having 1% of the company's total staffing. The company currently has 17 employees with their disability credentials, which represents 1.4 % of the total workforce.
- 4. In 2018, the company participated in the Inter-company Championship for Labor Inclusion, to support the Fundación.

Pillar of Cultural Diversity: Its objective is to generate internal instances in which the different cultural, ethnic and social origins, beliefs and thoughts of the workers are positively shared, strengthening multicultural teams.

MEASURES 2018

1. During 2018, the Grupo Aguas reached 2.6% foreign workers hiring in respect of its total staffing.

Pillar of Sexual Diversity: Aims to promote a work environment in which all workers can express who they are, regardless of sexual orientation or gender identity.

MEASURES 2018

- 1. Since 2018, the company has been working with Pride Connection, which is a Network of Companies that advises on sexual diversity issues, making action plans according to the needs of each organization.
- 2. The company participated in a fundraising event for the Fundación Iquales (Equals Foundation).

Percentage of women's salary in relation to men's salaries in regulated and non-regulated companies in the Metropolitan Region.

Category	2016 % of women's salary in relation to men's salary	2017 % of women's salary in relation to men's salary	2018 % of women's salary in relation to men's salary
Executives	84%	85%	94%
Managers	87%	89%	88%
Professional	84%	83%	83%
Technician	78%	75%	83%
Administrative	120%	127%	119%
Operator	96%	109%	114%
TOTAL	88%	89%	93%

Percentage of women's salary in relation to men's salary in ESSAL

Category	2016 % of women's salary in relation to men's salary	2017 % of women's salary in relation to men's salary	2018 % of women's salary in relation to men's salary
Managers	74%	67%	71%
Professional	73%	73%	76%
Technician	82%	100%	97%
Administrative	88%	90%	88%
Operator	(a)	(a)	95%
TOTAL	88%	87%	97%

As in previous years, differences between men's and women's incomes are caused by general differences that cannot be assigned to gender, such as seniority and bonuses by zone assignment, shifts or work on holidays.

(a) In ESSAL during 2016 and 2017, there were no women workers.







410-

Security personnel trained in human rights policies or procedures

In the company, all workers were given a Practical Guide to Integrity and Compliance that seeks to be a didactic and simple guiding document on issues such as ethics, anticorruption and human rights.

In addition to this activity, no specific actions have been carried out for security personnel in this matter.



Human Rights Assessment



412-

Operations subject to human rights impact reviews or assessments

The company carried out a survey, with the support of an external consultant, to assess all the organization's processes in 100% of its operation, that is, for Aguas Andinas and regulated and non-regulated subsidiaries. In this survey, 12 processes or operations were identified in which there is a potential risk of impact on human rights. Since some of these processes are associated with more than one risk, the assessments were conducted from different perspectives. The 12 processes assessed were as follows:

- Surface Water Catchment
- Underground Water Catchment
- Surface/Underground Water Catchment
- Commercial Cycle
- Procurement and Contracts
- Potable Water Distribution
- Biosolids Management
- People Management
- Underground production
- Protection of information assets
- Collection
- Occupational Safety

With respect to the evaluation carried out in Essal, this was carried out in an independent matrix, where 12 processes or operations were also evaluated.

Regarding the Action or Mitigation Plans drawn up in the process of due diligence in the area of human rights, these were classified into 7 pillars assessed in this area:

- 1. Context Identification.
- 2.Commitments Definition.
- 3.Impact and Risk Assessment.
- 4. System integration.
- 5. Monitoring and Complaints.
- 6.Reparation.

following:

7.Communication.

For each of these points, both the company's strengths and the action plans of which several are already in place, were raised.

Among the remediation measures taken by the company are the

- •The Human Rights Policy was incorporated as an explicit reference in other Company Policies and Procedures.
- "Violation of the Human Rights Policy" was included as a reportable type in the Company's Complaints Channel.
- The Human Rights Policy and its possible infraction were incorporated as a reportable type in the Complaints, Investigations and Sanctions Procedure.
- The Human Rights Policy was incorporated into the Compliance-Training Plan.
- Regarding the dissemination of the Complaints Channel, work continued on this through in-person training and the e-learning system.



412-2

Employee training in human rights policies or procedures

With respect to the training of employees in human rights policies or procedures, the due diligence process considered as part of the National Action Plan for Human Rights and Companies (PAN, for its acronym in Spanish) began with a raising awareness among the executive team of Aguas Andinas, considering the Chairman of the Board of Directors, the CEO and the Directors of each of the company's areas. This awareness raising included the homologation of fundamental concepts and definitions with respect to the Guiding Principles on Businesses and Human Rights, a description of the Human Rights context, and international guidelines on the matter.





Local Communities



Operations with significant negative impacts - real and potential - on local communities

The toll-free line Aló Vecino 800 38 03 03, is the mechanism that the communities near the Biofactorías del Gran Santiago and the Centro de Gestión de Biosólidos- CGB- de El Rutal to leave a record of the perception of odors associated with the company's processes. This is a toll-free line operated by the Aquas Andinas contact center.

Likewise, and as the calls enter, field visits are made to determine the intensity, origin and source of the odors, indicating whether they are the responsibility of the company or third parties. Complaints made by neighbors allow checks and operational changes to minimize odor, implementing deodorization systems or modifications in the operational instructions of the Biofactories and CGB El Rutal.

During 2018, there was an 68% increase in calls compared to 2017, of that percentage, 66% corresponded to CGB El Rutal.

By 2019, we will work on the implementation of a protocol that improves the level of response of calls, as well as field visits in episodes of odor.

Facility	2016	2017	2018
La Farfana	27	13	26
Mapocho-Trebal	4	4	9
El Rutal	31	32	67
Total annual calls	62	49	102



Breakfasts with social leaders of neighboring communes of ESSAL

With the purpose to assess and monitor the vulnerability and risk for the local communities of the ESSAL concession zone of possible negative impacts derived from its operation, during 2018 the community relations program was executed in 5 localities with communal authorities, neighborhood leaders, social organizations and key players of the localities where the company operates.

In the social commitment action, Essal informs the neighbors of the actions being carried out in the locality of interest. Aspects such as the operation of the company, investments made, environmental education programs, communication campaigns, among others, are part of the information that a company executive exposes to the assistants of the activity.

The objective of the activity is to generate a bond of closeness between the company and the community through a set of actions that facilitate the learning about issues related to water resources.







New employee hiring and staff turnover

New Hirings

		2	016	2	017	20)18
		Nº	%	Nº	%	Nº	%
	Man	174	10.5	213	12.3	175	10.2
Sex	Woman	46	2.8	64	3.7	58	3.4
	Total	220	13.3	277	16.0	233	13.5
	Under 30	98	5.9	128	7.4	104	6.0
Agos	Between 30 and 50	115	6.9	134	7.7	122	7.1
Ages	Over 50	7	0.4	15	0.9	7	0.4
	Total	220	13.3	277	16.0	233	13.5

Turnover (left the organization)

		20	016	2	.017	20)18
		Nº	%	Nº	%	Nº	%
	Man	134	8.1	160	9.2	186	8.79
Sex	Woman	28	1.7	40	2.3	51	2.41
	Total	162	9.8	200	11.5	237	11.20
	Under 30	38	2.3	62	3.6	51	2.41
٨٨٥٥	Between 30 and 50	74	4.5	101	5.8	131	6.19
Ages	Over 50	50	3.0	37	2.1	55	2.60
	Total	162	9.8	200	11.5	237	11.20



Sustainability Roadmap 2018 - 2022

PILAR / FOCUS	COMMITMENT	OBJECTIVE	GOAL YEAR 2022	BASE 2017	2018	OBSERVATIONS	PROGRESS
		To be an economically sustainable company	Be in the top 20% of extra-financial ratings	68%	81%	The selected indicator is the percentile of the DowJones Sustainability Index.	
		To be leaders in good Corporate Governance	Be in the top 20% of corporate governance and transparency indexes	58%	88%	Our metric is to comply with all the practices listed in the General Regulation N° 385 issued by the Chilean Financial Market Commission (CMF) for open corporations such as Aguas Andinas S.A. The target is to comply with all the 99 practices, given a baseline of 50 in 2017 (position 11 of the 24 IPSA companies) and 64 in 2018 (position 4 of the 25 IPSA companies)	•
1. Business model Focus: economic	Be a profitable, responsible, and transparent	Support the development of socially and environmentally responsible suppliers	Work with a percentage of vulnerable suppliers in the area of sustainability < 5%	N/A	N/A	In 2018 work was carried out to identify vulnerable suppliers.	
sustainability	company		To have 100 % of contracts with internal carbon price (investments > 100,000 UF)	N/A	N/A	During 2018, work has been done with the entity Carbon Price in Chile, which is specifying the guidelines for defining emission mechanisms that can be traded in the country, in order to define the context of the internal price.	
		Promote a climate-responsible business model with a positive social impact.	Have 100 % of investments with social impact analysis (investments > 100,000 UF)	N/A	N/A	In 2018, a socio-economic and environmental impact analysis model was initiated for the company's Biosolids Management activity.	
			Increase turnover in environmental services by 25% compared to 2017	N/A	3.04%	The EBITDA growth of non-regulated Subsidiaries in the Metropolitan Region is identified.	



PILAR / FOCUS	COMMITMENT	OBJECTIVE	GOAL YEAR 2022	BASE 2017	2018	OBSERVATIONS	PROGRESS		
			Limit water losses in the network to 20%	28.60%	28.60%	The company is executing the Hydraulic Efficiency Plan project which, with a 5-year horizon, responds to the goal of reducing unaccounted-for water by 2022.			
		Implement a climate change adaptation strategy by strengthening operational	Increase the autonomy of the supply service to 34 hours	9	11	During the year, 8 new regulation tanks came into operation, increasing in $51,500 \text{m}^3$ the available volume. Four new wells were drilled, increasing the of groundwater at 400l/s , and 12other existing wells were constructed for the purpose of a total flow rate of 550l/s .			
	Ensuring supply under conditions of drought and climate change,	resilience nder ght	Achieve a 99.90% Continuity of Supply Index	99.5% Aguas Andinas. 99.7% Aguas Cordillera. 99.7% Aguas Manquehue.	99.8% Aguas Andinas. 99.9% Aguas Cordillera. 99.3% Aguas Manquehue.	The official 2018 continuity data published by the regulatory body (SISS) are not available on the closing date of this Comprehensive Report, so those indicated are those calculated internally. They will be replaced by the official ones in the next Report.			
2. Resilience Focus: 100% continuity	preserving water as a source of life	Protect and restore water-related ecosystems, including glaciers, mountains, wetlands, riparian forests, rivers, aquifers and lakes	Develop 3 protection projects on strategic resources	N/A	N/A	Aguas Andinas and other public and private stakeholders subscribed and began to implement the Memorandum of Understanding for the establishment of a Water Fund for the Metropolitan Region, an initiative aimed to generate actions for the long-term conservation of regional water resources, together with an integrated management at basin level and actions in favor of water security (protection of water sources, efficiency in use, information management, risk management, communication and awareness raising and land use planning).	•		
		Promote the use of alternative sources for uses that do not require drinking water quality	Promote 3 initiatives for the reuse of treated wastewater and gray water	N/A	N/A	In 2018, the study of the regulatory situation for water reuse was carried out.			
		Systematically propose to our customers Climate change resilience plans	Conduct 1 campaign a year on responsible use and leakage mitigation	N/A	N/A	Campaign designed in 2018 and approved by the Board of Directors for dissemination in early 2019.			
			13,000 smart clients (remote reading technology).	671	701	Fixed Network data 2018 include: 697 reading points with MDM platform and 4 reading points with new platform Itron-Temetra Emmsys.			
					To lead the digital connection with citizens		4,033	5,500	Work with Red Móvil began with reading in parks and gardens, continuing with large consumers of difficult-to-access meter reading and, in recent times, meters that already have integrated radio frequency have been incorporated into this system.
			75% of requirements solved digitally.	N/A	17%	At the end of 2018 there were more than 300,000 users created in the virtual office. 12% of the payments were made through the virtual office and the Aguas Andinas App.			
	Accelerate the digital revolution at the service of the Citizens, the Operation and the internal Culture	Automate the operation	Achieve 96% telecontrolled facilities.	88%	89%	The new CCO 2.0 project is being carried out with an estimated budget of 6.4 millons pesos.			
3. Digitalization Focus: agility			Increase the organization's Digital Index (GDA) by 50%.	0	57	424 professionals were measured.			
		Implement internal culture AGUA 4.0	Incorporate Artificial Intelligence to 10% of Support processes.	0	5%	Financial process, reconciliation of bank accounts, downloading of service fee billings, "Celeste" (name of the virtual assistant) in the area of customer service and reading content on social networks.			
			Implementation of 20 initiatives with agile methodologies.	0	7	Implementation of virtual assistant, Big data POC (Proof of concept), 3 process 7 robotizations, human reading emulation in social networks and Happyforce work climate measurement App.			



PILAR / FOCUS	COMMITMENT	OBJECTIVE	GOAL YEAR 2022	BASE 2017	2018	OBSERVATIONS	PROGRESS		
			Reduce CO2 emissions by 10% (target of several years calculated with base year 2017). With data 2018 (extension Mapocho-Trebal in operation all year round) a new target will be calculated using SBT methodology (Science Based Targets).	210,809 T CO2 218,748 T CO2 recalculated with new methodology	216,601 T CO2	In 2018, base year 2017 was recalculated, updating the global warming potential (GWP, for its acronym in English) of the Greenhouse Effect Gases, according to the IPCC Fifth Assessment Report (ARS) and the inventory was updated, incorporating new processes such as the arsenic abatement plants and with a more complete inventory of reagents and supplies. With this recalculation, the footprint increased by 3.8%. With respect to this new value, in 2018 there has been a reduction of 1%, which is considered positive taking into account that the demand of the water cycle has increased by 1%.	•		
		To achieve zero climate impact through the reduction of Greenhouse Gas and Water Footprint emissions.	Mitigation of 23,000 TCO2/year avoided to citizens in the target period.	20,560 T CO2 22,314 T CO2 recalculated with new methodology	19,882 T CO2	The reduction in emissions is due to a lower sale of biogas from La Farfana to Metrogas (-20 %). Its impact was reduced by the greater valorization of sludge on land and the largest sale of electricity.			
=======================================	To lead the fight against climate change, contributing to the global objective of limiting global		Water footprint reduction (2017 baseline calculation. 2018 targets to be set).	926,149,435 m³	905,802,068 m³	In 2017, the water footprint was calculated in accordance with ISO 14.046 standards with a perimeter of the 5 large facilities (Las Vizachas, Florida and Padre Hurtado potable water production plants and the Gran Santiago Biofactory, La Farfana and Mapocho-Trebal operating centers). In 2018, the water footprint was calculated in accordance with the guidelines of the Water Footprint Network (whose approach is complementary to that of the water footprint) with the perimeter of all the processes, also calculating with this methodology that of the previous year, for comparative purposes.	•		
4. Circular economy Focus: zero impact	temperature increase to 2°C.		Energy consumption per m³ invoiced less than 0.50 kWh.	0.59 kW/m³	0.58 kW/m³	The indicator has a downward trend; it is expected to be able to maintain it over time with the new infrastructures that are coming into operation.			
		Achieve energy sustainability, reducing energy consumption in processes, self-generate renewable energy and maximize the renewable component in the energy	10% increase in 5 years in the percentage of self-generated electrical energy with respect to the total consumed.	51.8 GWh	54.5 Gwh	In the Gran Santiago Biofactory, Mapocho-Trebal operating center, works are being executed that will add 4.55 MW of electricity generation capacity, in addition to the 8.20 MW of existing capacity.			
		matrix.	85% of electricity consumed coming from renewable sources.	18%	44%	During the year, the use of cogeneration in the Mapocho-Trebal operating center has increased and a total of 65 GWh of purchase of renewable energy has been added.			
			Achieve zero waste, favoring the reuse and	To achieve that 0% of biosolids produced in the Metropolitan Region go to landfills.	29%	11%	The volume of bisolids disposed in sanitary landfill has been reduced, prioritizing the agricultural recovery. Additionally, the company is a signatory member of the Clean Production Agreement (APL, for its acronym in Spanish) "Zero Waste to Disposal", promoted by the Ministry of the Environment and the Agency for Sustainability and Climate Change.		
			valuation of waste that turn into secondary raw materials.	To achieve that 50% of the waste is recovered.	N/A	N/A	During 2018, studies were carried out to recover sands from potable water production plants.		
			Plastic Footprint Decrease (Baseline to be calculated in 2018).	N/A	N/A	No progress during 2018.			
				Increase Stakeholder satisfaction with the company, keeping a proactive, permanent and regulated relationship.	To increase the satisfaction index of the relationship with stakeholders (to be defined in 2018).	N/A	N/A	The company has been analyzing the indicator to use, with field surveys, but is still assessing the Index to be used.	
		Strengthen the figure of Customer Counsel.	Obtain a 95% recommendation from people who go to the Customer Counsel.	85%	93%	The figure of the Customer Counsel is consolidated in its second year of operation.			
E Social logitimacy	Increase Stakeholder satisfaction with the company, reinforcing dialogue and promoting shared value.		Increase the number of contracts signed with local entrepreneurs and/or B corporations.	N/A	N/A	During 2018, all the activities carried out in the field of community relations were attended in their coffees with local entrepreneurs. The service is expected to be consolidated in 2019.			
5. Social legitimacy. Focus: shared value		company, reinforcing dialogue and promoting	dialogue and promoting	offorcing Contribute to local development	ie and promoting Contribute to local development vear are made aware of t	Ensure that more than 30,000 people per year are made aware of the sustainable use of water.	7,485	19,313	During 2018, the number of visits to the facilities increased to 6,083 students (2,605 during 2017) and the educational program reached 13,230 students from 120 schools (4,880 students in 2017).
			Five-year contribution to the Community of more than \$2 billion.	580 million	840 million	The organization grants social development funds in 4 communes and develops community projects with the neighbors of its large facilities.			
			Guarantee water to all people in vulnerable situation.	Have 100% social coverage of the potable water service.	\$1,017 million	\$1,174 million	The company has a payment facilities policy that complements state subsidies. The debt forgiveness programs are "Cuenta Amiga" and "Aguas Andinas te da la mano". The figures that appear in the indicator are the annual amounts of debt written off.		



1	Indicators	

PILAR / FOCUS	COMMITMENT	OBJECTIVE	GOAL YEAR 2022	BASE 2017	2018	OBSERVATIONS	PROGRESS		
		To ensure good health and safety at work,	Decrease the frequency rate of the Grupo Aguas.	3.17	2.82	Downward trend in the indicator due to the decrease in the number of accidents at work.			
		committing ourselves to the challenge of zero accidents at work.	Obtain a Contractors frequency rate of less than 10.	12.6	8.54	During 2018, there were 37 accidents at work by contractors, 17 less than the base year 2017, so the established goal has been achieved. This year is not modified to stabilize the indicator.			
		Attract and retain talent.	Achieve a rate of employees benefited from integral analysis of overall performance equal to 100%.	N/A	N/A	99% of workers were evaluated on their performance during 2018.			
			Achieve a rate of employees benefiting from training equal to 100%.	80%	95%	Increase from 45 to 59 hours of annual training per worker.			
(203)	Promoting diversity and well-being in the		Obtain an Employee Satisfaction Index > 80%.	N/A	72%	The company is looking for the climate measurement tool. During 2018, an online measurement pilot called happyforce was implemented, reaching a satisfaction rate of 67%.			
Mers).	work, guaranteeing the occupational health	Promote well-being and equal	Increase the rate of women in executive positions.	22%	22%	The organization develops the promotion of women.			
6. Innovation and People Focus: creativity and attractiveness	and safety, favoring development and the promotion of talent and promoting a collaborative and innovative culture	oring opportunities by creating inclusive and did the diverse environments. alent g a and	Increase the rate of people with functional diversity.	N/A	1%	During 2018, a survey was carried out that allowed the identification of company employees with a certain degree of disability, and in the recruitment processes an active search for people with this condition was established. Additionally, in the units that incorporated personnel with disabilities, welcoming plans were made for their full integration.			
	illiovative culture	Favor collaborative and globalized ways of working.	Increase Penetration rate of collaborative environments (Skype, yammer, onedrive).	N/A	N/A	During 2018, the migration to Office 365 has begun, starting the use of its yammer application, to which all the organization's collaborative environments have been migrated.			
			Get a number of people participating in corporate volunteering > 100/year.	100	100	In 2018, no volunteer activities were carried out. The emergency network is available.			
			Promote open innovation for the development of sustainable solutions.	Working with 10 start-up companies as suppliers to the Grupo Aguas.	N/A	3	Collaboration agreements with 3 start-ups for the use of the Aguaslab laboratory facilities, mentoring support and contact network. The companies we worked with are dedicated to digital management and certification in the field of fair trade, the system of growing sustainable food in small spaces with water reuse and the generation of electricity with the use of bicycles.		
			Increase the number of shared governance structures (joint ventures, semi-public companies).	N/A	N/A	No progress in 2018			
			Compliance with 100% of the Plan for the dissemination of the dietary benefits of water.	N/A	100%	Campaign carried out on social networks during 2018 under the slogan #TomarA-guaTeHaceBien.			
	environments	To favor the improvement of the quality of life of the citizens.	Compliance with 100% of the Plan for the dissemination of the benefits of wastewater treatment.	N/A	100%	Wide dissemination, through multiple platforms, of Biofactories and their contribution to mitigating the effects of climate change.			
7. Water and quality of life		ine of the creation.	Increase the number of Water and Health Studies.	N/A	2 studies	1. Study "Relationship between Water Sanitation and Public Health in theMetro- politan Region", carried out by the Universidad Católica. 2. Study "Analysis of the Effects of the Sanitation Plan on the Ecological Conditions of the Mapocho River", carried out by the Centro de Ecología Aplicada.			
Focus: water benefits					Preserve the ecosystems' biodiversity.	Develop 5 biodiversity preservation/recovery projects.	N/A	3 projects	1. Development of diverse activities that allowed the relocation of a flock of Tricahue parrots in Cajón del Maipo. 2. Intervention in the El Canelo basin, with the removal of a significant amount of plant material from the lower part of the basin to prevent fires and the loss of existing biodiversity. 3. Intervention in Parque Aguas de Ramón to improve the native forest.



Green and Social **Bond**

The purpose of the Green and Social Bond issued by Aguas Andinas in April 2018 is to finance the following projects:

Category	Project Name	Goal
Potable Water Supply	Chamisero Potable Water Treatment Plant (Canal Batuco)	Treated flow rate of 500 l/s.
Resilient Infrastructure	Emergency Works due to Turbidity Events	2 hours of autonomy
	Pirque Pond	23 hours of autonomy
	Expansion of Curacaví Wastewater Treatment Plant	4,150 m³/day in 2029
	Expansion of Talagante II Wastewater Treatment Plant	52,877 m³/day in 2024
Sanitation	Expansion Third Wastewater Treatment Plant	Increase in treatment capacity of 2.2 m ³
	Expansion of Buín-Maipo Wastewater Treatment Plant	13,832 m³/day in 2032
	Expansion of El Monte 2018 Wastewater Treatment Plant	8,227 m³/day in 2032

Pror more información see here.





Liability **Statement**

The Directors of Aguas Andinas S.A. and the CEO signatories of this statement are responsible under oath for the veracity of the information provided in this Comprehensive Report, which considers the contents of the Annual Report, in accordance with the provisions of General Rule No. 30 of the Financial Market Commission.



Guillermo Pickering de la Fuente

TAX ID: 7.577.744-2 President



Pedro Sierra Bosch

TAX ID: 7.939.734-2 Director



Herman Chadwick Piñera

TAX ID: 4.975.992-4 Vice-President



Rodrigo Manubens Moltedo

TAX ID: 6.575.050-3 Director



María Loreto Silva Rojas

TAX ID: 8.649.929-0 **Alternate Director**



Laureano Cano Iniesta

TAX ID: 25.374.056-6 Director



Fernando Samaniego Sangroniz

TAX ID: 6.374.438-7 Director



Narciso Berberana Sáenz

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Independent Auditor's Report

(Translation of the report originally issued in Spanish)

Shareholders and Directors Aguas Andinas S.A.

We have audited the accompanying consolidated financial statements of Aguas Andinas S.A., and its subsidiaries ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aguas Andinas S.A., and its subsidiaries as of December 31, 2018. and 2017, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

EY Audit SpA

Santiago, March 20, 2019



Consolidated Financial Statements Aguas Andinas S.A. and Subsidiaries

This document includes:

Consolidated Financial Position Statements Consolidated Statements of Comprehensive Revenue according to their Nature Consolidated Statements of Direct Cash Flows Consolidated Statements of Changes in Net Equity Explanatory Notes to the Consolidated Financial Statements



Consolidated Financial Position Statements As at December 31, 2018 and December 31, 2017

(In thousand pesos - Th\$)

ASSETS	NOTA	31-12-2018 TH\$	31-12-2018 TH\$
CURRENT ASSETS			
Cash and cash equivalent	7	39,980,474	18,808,340
Other non-financial assets		2,324,238	1,359,205
Commercial debtors and other accounts receivable	8	116,821,062	113,515,790
Accounts receivable from related entities	9	91,183	560,633
Inventories	10	3,636,388	3,925,378
Tax assets		5,660,627	12,449,415
Total current assets other than the assets or groups of available assets classified as being retained for sale or being retained to be distributed among holders		168,513,972	150,618,761
TOTAL CURRENT ASSETS		168,513,972	150,618,761
NON-CURRENT ASSETS			
Other financial assets	8	7,852,912	7,807,734
Other non-financial assets		495,067	895,341
Receivables	8	4,500,020	2,276,380
Intangible assets other than goodwill	11	224,864,424	227,084,499
Goodwill	12	36,233,012	36,233,012
Properties, plant and equipment	13	1,440,093,131	1,351,763,816
Deferred tax assets	24	23,499,561	20,200,593
TOTAL NON-CURRENT ASSETS		1,737,538,127	1,646,261,375
TOTAL ASSETS		1,906,052,099	1,796,880,136

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

EQUITY AND LIABILITIES	NOTE	31-12-2018 TH\$	31-12-2018 TH\$
CURRENT LIABILITIES			
Other financial liabilities	8	33,963,316	63,045,352
Trade debts and other accounts payable	8	136,872,967	105,645,880
Accounts payable from related entities	9	46,569,102	44,074,859
Other provisions	15	2,992,246	2,603,819
Tax liabilities		181,758	12,639
Provisions for employee benefits	19	5,496,070	5,473,412
Other non-financial liabilities		16,243,065	16,255,942
Total current liabilities other than the liabilities included in available liability groups classified as being retained for sale		242,318,524	237,111,903
TOTAL CURRENT LIABILITIES		242,318,524	237,111,903
NON-CURRENT LIABILITIES			
Other financial liabilities	8	912,513,179	802,978,167
Other accounts payable	8	983,335	982,075
Other provisions	15	1,341,233	1,301,105
Deferred tax liabilities	24	35,452,801	37,820,849
Provisions for employee benefits	19	17,338,241	15,328,801
Other non-financial liabilities		9,113,389	8,057,759
TOTAL NON-CURRENT LIABILITIES		976,742,178	866,468,756
TOTAL LIABILITIES		1,219,060,702	1,103,580,659
EQUITY			
Issued capital	3	155,567,354	155.567.354
Accumulated earnings	3	324,954,813	328.964,934
Share premium	3	164.064.038	164,064,038
Other equity interests	3	(5,965,550)	(5,965,550)
Equity attributable to owners of the controller		638,620,655	642,630,776
Non-controlling interests	4	48,370,742	50,668,701
TOTAL EQUITY		686,991,397	693,299,477
TOTAL EQUITY AND LIABILITIES		1,906,052,099	1,796,880,136

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.



Comprehensive consolidated revenue statements by nature For the fiscal years ended on December 31, 2018 and 2017 (In thousand pesos - Th\$)

REVENUE STATEMENT BY NATURE	NOTE	31-12-2018 TH\$	31-12-2017 TH\$
Revenues for regular activities	17	530,404,680	509,540,577
Used raw materials and expendables		(39,229,232)	(34,924,849)
Provisions for employee benefits	19	(59,153,387)	(55,548,304)
Expenses related to depreciation and amortization	11-13	(75,467,585)	(74,394,154)
Other expenses by nature	21	(122,358,326)	(120,462,471)
Other (losses) earnings	5	(1,124,474)	2,608,255
Financial revenue	5	5,856,180	6,052,997
Financial costs	5	(29,996,785)	(31,112,258)
Exchange differences	20	(83,558)	8,988
Results of indexation adjustments	22	(23,022,736)	(11,945,903)
Earnings before taxes		185,824,777	189,822,878
Expenses for earnings taxes	24	(46,506,422)	(46,340,625)
Earnings from continuous operations		139,318,355	143,482,253
Earnings		139,318,355	143,482,253
Earnings due to			
Earnings attributable to owners of the controller		136,056,517	139,620,280
Earnings attributable to non-controlling shares	4	3,261,838	3,861,973
Earnings		139,318,355	143,482,253
Earnings per share			
Earnings per basic shares in continuous operations	25	22.235	22.818
Earnings per basic shares		22.235	22.818

The attached notes from 1 to 28 are a comprehensive part of these consolidated financial statements.

COMPREHENSIVE REVENUE STATEMENT	NOTE	31-12-2018 TH\$	31-12-2017 TH\$
Earnings		139,318,355	143,482,253
OTHER COMPREHENSIVE REVENUE STATEMENT			
Components of other comprehensive revenue statement that will not be regraded to the result of the fiscal year, before taxes			
Actuarial surplus (losses) for defined profit plans	19	(1,534,815)	1,340,799
Other Comprehensive revenue statement that will not be regraded to the result of the fiscal year, before taxes		(1,534,815)	1,340,799
Taxes on incomes related to components of other comprehensive revenue statement that will not be regraded to the result of the fiscal year			
Tax on incomes related to defined profit plans		289,002	(362,016)
Taxes on earnings related to the components of other comprehensive revenue statement that will not be regraded to the result of the fiscal year		289,002	(362,016)
Total other comprehensive revenue statement		(1,245,813)	978,783
TOTAL COMPREHENSIVE REVENUE STATEMENT		138,072,542	144,461,036
Comprehensive revenue statement attributable to			
Comprehensive revenue statement attributable to the owners of the controller		134,906,053	140,601,412
Comprehensive revenue statement attributable to non- controlling shares	4	3,166,489	3,859,624
Total comprehensive revenue statement		138,072,542	144,461,036

The attached notes from 1 to 28 are a comprehensive part of these consolidated financial statements.



Consolidated direct cash flow statements For the fiscal years ended on December 31, 2018 and 2017 (In thousand pesos - Th\$)

DIRECT CASH FLOW STATEMENT	NOTE	-2018 H\$	31-12-2017 TH\$
	629.5	02.099	597,048,972
Types of collections from Operating activities	627.0	029.422	592,919,710
Collections from the sales of assets and services	1,	,183,157	2,532,452
Collections from premiums and benefits, annuities and other policies' earnings	1,2	289,520	1,596,810
Other collections from Operating activities	(315.0	043.141)	(311,191,522)
Types of payments in cash from Operating activities	(197.3	319.654)	(196,301,864)
Vendors payment for goods and services	(65,3:	75,320)	(56,738,355)
Payments to and on behalf of the employees	(9	938,321)	(3,463,921)
Payments of premiums and services, annuities and other liabilities arising from the contracted policies	(51.40	09.846)	(54,687,382)
Other payments for Operating activities	(68.99	57.954)	(72,388,282)
Cash flow accruing (used in) operations	(23,50	04,622)	(20,265,514)
Interests paid		843,116	345,631
Interests accrued	(44.6	573.978)	(50,273,620)
Taxes paid on earnings (reimbursed)	(1,62	22,470)	(2,194,779)
Other cash in-flow (out-flow)	245,5	501,004	213,469,168
Cash flow from (used in) Operating activities	5,1	108,439	622,475
Amounts from the sale of properties, plant and equip-ment	(137,23	39,472)	(112,299,077)
Purchase of properties, plant and equipment	(2	297,701)	(678,500)
Purchase of intangible assets		-	402,982
Interests accrued	(3,0)22,315)	(1,876,838)
Other cash in-flow (out-flow)	(135,4:	51,049)	(113,828,958)
Cash flow from (used in) investment activities	113,1	109,288	43,604,119
Amounts from long-term loans	51,6	554,646	67,841,887
Amounts from short-term loans	164,7	763,934	111,446,006
Amounts from loans, classified as financing activities	(110,23	30,806)	(115,692,132)
Loan reimbursements	(143,3	316,076)	(141,462,187)
Dividends paid	(9	(94,873)	-
Other cash inflow (outflow)	(88,8	377,821)	(145,708,313)
Cash flows from (used in) financing activities			
Effects of exchange rate variations on cash and cash equivalent	21,	,172,134	(46,068,103)
Net Increase (decrease) in cash or cash equivalent	18,8	308,340	64,876,443
Cash and cash equivalent at the beginning of the fiscal year	7 39,9	980,474	18,808,340



Statement of Changes in Consolidated Net Equity For the fiscal years ended on December 31, 2018, and 2017 (In thousand pesos - Th\$)

STATE-MENT OF EQUITY CHANGES	NOTE	ISSUED SHARE CAPITAL	BOND ISSUE PREMI- UMS	OTHER EQUITY SHARES	RE-SERVE OF AC-TUARIAL EARN-INGS OR LOSSES IN DE-FINED PROFIT PLANS	ACCU-MULAT-ED EARN- INGS (LOSSES)	EQUITY AT-TRIBUTA-BLE TO THE OWNERS OF THE CONTROL-LER	NON-CON-TROLLING SHARES	TOTAL EQUITY
		TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Initial balance as at 01-01-2018		155,567,354	164,064,038	(5,965,550)	-	328,964,934	642,630,776	50,668,701	693,299,477
Compre-hensive result									
Earnings		-	-	-	-	136,056,517	136,056,517	3.261,838	139.318.355
Other compre-hensive result		-	-	-	(1,150,464)	-	(1,150,464)	(95,349)	(1,245,813)
Dividends	3	-	-	-	-	(138,916,174)	(138,916,174)	-	(138,916,174)
Reduc-tion due to trans-fers and other changes	3 - 4	-	-	-	1,150,464	(1,150,464)	-	(5,464,448)	(5,464,448)
Total of changes in the equity		-	-	-	-	(4,010,121)	(4,010,121)	(2,297,959)	(6,308,080)
Final bal-ance as at 31-12-2018	3-4	155,567,354	164,064,038	(5,965,550)	-	324,954,813	638,620,655	48,370,742	686,991,397

STATE-MENT OF EQUITY CHANGES	NOTE	ISSUED SHARE CAPITAL	BOND ISSUE PREMI- UMS	OTHER EQUITY SHARES	RE-SERVE OF AC-TUARIAL EARN-INGS OR LOSSES IN DE-FINED PROFIT PLANS	ACCU-MULAT-ED EARN- INGS (LOSSES)	EQUITY AT-TRIBUTA-BLE TO THE OWNERS OF THE CONTROL-LER	NON-CON-TROLLING SHARES	TOTAL EQUITY
		TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Initial balance as at 01-01-2017		155,567,354	164,064,038	(5,965,550)	-	320,491,338	634,157,180	52,725,245	686,882,425
Compre-hensive result									
Earnings		-	-	-	-	139,620,280	139,620,280	3,861,973	143,482,253
Other compre-hensive result			-		981,132		981,132	(2,349)	978,783
Dividends	3	-	-	-	-	(132,127,816)	(132,127,816)	-	(132,127,816)
Reduc-tion due to trans-fers and other changes	3-4	-	-	-	(981,132)	981,132	-	(5,916,168)	(5,916,168)
Total of changes in the equity		-	-	-	-	8,473,596	8,473,596	(2,056,544)	6,417,052
Final bal-ance as at 31-12-2017	3-4	155,567,354	164,064,038	(5,965,550)	-	328,964,934	642,630,776	50,668,701	693,299,477

The attached notes from 1 to 28 are a comprehensive part of these consolidated financial statements.



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Note 1 Overview

Aquas Andinas S.A. (hereinafter the "Company") and its Subsidiaries are part of the Aquas Andinas Group (hereinafter the "Group"). Its legal address is Avenida Presidente Balmaceda 1398, Santiago, Chile and its RUT Taxpayer Identification Number is 61.808.000-5.

Aguas Andinas S.A. was incorporated as an open joint stock company by public deed on May 31, 1989 in Santiago, before Notary Public Mr. Raúl Undurraga Laso. An excerpt of the by-laws was published in the Official gazette on June 10, 1989, being recorded in the Register of Commerce on page 13.981, No. 7.040 of 1989 of the Registrar of Land, Mines and Industrial Property of Santiago.

The Company's corporate purpose as stated in article two of its bylaws is the rendering of water utility services, which considers the building and operation of public services aimed at producing and distributing potable water as well as collecting and disposing wastewater. Its current concession area is Greater Santiago and peripheral locations.

The Company is parent company of three utility companies, two in Greater Santiago (Aguas Cordillera S.A. and Aguas Manguehue S.A.) and one in the De los Ríos y De Los Lagos Region (Empresa de Servicios Sanitarios de Los Lagos S.A., ESSAL). To provide a comprehensive service within its line of business, the Company has non-sanitation subsidiaries rendering services such as liquid industrial waste treatment (EcoRiles S.A.), laboratory analysis (Análisis Ambientales S.A.), trade of materials and other services related to the utility business (Gestión y Servicios S.A.) and other activities related to the water rights and energy projects arising from facilities and goods owned by utility companies (Aguas del Maipo S.A.).

The Company and its subsidiary Essal are registered in the Register of the Superintendence of Securities and Insurance (S.V.S., in Spanish) under No. 346 and No. 524, respectively. The subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A. are recorded in the special Register of reporting entities of the Register of the Superintendence of Securities and Insurance under No. 170 and No. 2, respectively. As sanitation companies, they are regulated by the Superintendence of Water Services, in accordance with Act No. 18.902 of 1989 and Decrees with Force of Law No. 382 and No. 70, both enacted in 1988.

To prepare these consolidated financial statements, it is understood that a group exists when there is a parent company with one or more subsidiaries directly or indirectly controlled by the parent company. The accounting policies applied to prepare these Group consolidated financial statements are detailed in Note 2.2.

The direct controlling entity is Inversiones Aguas Metropolitanas S.A. ("IAM"), a joint stock corporation controlled by Sociedad General Aguas de Barcelona S.A. ("Agbar"), based in Spain and one of the largest worldwide sanitation services operators, which in turn is controlled by Suez (France), being ENGIE (France) its main shareholder.

Note 2 Preparation basis and accounting policies

2.1 Preparation basis

These consolidated financial statements are the consolidated financial position statements as of December 31, 2018 and December 31, 2017 and the consolidated comprehensive statements of changes in net equity and cash flows for fiscal years ended on December 31, 2018 and December 31, 2017. They have been prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the comprehensive, explicit adoption of the referred IFRS without reservations.

The Group complies with the legal conditions of its operations' environment, particularly the sanitation Subsidiaries regarding the sanitation regulations. Group companies show normal operation conditions in each scope in which they develop their activities; their projections show a profitable operation and they are capable of using the finance system for their operations. In the opinion of the management this determines their capability of continuing as an on-going company, as established by the accounting norms under which these consolidated financial statements are issued.

Functional and presentation currency

The financial statements of each Company in the Group are presented in the currency of the main economic environment in which those companies operate (Functional Currency). For consolidated financial statements, the results and the financial position of each Company in the Group are expressed in Chilean Pesos (rounded to thousand pesos), which is the Company's functional currency and its subsidiaries, and the presentation currency for consolidated financial statements.

New accounting pronouncements

The rules and interpretations, as well as the improvements and changes to IFRS, which have been issued to enter into effect the date of issue of these financial statements, are summarized below. The Company has applied these rules and concluded that they did not have an impact on the financial statements.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 9, Financial instruments, Acknowledge-ment and measurement	Annual periods beginning on or after Jan-uary 1, 2018
IFRS 15, Revenue from client contracts	Annual periods beginning on or after Jan-uary 1, 2018
IFRIC 22, Foreign currency transactions and advance consideration	Annual periods beginning on or after Jan-uary 1, 2018



AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 1, Adoption of IFRS for the first time Elimination of interim exceptions first adopt-ed by entities	Annual periods beginning on or after Jan-uary 1, 2018
IFRS 2, Share-based payments - Classification and measurement of share-based transac-tions	Annual periods beginning on or after Jan-uary 1, 2018
IFRS 4, Insurance contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Annual periods beginning on or after Jan-uary 1, 2018
IAS 28, Investment in associates and joint ventures — Decision of measuring sharehold-ing in associated and joint ventures at rea-sonable value with change in results.	Annual periods beginning on or after Jan-uary 1, 2018
IAS 40, Investment property – Investment property transfers	Annual periods beginning on or after Jan-uary 1, 2018

The standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued but not entered into effect the date of issue of these financial statements, are summarized below. The Company has not applied these standards before their enforcement.

DATE OF MANDATORY ENFORCEMENT
Annual periods beginning on or after Jan-uary 1, 2019
Annual periods beginning on or after Jan-uary 1, 2019
Annual periods beginning on or after Jan-uary 1, 2020
Annual periods beginning on or after January 1, 2021

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 3, Business Combinations – Interests previously held in a joint operation	Annual periods beginning on or after Jan-uary 1, 2019
IFRS 9, Financial instruments – Payments with negative compensation	Annual periods beginning on or after Jan-uary 1, 2019

IFRS 11, Joint agreements – Interests previ-ously held in a joint operation	Annual periods beginning on or after Jan-uary 1, 2019
IAS 12, Corporate revenue taxes — Tax con-sequences of payments related to FINAN-CIAL INSTRUMENTS classified as equity.	Annual periods beginning on or after Jan-uary 1, 2019
IAS 23, Borrowing costs – Borrowing costs eligible to be capitalized	Annual periods beginning on or after Jan-uary 1, 2019
IAS 28, Investment in associates and joint ventures – Long-term investments in part-nerships or joint ventures.	Annual periods beginning on or after Jan-uary 1, 2019
IAS 19, Employee benefits – modification, reduction or settlement of the plan	Annual periods beginning on or after Jan-uary 1, 2019
IFRS 3, Business Combinations – Defining a business	Annual periods beginning on or after Jan-uary 1, 2020
IAS 1, Presentation of financial statements and IAS 8, Investments in associated compa-nies - Definition of material	Annual periods beginning on or after Jan-uary 1, 2020
IFRS 10 y IAS 28, Consolidated Financial Statements – Sale or contribution of assets between an investor and its partner or joint venture	Pending

IFRS 9, "Financial Instruments" of which the final version was issued in July 2014. Establishes the principles for financial reporting of financial assets and also financial liabilities in such a way, that useful and relevant information for assessing the amounts, timing and uncertainty of an entity's future cash flows is displayed to users of financial statements.

It introduces a "more prospective" model of expected credit losses for impairment accounting and a substantially reformed approach to hedge accounting. Companies shall also have the option to apply the accounting for gains and losses from changes in fair value related to "own credit risk" for financial liabilities designated at fair value through profit or loss in advance, without applying the IFRS 9 other requirements. Its application has been mandatory since 1 January 2018 and its early adoption was allowed.

The Company evaluated the credit loss policy of its commercial debtors (described in Note 2 letter H), concluding that this policy implicitly considers an expected loss model, as this standard requires. This assessment is based on available and sustainable credit risk information.

In accordance with the aforementioned, the model for determining impairment losses associated with credit risk will not be modified, and there will be no effects on the preparation and submission of the Company's financial statements.

The Company's Management has been analyzing the eventual impact of these standards and amendments



to the financial statements. However, those to enter into effect in annual periods starting on January 1, 2019 have been analyzed and they are not expected to have a significant impact on the preparation and presentation of future financial statements.

The application of IFRS 16 "Leasing" in the year 2019 will have an initial estimated impact of Thousand Ch\$ 1,713,735 on the consolidated assets and liabilities.

Responsibility for the information and calculations

The information contained in these consolidated financial statements is responsibility of the Board of Directors of the Company, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. The Board of Directors, in a meeting held on March 20, 2019, approved these consolidated financial statements The financial statements of Aquas Andinas S.A. and Subsidiaries for the fiscal year 2017 were approved by their Director's Committee in the Meeting held on March 20, 2019.

The following estimations have been used in the preparation of consolidated financial statements:

- Useful life of intangible fixed assets
- Asset appraisal and purchased goodwill (goodwill or decreased investment value)
- Loss due to depreciation
- Hypotheses used in the actuarial calculation of benefits for termination of contracts of employment
- Hypotheses used in the calculation of the reasonable value of financial instruments
- Revenue from supplies to be billed
- Provisions due to third-party commitments
- Risks resulting from current disputes

Although these estimates and judgments were made subject to the best information available as of the date of issue of the current consolidated financial statements, some events may happen in the future, which may force a variation (upward or downward) in coming periods. This should be recorded prospectively upon acknowledging the variation, registering the effects of said changes in the relevant future consolidated financial statements

2.2 Accounting policies

Below is a description of the main accounting policies implemented in the preparation of these consolidated financial statements.

A. Bases de consolidación

Consolidated financial statements include the financial statements of the Company and the organizations controlled by the Company (its Subsidiaries). Subsidiaries are those organizations over which the Group has the power to control important activities, has the right to review variable share yields and the capacity to use that power to have an influence on investor yield amounts. Subsidiaries merge as from the date control is transferred to the Group and are excluded from the merge the date the Group ceases to exist.

All transactions, balances, losses and earnings of the Group companies will be eliminated during the merge process.

The Company and its Subsidiaries have policies similar to those used by the Group.

The Subsidiaries included in the consolidated financial statements of Aguas Andinas S.A. are:

TAX IDENTIFICATION NUMBER	COMPANY NAME	DIRECT	INDIRECTO %	TOTAL 2018 %	DIRECTO %	INDIRECTO %	TOTAL 2017 %
96.809.310-K	Aguas Cordil-lera S.A.	99.99003	0.00000	99.99003	99.99003	0.00000	99.99003
89.221.000-4	Aguas Man-quehue S.A.	0.00043	99.99957	100.00000	0.00043	99.99957	100.00000
96.967.550-1	Análisis Am-bientales S.A.	99.00000	1.00000	100.00000	99.00000	1.00000	100.00000
96.945.210-3	Ecoriles S.A.	99.03846	0.96154	100.00000	99.03846	0.96154	100.00000
96.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2.50650	51.00000	53.50650	2.50650	51.00000	53.50650
96.828.120-8	Gestión y Servicios S.A.	97.84783	2.15217	100.00000	97.84783	2.15217	100.00000
96.897.320-7	Inversiones Iberaguas Ltda.	99.99998	0.00002	100.00000	99.99998	0.00002	100.00000
76.190.084-6	Aguas del Maipo S.A.	82.64996	17.35004	100.00000	82.64996	17.35004	100.00000



B. Operating Segments

IFRS 8 sets the standards for reporting Operating Segments and releasing products and services. Operating Segments are defined as components of an entity for which separate financial information is allocated and regularly reviewed by Management for making decisions on the assignment of resources to the subsidiaries and evaluating their performance.

The Group manages and measures the performance of its operations by business segment. The Operating Segments reported internally are:

- Sanitation business operations (Water).
- Non-sanitation business operations (Non-Water).

C. Intangible assets other than goodwill

The Company recognizes an intangible asset as being identifiable as long as it proves to be likely to bring about future economic benefits that will flow to the entity and its cost can be reliably valued.

I. INTANGIBLE ASSETS ACQUIRED SEPARATELY:

Intangible assets acquired separately are shown at cost subtracting accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over their estimated useful lives. Estimated useful lives and the amortization method are checked at the closing of each balance sheet, including the effect of any change in the estimate thereon.

II. AMORTIZATION METHOD FOR INTANGIBLE ASSETS:

Intangible assets with defined useful lives

The amortization method employed by the Company reflects the pattern for which the future economic benefits of the asset are expected to be used by the entity. The Company therefore uses the straight-line depreciation method.

Software

The estimated useful life of software is 4 years. For any other asset with a defined useful life, the useful life for amortization is the fiscal year defined in the contracts or copyrights.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are water rights and easements granted for an indefinite fiscal year, as established in the acquisition contracts and the rights granted by the Water Resources Department of the Ministry of Public Works.

Determination of useful life

Some of the factors that should be considered for the estimate of useful life are:

- Legal, regulatory or contractual restrictions.
- Predictable life of the business or industry.
- Economic factors (product obsolescence, changes in demand).
- Expected reactions from current or potential competitors.
- Natural or climactic factors and technological changes that affect the capacity to generate earnings.

Over time, useful life may require modifications due to changes in the estimates as a result of changes in the assumptions about the above-mentioned factors.

D. Goodwill

Goodwill (a decrease in the value of investments) generated in the merge represents the excess of acquisition cost over the Group's share in the fair value of assets and liabilities, including identifiable contingent liabilities of a Subsidiary as of the acquisition date.

The assets and liabilities acquired are temporarily appraised upon taking over the company and are then revised within one year from the acquisition date at the latest. Until the definite fair value of assets and liabilities is determined, the difference between the acquisition price and the book value of the acquired company is temporarily recorded as goodwill.

In the event the definitive goodwill is recorded in the financial statements for the year following the share acquisition, the items of the previous year shown for comparison purposes are modified to incorporate the value of the acquired assets and liabilities and the definitive goodwill from the share acquisition date.

Goodwill generated prior to the date of our transition to IFRS, i.e. January 1, 2008, is maintained at the net value registered at that date, whereas goodwill subsequently generated is registered



using the acquisition method.

Goodwill is not amortized. Instead, any impairment reducing the recoverable value to below the net book cost is estimated at the end of each accounting fiscal year. In this case, an adjustment for impairment is in order, as required by IAS 36.

E. Property, plant and equipment

The Company uses the cost method for the valuation of Property, Plant and Equipment. Historical cost includes expenses that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are considered as being a separate asset only when future economic benefits associated with fixed asset items are likely to flow to the Group and the cost of the element can be reliably determined. The value of the component substituted is deregistered. Other repairs and maintenance are included in the results for the fiscal year in which they are incurred.

DEPRECIATION METHOD AND ESTIMATED USEFUL LIFE FOR PROPERTY, PLANT AND EQUIPMENT:

The depreciation method applied by the Company reflects how the assets are expected to be used by the entity over the fiscal year in which they generate profit. The Company therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (specialized external companies). The residual value and useful life of assets are checked and adjusted, if necessary, at each closing of the Balance Sheet.

When the value of an asset is higher than its estimated recoverable amount it is immediately reduced to the amount recoverable (Note 13).

USEFUL LIVES

The useful lives considered in calculating the depreciation are based on technical studies prepared by specialized external companies. They are revised as new information arises to allow considering that the useful life of any asset has been modified.

The assignment to assets of the total useful life is based on several factors, including the nature of the equipment. These factors generally include:

- 1. Nature of the equipment or construction materials
- 2. Equipment operation environment
- 3. Intensity of use
- 4. Legal, regulatory or contractual restrictions.

The range of useful life (in years) by type of asset is as follows:

ITEM	MINIMUM USEFUL LIFE (YEARS)	MAXIMUM USEFUL LIFE (YEARS)
Buildings	25	80
Plant හ equipment	5	50
Computer equipment	4	4
Fixed installations & accessories	5	80
Motor vehicles	7	10
Improvement of leased assets	5	5
Other property, plant & equipment	5	80

POLICY FOR ESTIMATING THE COSTS FOR DISMANTLING. DECOMMISSIONING OR RENOVATING PROPERTY. PLANT AND EQUIPMENT:

Due to the nature of the assets constructed by the Company and given that there are no contractual obligations or construction requirements other than those mentioned in the IFRS, the concept of dismantling costs is not applicable as of the date of these consolidated financial statements.

FIXED ASSET SALES POLICY

The results of fixed asset sales are calculated by comparing the revenue received with the book value and are registered in the Consolidated Statement of Comprehensive Results.

F. Impairment of tangible and intangible assets except goodwill

The Group revises the book values of its tangible and intangible assets with a defined useful life at each closing date of the Consolidated Balance Sheet to see whether there is any indication of a loss due to impairment. Should this exist, the recoverable value of such assets is estimated in order to determine whether any impairment has been sustained. When it is not possible to estimate the recoverable value of an asset in particular, the Group estimates the fair value of the Cash Generating Unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment or when there are indications that the asset might have sustained impairment before the end of such fiscal year.

The recoverable value is the greater amount of its fair value minus sale costs and value in use. To estimate the value in use, the estimated future cash flows are discounted from its current value



using a pre-tax discount rate to reflect both the current conditions of the money market over time and the specific risks associated with the asset.

When the recoverable value of an asset (or cash-generating unit) is considered to be less than its book value, the book value of that asset (or cash-generating unit) is adjusted to its recoverable value and the results immediately show a loss for impairment. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the recoverable value revised estimate, provided that the adjusted book value does not exceed the book value that would have been determined if no loss for asset (or cash-generating unit) impairment had been acknowledged in previous fiscal years.

G. Leases

I. FINANCIAI I FASES

Leases are classified as financial leases when the conditions of the lease substantially transfer all the ownership risks and benefits to the lessee. All other leases are classified as operative leases.

II. OPERATIVE LEASES

Operative lease payments are recognized as a straight-line expense over the term of the lease, except when another systematic basis is more representative for reflecting the time pattern in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses over the fiscal year in which they are incurred.

Should lease incentives be received in order to agree an operative lease, such incentives are recognized as a liability. The accumulated benefit of incentives is shown on a straight-line basis as a deduction from the leasing expense, except when another systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed.

III. IMPLICIT LEASES

The Company and subsidiaries review their contracts to check for the possible existence of implicit leases in accordance with IFRIC 4.

H. Financial assets

The acquisitions and disposals of financial instruments are recognized on the date of trading. i.e. the date on which the Group commits to acquire or sell the asset. Investments are written down when the rights to receive cash flows from the investments have been transferred and the Group has substantially passed all the risks and benefits deriving from ownership. Financial assets are classified in the following categories:

- Financial assets at fair value with changes in results.
- Financial assets at fair value with changes in integral results.
- Financial assets at amortized cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of their initial Acknowledgement.

Aguas Andinas S.A. and its subsidiaries invest in low-risk instruments that meet the classification standards established in their investment policies. The mutual funds invested in must therefore have an AAfm rating / M1 (quotas with very high protection against loss associated with credit risks/quotas with the lowest sensitivity to changes in economic conditions). Term deposits and repurchase agreements are instruments classified as N-1 (instruments with the highest capacity for paying capital and interests under the agreed terms and maturities).

The institutions issuing these instruments are bank Companies or bank subsidiaries with an N-1 credit rating, and their instruments have a rating of least AA (very high capacity for paying the principal and interest on the agreed terms and maturities, which would not be affected significantly by possible changes in the issuer, the industry to which it belongs or in the economy).

I. FFFECTIVE INTEREST RATE METHOD

The effective interest rate method is the method for calculating the amortized cost of a financial asset or liability and of the assignment of interest revenue or expense over the whole fiscal year. The effective interest rate is the rate that exactly discounts the estimated future cash flows receivable over the expected life of the financial asset and equals the Net Present Value (NPV) to its nominal value.



II. FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

For the classification of an asset with fair value with effect on other comprehensive income, the sale of financial assets for which it is expected to recover the principal amount in addition to the interest, if applicable, must be met as a principle.

III. FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES IN RESULTS

Financial assets are shown at fair value through results when the asset is held for trading or is designated as fair value with changes in results.

Financial assets at fair value with changes in results are valued at fair value and any resulting loss or gain is recognized in the results. The net loss or gain recognized in the results includes any dividend or interest received over the financial asset.

The Company and its subsidiaries hold shares in Sociedad Eléctrica Puntilla S.A., which have been valued at their fair value at the acquisition date, as defined in IAS No. 39. Their subsequent measurement will be at cost because there is no active market, as provided in the same standard.

IV. FINANCIAL ASSETS AT AMORTIZED COST

Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets payable in fixed or determinable periods and are not traded on an active market and are classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest rate method minus any loss for impairment, except for short-term accounts receivable, where the acknowledgement of interest would be immaterial.

Trade debtors and other accounts receivable

Trade debtors correspond to the amounts billed for water consumption, sewage services, sewage treatment and other services and the accrued revenue from consumption between the date of the last meter reading (following an established monthly routine) and the financial statement closing date. These are recorded at net value of estimated bad debt or of debt with low collection probability.

The trade debtor policy is subject to the credit policy, which sets the payment conditions and also the different scenarios for settling accounts with delinquent clients.

Policy of impairment of commercial debtors and other accounts receivable

The Company continuously evaluates impairments affecting its financial assets. The amount is recognized under bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used, and the loss is acknowledged in the statement of comprehensive results

under "other expenses." When an account receivable is not recoverable, it is recorded under provisions for accounts receivable.

Estimates are based on the following historic situation: considering recovery statistics, which indicate that after the eighth months of an unpaid invoice, the possibility of collection is marginal; in other words, the probability of recovering of the amount billed is minimal.

In Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manguehue S.A. and Essal S.A., a 100% provision is made for customers with debts overdue more than 8 months.

For Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manguehue S.A. and Essal S.A., a provision of 100% of the agreed balance is made for consumption debt converted into payment agreements.

For the subsidiaries Gestión y Servicios S.A., Anam S.A., EcoRiles S.A. and Aguas del Maipo S.A., a 100% provision is made for customer debt 120 days overdue.

A 100% provision is made for overdue notes receivable.

I. Inventories

Materials, spare parts and inputs are valued at acquisition cost, which does not exceed their net se-II-off value. The costing method is the weighted average cost. Semiannually, an estimate is made of deterioration of those materials that are damaged, that are partially or totally obsolete, or without rotation during the last 12 months and whose market price has fallen by more than 20%.

J. Dividend policy

The Company's dividend policy, pursuant to article 79 of Act 18,049 on Public Limited Companies, is to distribute 30% of the net earnings for each fiscal year. In case these dividends do not exist or were lower than the minimum established by Law, the relevant provision would be in order.

Additionally and after being authorized by the Ordinary Shareholders Meeting, the remaining 70% can be distributed as additional dividend, as long as the current level of capitalization is maintained and is compatible with the investment policies

K. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the closing of each fiscal year, as per the following parities:

CURRENCY	31-12-2018 \$	31-12-2017 \$
American dollar	694,77	614,75
Euro	794,75	739,15



Foreign currency transactions are converted to the functional currency using the exchange rates as of the transaction date. Foreign currency gains and losses resulting from the liquidation of these transactions and their conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of comprehensive results.

Different exchange rates are registered in the results of the fiscal year in which they have accrued.

L. Financial liabilities

Loans, bonds payable and similar documents are at first shown at their fair net value for the costs incurred in the transaction. They are then shown at amortized cost, using the effective interest rate, except for transactions for which hedging contracts have been signed, which have been valued as described in the following section.

M. Derivative financial instruments and hedge accounting

The employment of derivative financial instruments by Aguas Andinas S.A. and Subsidiaries follows the Group's financial risk management policies, which establish the guidelines for use.

The group uses derivative financial instruments as hedging instruments to mitigate the risks of inflation, interest rate and foreign currency on existing items that have been exposed by reason of their operations.

Derivatives are recorded at fair value on the Balance Sheet date. In the case of financial derivatives, if the value is positive, it is recorded under "Other Financial Assets" and, if negative, under "Other Financial Liabilities."

Changes in the fair value are recorded directly in the results, except when a derivative has been designated as a hedge accounting instrument and meets all of the conditions established by the IFRS to apply hedge accounting.

The treatment of hedge operations with derivative instruments is the following:

FAIR VALUE HEDGING. Changes in the market value of derivative financial instruments designated as hedges, as well as the items hedged, are recorded as credit or charge to the financial results in the respective result accounts.

CASH FLOW AND FOREIGN CURRENCY NET INVESTMENT HEDGING. Changes in the fair value of the effective part of these derivative financial instruments are directly recorded in an equity reserve called "cash flow hedge," while the ineffective part is registered in the results. The amount recognized in net equity is not transferred to the result account until the results of the operations hedged are therein recorded or until the expiration date of such operations.

In the event of hedging discontinuation, the net equity loss or gain accumulated to that date is maintained until the underlying hedging operation is executed. At that moment, the accumulated loss or gain in equity will be reversed in the result account affecting that transaction.

Financial instruments are presented at their fair value at the closing of each fiscal year. In the case of derivatives not traded in organized markets, the Group uses assumptions based on the market conditions on that date for valuation.

EFFECTIVENESS. Hedging is considered to be highly effective when the changes in fair value or cash flows of the underlying item directly attributable to the hedged risk are offset by changes in the fair value or cash flow of the hedge instrument, with effectiveness ranging from 80% to 125%.

IMPLICIT DERIVATIVE. The Group also evaluates the existence of derivatives implicit in contracts and financial instruments to determine whether their characteristics and risks are closely related to the main contract, provided that the combination is not being recorded at fair value. If they are not closely related, they are recorded separately, with the value variations being taken directly from the consolidated statement of results.

N. Provisions and contingent liabilities

The Group recognizes a provision when there is a current obligation resulting from past events, for which the Group is likely to use resources to settle the obligation and for which a fair estimate of the amount of the obligation can be made.

The provisions are quantified considering the best information available on the matter and its consequences and is reviewed at each accounting closing. The provisions made are used to cover the specific risks for which they were originally recognized, their full or partial revision being reguired when such risks disappear or decrease.

Contingent liabilities are possible obligations arising from past events, whose future materialization and associated equity effect is believed to be a low probability. In accordance with IFRS, the Group makes no provision for these concepts; if there were any, as is required in the same regulation, they are described in Note 15.

O. Employee benefits

The obligation of seniority benefits that are estimated to accrue to employees who retire in Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., are shown at the actuarial value determined using the projected credit unit method. Actuarial gains and losses on indemnities deriving from changes in the estimates or changes in the turnover rates, mortality, wage increases, or discount rate are determined in accordance with IAS 19, in other comprehensive results, thus directly affecting the Equity, which is then re-classified into accumulated results.



AGUAS ANDINAS S.A.

Severance payments in Aguas Andinas S.A. are governed by the Labor Code, except for the amount of the indemnity in any event accumulated to July 31, 2002 and the termination benefit of 1.45 monthly wages, excluding voluntary resignation, without any amount or age limit, for workers subject to current collective bargaining agreements and those to whom this benefit was extended via their individual contract of employment. The amount in any event accumulated to that date is adjusted quarterly in line with the changes in the consumer price index. The mentioned collective bargaining agreement also states that workers who retire from Aguas Andinas S.A. within 120 days of the date they reach the legal retirement age can have access to the benefits under the collective bargaining contract and continue to accrue this benefit after July 2002.

AGUAS CORDILLERA S.A. AND AGUAS MANQUEHUE S.A.

Seniority compensation in Aguas Cordillera S.A. and Aguas Manquehue S.A. is governed by the Labor Code, except the amount of the indemnity in any event accumulated to December 31, 2002 and the termination benefit of 1 monthly wage without any amount or age limit for workers covered by current collective bargaining agreements and for those to whom this benefit was extended via their individual contract of employment. The amount in any event accumulated to that date is adjusted quarterly in line with the changes in the consumer price index. Likewise, the above-mentioned collective bargaining agreements also state that workers who retire from Aguas Cordillera S.A. and Aquas Manquehue S.A. continue to accrue this benefit beyond December 2002.

ESSAL S.A.

Compensations to workers who take part of or have been incorporated to the current collective bargaining agreement at the date of the financial statements are calculated at their actuarial value only in the case of retirement and death. In those cases, there is a payment limit of six months. In other cases, the rules of the Labor Code are applicable.

Advances granted to staff from such funds are shown by deducting existing obligations. They shall be charged in the final settlement in a readjusted manner, in accordance with the provisions of the aforementioned agreements.

For the other subsidiaries there are no benefits of this nature.

P. Revenue tax and deferred taxes

The charge for revenue tax is the sum of revenue tax payable and variations in deferred tax assets and liabilities.

Revenue tax payable is determined on the basis of the tax result for the fiscal year. The revenue tax to be paid by the Group is calculated using tax rates approved or in the process, on the closing date of the Balance Sheet.

Deferred taxes are recognized on the basis of differences between the book values of assets and liabilities contained in the financial statements and the corresponding tax figures used in the calculation of the tax result and are recorded using the balance-sheet liability method. Deferred tax liabilities are recorded for all taxable timing differences, and deferred tax assets are recognized for all deductible timing differences as long as future tax benefits are likely to offset such differences. Deferred tax assets or liabilities are not recognized if timing differences arise from the reduced value or initial Acknowledgement (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect neither the tax results nor the financial results.

The book value of deferred tax assets is revised on the closing date of each Balance Sheet and is reduced until sufficient tax results to allow the recovery of all or part of the asset are no longer available.

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time of settling the liability or realizing the asset, based on the tax rates that have been approved or are about to be approved at the closing of the Balance Sheet. The measurement of deferred assets and liabilities reflects the possible tax consequences of the way in which Group expects to recover or settle the book values of its assets and liabilities to the date of report.

Deferred tax assets and liabilities are offset when there is a legal right to offset tax assets against tax liabilities related to the same entity and tax authority.

Q. Current Revenue

POLICY FOR ACKNOWLEDGING CURRENT REVENUE.

The Company determined its recognition and measurement of revenues from ordinary activities, based on the principle that revenues are recognized for an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. This fundamental principle must be applied based on a five-step model:

- (1) identification of the contract with the client;
- (2) identification of performance obligations of the contract;
- (3) determination of the price of the transaction;
- (4) allocation of the transaction price to performance obligations; Y
- (5) recognition of income when (or as) the performance obligations are met.



POLICY FOR ACKNOWLEDGING CURRENT REVENUE FROM SALES OF GOODS

Revenue from sales of goods is recognized once the risk and significant advantages resulting from the ownership of the goods have been transferred. The Company is no longer bound to the asset sold. The amount of revenue can be reliably measured. The company is likely to receive the economic benefits associated with the sale and the costs incurred in the transaction can also be reliably measured.

POLICY FOR ACKNOWLEDGING CURRENT REVENUE FROM SALES OF SERVICES

Revenue from sales of services is measured at fair value. Billing is carried out on the basis of actual consumption or work carried out on the consideration receivable, net returns, trade discounts and rebates, so the revenue is recorded when it is transferred to the client and recovery is considered probable. In addition, the associated costs and possible discounts for erroneous billings can be reliably estimated.

The water utilities' services area is divided into billing groups that determine dates for meter readings and subsequent billing. This process is carried out in a calendar month. This means that at the end of each month there is unread consumption, and therefore, not billed.

For those billing groups that have the information about the consumption effectively read, the application of the corresponding tariff would be in order.

For those cases where the whole meter reading consumption is not available for the Company, a better estimate of those incomes pending of billing will be carried out on the basis of data from the previous month valued at the current tariff, considering for both cases (billing or estimate) the normal or overconsumption tariff.

The transfer of risks and benefits varies according to the corporate business. For Water Utilities, the provision of services and any related charge are based on the actual consumption and a monthly provision is made for unbilled consumption, based on the previous billing. For Anam S.A., EcoRiles S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A., invoicing and the possible are based on the work carried out.

METHOD USED FOR DETERMINING THE SERVICE TERMINATION STATUS

The provision of the sanitation services is confirmed by metering the consumption, in accordance with the relevant legislation, whereas Non-Water subsidiaries do so once the services and/or respective reports have been completed.

Revenue under agreements with property developers is recorded as Current revenue provided that it complies with the conditions of each contract to ensure that the related economic benefits will flow to the Company.

R. Earnings per share

Basic earnings per share are calculated as the ratio between the earnings (loss) attributable to the holders of Net Equity of the Controller and the average weighted number of common shares in circulation during the periods ending December 31, 2018 and 2017.

During the fiscal years ending December 31, 2018 and 2017, the Group has carried out no operation with a potential diluting effect that supposes that diluted earnings per share are any different to basic earnings per share.

S. Environmental information

Environmental assets are those constantly used in the business of the Company and subsidiaries. Their main objective is to minimize adverse environmental impacts and ensure the protection and improvement of the environment, including the reduction or elimination of any future contamination as a result of the operations conducted by Aguas Andinas S.A. and its subsidiaries.

These assets, like any other asset, are valued at cost. The Company and its subsidiaries amortize these items on a straight-line basis as a function of the estimated remaining years of useful lives for the different items.

T. Consolidated statement of cash flows

Cash flow statements record the cash account activity during the fiscal year, which include Value Added Tax (VAT), determined by the direct method under the following criteria:

Cash and cash equivalent: Inflows and outflows of cash and equivalent financial assets. They are understood as being easily-liquidated short-term investments with a low value variation risk (maximum unrestricted term of 3 months from investment date).

Operating activities: Common activities in a regular business operation by the Company and its Subsidiaries, as well as other activities that have not been classified as investment or financing.

Investment activities: Acquisition, disposal or use by other means of long-term assets and other in-



vestments that have not been included in Cash and cash equivalent.

Financing activities: Activities that produce changes in the amount and composition of the net equity and liabilities that are not part of the regular activities

U. Construction contracts

For construction contracts, the Group uses the "percentage-of-completion method" for acknowledging revenues and expenses referring to a contract being fulfilled. By this method, the revenues under the contract are compared with the related costs incurred according to the degree of progress achieved, which results in the amount of the ordinary revenue, expenses and earnings attributable to the completed portion of the contract.

Contract costs are recognized when incurred. When the result of a construction contract can be reliably estimated, and the contract is likely to be profitable, contract revenues are recognized over the term of the contract. When the contract costs are likely to exceed the total revenues, the expected loss is immediately recognized as an expense incurred in the fiscal year. When the result of a construction contract cannot be estimated reliably enough, contract revenues are recognized only to the limit of the contract costs incurred that are likely to be recovered.

The Group shows the gross amount owed by customers for the work of all the contracts in progress as an asset for which the costs incurred plus recognized earnings (minus acknowledged losses) exceed the partial invoicing. Partial invoicing unpaid by customers and the withholdings are included in "Trade debtors and other accounts receivable".

The Group shows the gross amount due to customers for the work of all contracts in progress as a liability for which the partial invoicing exceeds the costs incurred plus recognized earnings (minus recognized losses).

V. Capitalized financing costs

POLICY ON INTEREST-BEARING LOANS: 7

Loan costs directly attributable to the acquisition, construction or production of assets that meet the conditions for their qualification are capitalized, forming part of the cost of such assets.

POLICY ON INTEREST-COST CAPITALIZATION:

Interests paid or accrued on debt used to finance qualified assets are capitalized, as stipulated in IAS 23, which states that when the Entity acquires debt to finance investments, the interest on that debt should be deducted from the financial expense and incorporated to the construction project being financed up to the total amount of such interests, applying the respective rate to the disbursements to the financial statement submission date.

W. Reclassifications

For comparison purposes, certain reclassifications have been made as of December 31, 2017, according to the following detail:

RECLASSIFICATIONS	INCREASE/ (DECREASE) TH\$
Statement of financial result:	
Trade accounts and other accounts payable	(483,226)
Accounts payable to related entities	483,226

Note 3 Equity attributable to controller's property owners

The corporate capital is divided into 6,118,965,160 registered shares without par value, completely subscribed and paid as of December 31, 2017, of which 94.97% corresponds to series A and 5.03% to series B.

Series B shares have a veto preference, contained in Article 5 of the Company's bylaws, requiring special quorum at Extraordinary Shareholder Meetings to decide about acts and contracts related to Aguas Andinas' water rights and sanitation concessions.

Each series comprises the following:

CURRENCY	30-09-2018	31-12-2017
Series A shares	5,811,031,417	5,811,031,417
Series B shares	307,933,743	307,933,743

The capital as of December 31, 2018 and December 31, 2017 amounts to Th\$155,567,354. There are no company treasury shares nor preferred shares in portfolio.

The Company manages its capital to ensure permanent and expedite access to the financial markets to allow achieving its objectives in terms of growth, solvency and profitability.

The capital management objectives or policies have not changed over the fiscal years reported.

The following dividend payment was agreed during the fiscal year ended December 31, 2018:



- The Board of Directors Meeting of December 12, 2018 unanimously agreed to distribute the amount of Th\$43.223.758 as an interim dividend deductible from the earnings in fiscal year 2018. Consequently, the interim dividend No. 67 of the Company amounted to \$7,0639 per share. This payment was payable as from January 18, 2019.
- At the shareholders' meeting held on April 24, 2018, the distribution of the net earnings obtained by the company in the year 2017 were agreed, which amounted to Th\$139,620,280, excluding the line item "Results other earnings" of the Financial Statements, net of taxes, thus the amount to be distributed totaled Th\$137,677,083. Considering the distribution of the provisional dividend paid out on January 2018, the dividend to be distributed amounted to Th\$95,692,416 corresponding to a dividend of \$15.6386 per share, which was paid on May 24, 2018.18.

In the year ended December 31, 2017, the payment of dividends was agreed as follows:

- In a boarding session held on December 14, 2017, it was agreed unanimously to distribute to the shareholders the sum of TH\$41.984.668, as a provisional dividend, from the earnings of the fiscal year 2017. By reason of the foregoing, the provisional dividend N $^{\circ}$ 65 of the company, amounted to the sum of \$6.8614 per share. Payment became payable as of January 24, 2018.
- At the shareholders' meeting held on April 24, 2017, it was agreed to distribute 89.88% of the net earnings of the year 2016 discounting the provisional dividend paid in January 2017. Because of the foregoing Company dividend N° 64 amounted to Th\$93,357,051 equivalent to \$15.2570 per share. The payment became due and payable as of May 22, 2017 and entitled to the 6,118,965,160 shares.

· Provision for minimum dividend

In accordance with the policy described in Note 2.2. Letter J, the Company has not entered a minimum dividend provision as of December 31, 2018.

Accumulated earnings

The amounts recorded for revaluation of land and intangible assets and other adjustments upon the first adoption of the IFRS are included as accumulated earnings and are subject to distribution restrictions, as they first have to be recognized as realized, through their use or sale, as established in IFRS 1, IAS 16 and Circular No. 456 of June 20, 2008 of the Superintendence of Securities and Insurance. Also included is the amount corresponding to the actuarial gains and losses determined since 2009, as a result of variations in the obligations for defined benefit plans. The total balance of accumulated earnings as of December 31, 2018 and December 31, 2017 amounted to Th\$324,954,813 and Th\$328.964.934, respectively.

Additionally, as of December 31, 2018 and 2017, modifications were introduced in the calculation para-

meters of actuarial earnings and losses of indemnifications, which generated an entry in accumulated results for Th\$1,150,464 y TH\$981,132 respectively. (See note 2.2.0)

• Bond issue premiums

The amount recorded for bond issue premiums is the markup on the sale of shares in 1999 due to the capital increase. The balance as of December 31, 2018 and December 31, 2017 amounted to Th\$164,064,038 for each fiscal year.

Other equity shareholdings

The amounts included in Other shareholdings refer to the monetary correction of the capital paid in 2008, the year of transition to IFRS, in accordance with Circular No. 456 of the Superintendence of Securities and Insurance, and the effects of businesses combinations of companies under common control made in fiscal years 2007 and 2008. The balances as of December 31, 2018 and December 31, 2017 totaled Th\$-5,965,550.

Note 4 Equity attributable to non-controlling shareholders

The following table, broken down by Company, shows the effects of third-party shareholding in the equity and results as of December 31, 2018 and December 31, 2017:

	% SHARE	HOLDING	NON-CONTROLLING SHAREHOLDERS					
COMPANY	/0 STIARL	IIOLDING	EQI	YTIL	RESULT			
	31-12-2018 %	31-12-2017 %	31-12-2018 TH\$	31-12-2017 TH\$	31-12-2018 TH\$	31-12-2017 TH\$		
Aguas Cordillera S.A.	0.00997%	0.00997%	20,223	20,295	1,825	1,883		
Essal S.A. (1)	46.49350%	46.49350%	48,350,519	50,648,406	3,260,013	3,860,090		
Total			48,370,742	50,668,701	3,261,838	3,861,973		

(1) It includes third-party shareholding by assigning a market value to the assets and liabilities arising from the purchase of Inversiones Iberaguas Ltda. and Essal S.A. upon merging the businesses.

The dividends paid to Non-controlling shareholders of the subsidiary Essal S.A amounted to Th\$5,684,812 as of December 31, 2018 and Th\$6,120,049 as of December 31, 2017.



Note 5 Other revenues and expenses

The table below shows additional disclosure of information as provided in IAS 1, referring to other non-operating revenues and expenses:

NON-OPERATING REVENUES AND EXPENSES	31-12-2018 TH\$	31-12-2017 TH\$
Earnings (losses) on sale of non-current assets, not held for sale	4,391,244	2,121,639
Restructuring plan *	(3,152,487)	-
Losses of properties, plant & equipment replacement	(17,313)	(275,905)
Rejected projects and guarantee vouchers **	(2,551,759)	571,423
Other earnings	205,841	191,098
Other (losses) earnings	(1,124,474)	2,608,255
Bank loans	(3,326,453)	(4,092,913)
AFR Interest expenses	(6,088,030)	(6,527,947)
Bond interest expense	(19,649,641)	(18,182,263)
Other interest costs	(604,042)	(624,946)
Expenses for hedging instruments	-	(1,522,983)
Amortization of loan agreement complementary costs	(328,619)	(161,206)
Financial costs	(29,996,785)	(31,112,258)
Interest revenue	4,498,634	4,772,109
Earnings on redemption $\ensuremath{\mathfrak{S}}$ extinction of debt	1,357,546	1,280,888
Financial revenue	5,856,180	6,052,997

^{*} Corresponds to the indemnity paid during the year 2018 as a result of the restructuring plan carried out by the company, which involved dismissing 46 persons, consisting of two parts: the redesign of the organization looking for a greater efficiency, which entails eliminating certain positions and a voluntary retirement plan.

Note 6 Financial statements of subsidiaries

The tables below summarize the information on the Balance Sheet and statement of comprehensive results of each subsidiary included in the consolidated financial statements:

Summarized financial information by Subsidiary (Balance Sheet) as of December 31, 2018

31-12-2018 SUBSIDIARIES	CURRENT ASSETS TH\$	NON-CURRENT AS-SETS TH\$	CURRENT LIABILITIES TH\$	NON-CURRENT LIABILITIES TH\$	EQUITY TH\$
Aguas Cordillera S.A.	14,572,541	269,504,225	34,360,042	46,877,423	202,839,301
Aguas Manquehue S.A.	4,874,182	92,481,886	17,732,100	25,633,064	53,990,904
Inversiones Iberaguas Ltda.	1,820,982	65,220,985	33,186	0	67,008,781
Essal S.A.	22,086,592	167,386,351	21,913,688	92,060,682	75,498,573
EcoRiles S.A.	5,438,938	531,601	2,550,466	0	3,420,073
Gestión y Servicios S.A.	5,898,957	770,995	3,379,347	45,513	3,245,092
Análisis Ambientales S.A.	2,975,903	5,178,956	2,489,677	0	5,665,182
Aguas del Maipo S.A.	1,251,161	13,694,722	5,760,770	53,572	9,131,541

Summarized financial information by Subsidiary (Statement of Comprehensive Results) as of December 31, 2018

31-12-2018 SUBSIDIARIES	RESULT OF THE FISCAL YEAR TH\$	ORDINARY REVE-NUE TH\$	OPERATING EXPENS- ES (-) TH\$	OTHER NET EX- PENSES (-) / REVE- NUE (+) TH\$
Aguas Cordillera S.A.	18,308,227	56,065,727	(34,883,515)	(2,873,985)
Aguas Manquehue S.A.	3,569,484	14,099,497	(8,380,740)	(2,149,273)
Inversiones Iberaguas Ltda.	5,499,575	-	(6,268)	5,505,843
Essal S.A.	10,857,446	58,268,739	(38,700,322)	(8,710,971)
EcoRiles S.A.	1,783,252	13,324,400	(10,870,582)	(670,566)
Gestión y Servicios S.A.	262,972	8,646,294	(8,279,949)	(103,373)
Análisis Ambientales S.A.	1,163,755	8,832,301	(7,166,509)	(502,037)
Aguas del Maipo S.A.	(181,604)	1,061,523	(1,206,172)	(36,955)



^{**} Mainly corresponds to the earnings (losses) as a result of discarded projects and guarantee vouchers (see note 15). In 2017 the company also reversed a provision for litigation of a company.

Summarized financial information by Subsidiary (Balance Sheet) as of December 31, 2017

31-12-2017 SUBSIDIARIES	CURRENT ASSETS TH\$	NON-CURRENT AS-SETS TH\$	CURRENT LIABILITIES TH\$	NON-CURRENT LIABILITIES TH\$	EQUITY TH\$
Aguas Cordillera S.A.	14,540,106	268,599,745	29,796,925	49,784,017	203,558,909
Aguas Manquehue S.A.	4,698,352	88,826,395	15,292,813	24,353,717	53,878,217
Inversiones Iberaguas Ltda.	2,071,039	65,780,301	24,578	0	67,826,762
Essal S.A.	32,262,114	155,973,380	17,441,531	94,198,693	76,595,270
EcoRiles S.A.	4,718,568	501,160	2,101,177	0	3,118,551
Gestión y Servicios S.A.	6,325,828	780,187	3,687,532	41,863	3,376,620
Análisis Ambientales S.A.	1,838,309	4,614,248	1,700,455	0	4,752,102
Aguas del Maipo S.A.	2,066,321	14,356,295	7,200,920	109,474	9,112,222

Summarized financial information by Subsidiary (Statement of Comprehensive Results) as of December 31, 2017

31-12-2017 SUBSIDIARIES	RESULT OF THE FISCAL YEAR TH\$	ORDINARY REVE-NUE TH\$	OPERATING EXPENS- ES (-) TH\$	OTHER NET EX- PENSES (-) / REV- ENUE (+) TH\$
Aguas Cordillera S.A.	18,890,051	52,833,529	(32,748,879)	(1,194,599)
Aguas Manquehue S.A.	3,193,001	12,401,009	(7,988,554)	(1,219,454)
Inversiones Iberaguas Ltda.	6,211,069	-	(6,053)	6,217,122
Essal S.A.	12,227,137	54,926,019	(34,775,771)	(7,923,111)
EcoRiles S.A.	1,680,341	13,389,212	(11,174,166)	(534,705)
Gestión y Servicios S.A.	614,644	8,363,693	(7,928,958)	179,909
Análisis Ambientales S.A.	1,163,257	8,301,209	(6,706,861)	(431,091)
Aguas del Maipo S.A.	669,743	1,335,159	(655,995)	(9,421)

Detail of Significant Subsidiaries

The definition of Significant Subsidiaries is based on their percentage participation in the operating results and their participation in fixed assets and results for the fiscal year with respect to the Consolidated Financial Statements.

The following entities are considered to be significant subsidiaries:

NAME OF SIGNIFICANT SUBSIDIARY	AGUAS	AGUAS MANQUEHUE S.A.	ESSAL S.A.
Country	Chile	Chile	Chile
Functional currency	CLP	CLP	CLP
Percent shareholding in significant subsidiary	99,99003%	100,00000%	53,50650%
Percent voting rights in significant subsidiary	99,99003%	100,00000%	53,50650%
Percent of consolidated values as of December 31, 2018			
Contribution margin	9,05%	2,44%	5,98%
Property, plant and equipment	8,21%	4,78%	11,00%
Net income for the period	10,82%	2,64%	2,76%

Note 7 Cash and cash equivalent

The table below contains a breakdown of this item:

CASH AND CASH EQUIVALENT	31-12-2018 TH\$	31-12-2017 TH\$
Banks	3,068,513	3,404,548
Term deposits (Note 8.6)	31,776,961	12,682,088
Mutual funds (Note 8.6)	5,135,000	2,721,704
Total	39,980,474	18,808,340

Cash equivalents are financial assets in deposits in-time and mutual funds with maturities under 90 days as of the date of the originating transaction.



Detail of some items of cash flow statements

- OTHER CHARGES FOR OPERATING ACTIVITIES: They are services connected with the business, principally agreements signed with property developers.
- OTHER OPERATING ACTIVITY PAYMENTS: They are the payment of monthly taxes.
- OTHER INVESTMENT ACTIVITY OUTFLOWS: They are mainly related to interest associated with bond issue, which have been capitalized as a result of investments in property, plant and equipment.

There are no legal restrictions hindering the immediate availability of cash balances and cash equivalents used by the Group.

Note 8 Financial instruments

8.1 Capital risk management

The Group manages its capital to ensure that Group entities will continue as a going concern by maximizing the profitability for shareholders by optimizing the debt structure and the capital. The Group's general strategy has not changed since 2009. The Group's capital structure comprises debt, which includes the loans disclosed in Note 8.4, and the capital attributable to holders of equity of the controller, which includes the capital, reserves and retained earnings, as shown in Note 3.

8.2 Significant accounting policies

The significant accounting policies and methods adopted, including Acknowledgement criteria, measurement bases and the basis on which the revenues and expenses are recognized, with respect to each class of financial assets and liabilities, are described in Note 2 letter H, 2 letter L and 2 letter M of these consolidated financial statements.

8.3 Types of financial instruments

The summary table below shows the financial instruments as of December 31, 2018 and December 31, 2017:

TYPES OF FINANCIAL INSTRUMENTS	CURRENCY	NOTE	31-12-2018 TH\$	31-12-2017 TH\$
Total financial assets			129,265,177	124,160,537
Total trade receivables and other ac-counts receivable, cu	irrent		116,821,062	113,515,790
Trade receivables and other accounts receivable	CLP	8.5	116,807,876	113,435,556
Trade receivables and other accounts receivable	USD	8.5	4,820	24,567
Trade receivables and other accounts receivable	EUR	8.5	8,366	55,667
Information of related entities, current			91,183	560,633
Accounts receivable to related entities	CLP	9	91,183	560,633
Total financial assets, current			116,912,245	114,076,423
Rights receivable	CLP	8.5	4,500,020	2,276,380
Other financial assets	CLP	8.10	7,852,912	7,807,734
Total financial assets, non-current			12,352,932	10,084,114
Total financial liabilities			1,130,901,899	1,007,617,382
Other financial liabilities, current			33,963,316	63,045,352
Bank loans	CLP	8.4	3,503,647	7,436,617
Bonds	CLP	8.4	15,037,330	40,406,918
Reimbursable financial contributions	CLP	8.4	15,422,339	15,201,817
Trade accounts and other accounts payable			136,872,967	105,645,880
Trade accounts and other accounts payable	CLP	8.7	135,870,210	104,949,161
Trade accounts and other accounts payable	USD	8.7	903,099	166,687
Trade accounts and other accounts payable	EUR	8.7	99,658	530,032
Information on related entities, cur-rent			46,569,102	44,074,859
Accounts payable to related entities	CLP	9	46,569,102	44,074,859
Total financial liabilities, current			217,405,385	203,657,140
Other financial liabilities, non-current			912,513,179	802,978,167
Bank loans	CLP	8.4	92,519,209	88,735,865
Bonds	CLP	8.4	646,960,110	545,691,060
Reimbursable financial contributions	CLP	8.4	173,033,860	168,551,242
Other accounts payable, non-current			983,335	982,075
Other accounts payable	CLP	8.7	983,335	982,075
Total financial liabilities, non-current			913,496,514	803,960,242



8.4 Disclosure of information on financial liabilities

Other financial liabilities

Other financial liabilities include bank loans, public obligations (bonds) and Reimbursable Financial Contributions (AFR, in its Spanish acronym), which are valued at amortized cost, as explained below:

Reimbursable Financial Contributions (AFR, in its Spanish acronym)

In accordance with article 42-A of Supreme Decree MINECON No. 453 of 1989, "Reimbursable Financial Contributions, for extension and capacity, constitute a financing alternative for the supplier (water utility services company) to carry out works for extending and increasing the sanitation capacity, which by law must be borne by it."

They are certain amounts of money or works that water utility companies can require from those asking to be incorporated as customers or who request service extension, which, according to current regulations, have specific reimbursement forms and terms.

The reimbursement of the amounts contributed by customers is basically through the issue of endorsable promissory notes payable within 10 or 15 years and, in some minor cases, to be reimbursed by providing sanitation services.

The following table summarizes reimbursable financial contributions as of December 31, 2018 and December 31, 2017:

Reimbursable Financial Contributions, current portion

IDENTIFICATION INDEX	CURRENCY	RESIDUAL	RESIDUAL BOOK VALUE UF		CONTRACT REAL	EFFEC-	PLACEMENT	LACEMENT ISSUING	ISSUER TAX	TYPE OF	SECURED
	INDEXATION UNIT	31-12-2018	31-12-2018 TH\$	31-12-2017 TH\$	INTEREST RATE	TIVE RATE	IN CHILE OR ABROAD	COMPANY	IDENTIFICΔ-	REPAYMENT	(YES/NO)
AFR	CLF	405,132.38	10,460,816	12,371,284	4.18%	4.01%	Chile	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	CLF	99,089.74	, ,	2,306,972	4.14%	4.00%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	CLF	35,298.71		523,561		3.37%	Chile	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
Total		539,520.83	15,422,339	15,201,817							

Reimbursable Financial Contributions, non-current portio

REGISTRATION NO. OR	CURRENCY	RESIDUAL UF	воок	/ALUE	MATURITY	CON-TRACT REAL	EFFECTIVE	ISSUING	ISSUER TAX	TYPE OF	GARANTIZADA
IDENTIFICATION OF THE INSTRUMENT	INDEXATION UNIT	31-12-2018	31-12-2018 TH\$	31-12-2017 TH\$	DATE	INTER-EST RATE	RATE	COMPANY	IDENTIFICATION NUMBER	REPAYMENT	(SI/NO
AFR	CLF	4,425,036.64	122,915,519	118,712,970	14-09-2033	3.21%	3.04%	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	CLF	,	21,717,829			3.12%	2.95%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	CLF		17,950,443				3.02%	Aguas Manquehue S.A.		At maturity	No
AFR	CLF	375,842.97	10,450,069	9,130,833	01-10-2033	3.48%	3.52%	Essal S.A	96.579.800-5	At maturity	No
Total		6,228,363.16	173,033,860	168,551,242							



The tables below show a detail of bank loans as of December 31, 2018 and December 31, 2017:

Total bank loan balances, current fiscal year

DEBTOR TAX IDENTIFICATION NUMBER	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5
NAME DEBTOR	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.
COUNTRY DEBTOR	Chile	Chile	Chile	Chile	Chile
CREDITOR TAX IDENTIFICATION NUMBER	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-7	97.006.000-6
CREDITOR NAME	Banco de Chile	Banco BCI	Banco BBVA	Banco de Chile	Banco BCI
CURRENCY OR INDEXATION UNIT	CLP	CLP	CLP	CLP	CLP
REPAYMENT METHOD	Semi-annual	Upon expiration	Upon expiration	Upon expiration	Upon expiration
EFFECTIVE RATE	3,83%	3,22%	3,20%	3,44%	3,29%
NOMINAL RATE	3,83%	3,22%	3,20%	3,44%	3,29%

NOMINAL AMOUNTS	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Up to 1 year	510,247	217,177	222,223	2,512,182	41,818	3,503,647
Up to 90 days	300	217,177	222,223	12,182	-	451,882
Over 90 days up to 1 year	509,947	-	-	2,500,000	41,818	3,051,765
Over 1 year up to 3 years	13,274,672	19,270,304			9,000,000	41,544,976
Over 1 year up to 2 years	4,424,891	19,270,304	-	-	-	23,695,195
Over 2 years up to 3 years	8,849,781	-	-	-	9,000,000	17,849,781
Over 3 years up to 5 years	17,699,562		20,000,000		-	37,699,562
Over 3 years up to 4 years	8,849,781	-	-	-	-	8,849,781
Over 4 years up to 5 years	8,849,781	-	20,000,000	-	-	28,849,781
Over 5 years	13,274,671	-	-	-	-	13,274,671
Over 5 years	13,274,671	-	-	-	-	13,274,671
Total nominal amounts	44,759,152	19,487,481	20,222,223	2,512,182	9,041,818	96,022,856



ACTUARIAL VALUES	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Current bank loans	510,247	217,177	222,223	2,512,182	41,818	3,503,647
Up to 90 days	300	217,177	222,223	12,182	-	451,882
Over 90 days up to 1 year	509,947	-	-	2,500,000	41,818	3,051,765
Non-current bank loans	44,248,905	19,270,304	20,000,000	-	9,000,000	92,519,209
Over 1 year up to 3 years	13,274,672	19,270,304	-	-	9,000,000	41,544,976
Over 1 up to 2 years	4,424,891	19,270,304	-	-	-	23,695,195
Over 2 up to 3 years	8,849,781	-	-	-	9,000,000	17,849,781
Over 3 years up to 5 years	17,699,562	-	20,000,000	-	-	37,699,562
Over 3 years up to 4 years	8,849,781	-	-	-	-	8,849,781
Over 4 years up to 5 years	8,849,781	-	20,000,000	-	-	28,849,781
Over 5 years	13,274,671	-	-	-	-	13,274,671
Over 5 years	13,274,671	-	-	-	-	13,274,671
Total bank loans	44,759,152	19,487,481	20,222,223	2,512,182	9,041,818	96,022,856

Book value = principal+/- issue over/below – issue costs + accrued interest by effective interest-rate method – interests and principal paid. Nominal value = principal + accrued interest at issue rate - principal /interest payments.

In the breakdown of bank loans, there is no variation between the nominal value and the book value, since obtaining and/or renewing loans do not incur in issuance costs.

Bank loan balances for the previous fiscal year

DEBTOR TAX IDENTIFICATION NUMBER	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5
NAME DEBTOR	Aguas Andi-nas S.A.	Aguas Andi-nas S.A.	Aguas Cordil-lera S.A.	Essal S.A.	Essal S.A.
COUNTRY DEBTOR	Chile	Chile	Chile	Chile	Chile
CREDITOR TAX IDENTIFICATION NUMBER	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-7	97.006.000-6
CREDITOR NAME	Banco de Chile	Banco BCI	Banco BBVA	Banco BCI	Banco de Chile
CURRENCY OR INDEXATION UNIT	CLP	CLP	CLP	CLP	CLP
REPAYMENT METHOD	Semi-annual	Upon expira-tion	Upon expira-tion	Upon expira-tion	Upon expira-tion
EFFECTIVE RATE	3,19%	3,25%	3,29%	3,43%	3,58%
NOMINAL RATE	3,19%	3,25%	3,29%	3,43%	3,58%



NOMINAL AMOUNTS	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Up to 1 year	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Over 90 days up to 1 year	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Over 1 year days up to 3 years	21,947,457	19,270,304	20,000,000	9,000,000	2,500,000	72,717,761
Over 1 year up to 2 years	13,805,658	-	20,000,000	-	2,500,000	36,305,658
Over 2 year up to 3 years	8,141,799	19,270,304	-	9,000,000	-	36,412,103
Over 2 years up to 3 years	16,018,104	-	-	-	-	16,018,104
Over 3 years up to 5 years	16,018,104	-	-	-	-	16,018,104
Total nominal amounts	44,903,714	19,492,983	20,228,472	9,044,579	2,502,734	96,172,482
NOMINAL AMOUNTS	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Current bank loans	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Over 90 days up to 1 year	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Non-current bank loans	37,965,561	19,270,304	20,000,000	9,000,000	2,500,000	88,735,865
Over 1 year days up to 3 years	21,947,457	19,270,304	20,000,000	9,000,000	2,500,000	72,717,761
Over 1 year up to 2 years	13,805,658	-	20,000,000	-	2,500,000	36,305,658
Over 2 years up to 3 years	8,141,799	19,270,304	-	9,000,000	-	36,412,103
Over 3 years up to 5 years	16,018,104	-	-	-	-	16,018,104
Total bank loans	44,903,714	19,492,983	20,228,472	9,044,579	2,502,734	96,172,482

Book value = principal+/- issue over/below — issue costs + accrued interest by effective interest-rate method — interests and principal paid.

Nominal value = principal + accrued interest at issue rate - principal /interest payments.

In the breakdown of bank loans, there is no variation between the nominal value and the book value, since obtaining and/or renewing loans do not incur in issuance costs.



The table below shows the detail of bonds outstanding as of December 31, 2018 and December 31, 2017:

Total public obligations for the current fiscal year

TAX ID N° OF DEBTOR ENTITY	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5
DEBTOR ENTITY'S NAME	Aguas Andinas S.A.	Essal S.A.	Essal S.A.												
COUNTRY OF THE DEBTOR ENTITY	Chile	Chile	Chile												
REGISTRATION NUMBER	630	655	655	712	713	713	778	778	806	777	806	887	886	284	870
SERIES	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	BAGUA-AD	BAGUA-AC	Besal-B	Besal-C
FINAL MATURITY	01-04-2031	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	15-03-2043	15-03-2025	01-06-2028	01-12-2040
CURRENCY OR INDEXATION UNIT	CLF	CLF	CLF												
REPAYMENT PERIOD	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semi-annual	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual
EFFECTIVE RATE	4.16%	3.82%	4.05%	3.44%	3.92%	3.81%	3.50%	3.18%	3.15%	2.34%	3.33%	2.87%	1.96%	6.63%	2.93%
NOMINAL RATE	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	2.40%	3.20%	2.80%	1.80%	6.00%	2.80%

NOMINAL AMOUNTS	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Up to 1 year	501,311	395,231	150,126	3,087,924	612,235	518,871	478,239	172,938	547,236	3,748,693	806,326	219,393	451,380	2,649,403	-	14,339,306
Up to 90 days	-	-	-	-	-	-	-	-	547,236	3,748,693	806,326	219,393	451,380	2,649,403	-	8,422,431
More than 90 up to 1 year	501,311	395,231	150,126	3.087,924	612,235	518,871	478,239	172,938	-	-	-	-	-	-	-	5,916,875
More than 1 up to 3years	-	-					-	-	-	13,782,896		-	5,168,586	6,383,654		25,335,136
More than 1 up to 2 years	-	-	-	-	-	-	-	-	-	6,891,448	-	-	-	3,191,827	-	10,083,275
More than 2 up to 3 years	-	-	-	-	-	-	-	-	-	6,891,448	-	-	5,168,586	3,191,827	-	15,251,861
More than 3 up to 5 years	48,240,133	41,348,685	45,483,554	-	63,401,317	55,131,580	55,131,580	63,401,317	44,105,264	10,337,172	55,131,580	55,131,580	36,180,099	23,606,307	27,565,790	624,195,958
More than 3 up to 4 years	-	-	-	-	-	-	-	-	-	6,891,448	-	-	10,337,171	3,191,827	-	20,420,446
More than 4 up to 5 years	-	-	-	-	-	-	-	-	-	3,445,724	-	-	10,337,171	3,191,827	-	16,974,722
More than 5 years	48,240,133	41,348,685	45,483,554	=	63,401,317	55,131,580	55,131,580	63,401,317	44,105,264	-	55,131,580	55,131,580	15,505,757	17,222,653	27,565,790	586,800,790
Total Nominal amounts	48,741,444	41,743,916	45,633,680	3,087,924	64,013,552	55,650,451	55,609,819	63,574,255	44,652,500	27,868,761	55,937,906	55,350,973	41,800,065	32,639,364	27,565,790	663,870,400



ACTUARIAL VALUES	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Current public obligations	514.006	403.555	163.916	3.088.985	605.265	515.342	478.239	216.304	510.665	3.762.546	769.268	199.950	390.405	3.259.198	159.686	15.037.330
Up to 90 days	-	-	-	-	-	-	-	-	510.665	3.762.546	769.268	199.950	390.405	-	-	5.632.834
More than 90 up to 1 year	514.006	403.555	163.916	3.088.985	605.265	515.342	478.239	216.304	-	-	-	-	-	3.259.198	159.686	9.404.496
Non-current public obligations	48.424.970	41.501.290	45.709.303	-	63.263.490	55.051.193	55.131.580	64.327.541	43.204.473	24.139.660	54.118.401	54.513.068	41.129.323	29.601.126	26.844.692	646.960.110
More than 1 up to 3years	-	-	-	-	-	-	-	-	-	13.792.692	-	-	5.113.745	6.218.496	-	25.124.933
More than 1 up to 2 years	-	-	-	-	-	-	-	-	-	6.896.346	-	-	-	3.109.248	-	10.005.594
More than 2 up to 3 years	-	-	-	-	-	-	-	-	-	6.896.346	-	-	5.113.745	3.109.248	-	15.119.339
More than 3 up to 5 years	48.424.970	41.501.290	45.709.303	-	63.263.490	55.051.193	55.131.580	64.327.541	43.204.473	10.346.968	54.118.401	54.513.068	36.015.578	23.382.630	26.844.692	621.835.177
More than 3 up to 4 years	-	-	-	-	-	-	-	-	-	6.896.346	-	-	10.282.331	3.109.248	-	20.287.925
More than 4 up to 5 years	-	-	-	-	-	-	-	-	-	3.450.622	-	-	10.282.331	3.109.248	-	16.842.201
More than 5 years	48.424.970	41.501.290	45.709.303	-	63.263.490	55.051.193	55.131.580	64.327.541	43.204.473	-	54.118.401	54.513.068	15.450.916	17.164.134	26.844.692	584.705.051
Total public obligations	48.938.976	41.904.845	45.873.219	3.088.985	63.868.755	55.566.535	55.609.819	64.543.845	43.715.138	27.902.206	54.887.669	54.713.018	41.519.728	32.860.324	27.004.378	661.997.440

Total public obligations for the previous fiscal year

TAX ID N° OF DEBTOR ENTITY	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5	96.579.800-5
DEBTOR ENTITY'S NAME	Aguas Andinas S.A.	Essal S.A.	Essal S.A.	Essal S.A.											
COUNTRY OF THE DEBTOR ENTITY	Chile	Chile	Chile	Chile											
REGISTRATION NUMBER	580	630	655	655	712	713	713	778	778	806	777	806	284	870	870
SERIES	BAGUA-J	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	Besal-B	Besal-C	Besal-C
FINAL MATURITY	01-12-2018	01-04-2031	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	01-06-2028	01-12-2040	01-12-2040
CURRENCY OR INDEXATION UNIT	CLF	CLF	CLF	CLF											
REPAYMENT PERIOD	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semi-annual	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual
EFFECTIVE RATE	4.16%	4.15%	3.82%	3.95%	3.60%	3.92%	3.81%	3.50%	3.23%	3.16%	2.33%	3.34%	6.63%	2.93%	2.93%



NOMINAL RATE	4.00%	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	2.40%	3.20%	6.00%	2.80%	2.80%
NOMINAL AMOU	NTS														
Up to 1 year	26,886,591	487,351	384,225	145,945	6,028,239	595,185	504,421	464,921	168,122	531,997	293,035	779,888	3,102,941		40,372,861
UP TO 90 DAYS	-	-	-	-	-	-	-	-	-	531,997	293,035	779,888	3,102,941	-	4,707,861
MORE THAN 90 U TO 1 YEAR	JP 26,886,591	487,351	384,225	145,945	6,028,239	595,185	504,421	464,921	168,122	-	-	-	-	-	35,665,000
More than 1 up to 3years	-				2,977,571	-	-	-	-	-	10,049,303		6,205,882		19,232,756
MORE THAN 1 UP 2 YEARS	TO -	-	-	-	2,977,571	-	-	-	-	-	3,349,768	-	3,102,941	-	9,430,280
MORE THAN 2 UP 3 YEARS	TO -	-	-	-	-	=	-	-	÷	=	6,699,535	-	3,102,941	-	9,802,476
More than 3 up to 5 years	-	46,896,745	40,197,210	44,216,931	-	61,635,722	53,596,280	53,596,280	61,635,722	42,877,024	16,748,838	53,596,280	26,435,145	26,798,140	528,230,317
MORE THAN 3 UP 4 YEARS	TO -	-	-	-	-	-	-	-	-	-	6,699,535	-	3,102,941	-	9,802,476
MORE THAN 4 UP 5 YEARS	PTO -	-	-	-	-	-	-	-	-	-	6,699,535	-	3,102,941	-	9,802,476
MORE THAN 5 YEA	ARS -	46,896,745	40,197,210	44,216,931	-	61,635,722	53,596,280	53,596,280	61,635,722	42,877,024	3,349,768	53,596,280	20,229,263	26,798,140	508,625,365
TOTAL NOMINAL AMOUNTS	26,886,591	47,384,096	40,581,435	44,362,876	9,005,810	62,230,907	54,100,701	54,061,201	61,803,844	43,409,021	27,091,176	54,376,168	35,743,968	26,798,140	587,835,934
ACTUARIAL VALUE	ES														
Current public obligations	26,846,934	499,483	393,454	159,259	5,994,907	587,450	501,681	464,921	114,930	496,076	309,752	726,472	3,311,599	-	40,406,918
UP TO 90 DAYS	-	-	-	-	-	-	=	-	-	496,076	309,752	726,472	3,311,599	-	4,843,899
MORE THAN 90 U TO 1 YEAR	JP 26,846,934	499,483	393,454	159,259	5,994,907	587,450	501,681	464,921	114,930	-	-	-	-	-	35,563,019
Non-current publ obligations	lic -	47,103,632	40,390,431	44,463,800	2,977,424	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	26,846,624	52,506,850	32,167,945	26,070,290	545,691,060
MORE THAN 1 UP 3YEARS	710 -	-	-	-	2,977,424	-		-	-		10,067,484		6,027,600	-	19,072,508
MORE THAN 1 UP 2 YEARS	TO -	-	-	-	2,977,424	-	-	-	-	-	3,355,828	-	3,013,800	-	9,347,052
More than 2 up to 3 years	-	-	-	-	-	-	-	-	-	-	6,711,656	-	3,013,800	-	9,725,456
MORE THAN 3 UP 5 YEARS	•то -	47,103,632	40,390,431	44,463,800		61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	16,779,140	52,506,850	26,140,345	26,070,290	526,618,552
MORE THAN 3 UP 4 YEARS	² TO -	-	-	-	-	-	-	-	-	-	6,711,656	-	3,013,800	-	9,725,456
MORE THAN 4 UP 5 YEARS	² TO -	-	-	-	-	-	-	-	-	-	6,711,656	-	3,013,800	-	9,725,456
MORE THAN 5 YEA	ARS -	47,103,632	40,390,431	44,463,800	-	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	3,355,828	52,506,850	20,112,745	26,070,290	507,167,640
TOTAL PUBLIC OBLIGATIONS	26,846,934	47,603,115	40,783,885	44,623,059	8,972,331	62,048,896	54,010,404	54,061,201	62,821,461	42,387,160	27,156,376	53,233,322	35,479,544	26,070,290	586,097,978



Reconciliation of financial liabilities

The following is a reconciliation between initial and final balances of other financial liabilities:

OTHER CURRENT FINANCIAL LIABILITIES	INITIAL BALANCE	REGISTERED	PAYMENTS	TRANSFERS	FINAL BALANCE 31-12-2018
Bank loans	7,436,617	24,492,934	(24,436,123)	(3,989,781)	3,503,647
Bonds	40,406,918	3,191,827	(30,543,587)	1,982,172	15,037,330
Reimbursable financial contributions	15,201,817	3,036,088	(2,623,884)	(191,682)	15,422,339
Total	63,045,352	30,720,849	(57,603,594)	(2,199,291)	33,963,316

OTHER NON-CURRENT FINANCIAL LIABILITIES	INITIAL BALANCE	REGISTERED	PAYMENTS	TRANSFERS	FINAL BALANCE 31-12-2018
Bank loans	88,735,865	64,248,905	(44,248,905)	(16,216,656)	92,519,209
Bonds	545,691,060	113,369,845	(7,515,955)	(4,584,840)	646,960,110
Reimbursable financial contributions	168,551,242	13,265,467	(13,089,756)	4,306,907	173,033,860
Total	802,978,167	190,884,217	(64,854,616)	(16,494,589)	912,513,179

8.5 Risk management

The main objectives of financial risk management are to ensure the availability of funds to meet financial commitments and to protect the value of the Group's economic flows, assets and liabilities.

Risk management begins with the identification of risks, the determination of tolerance to each risk, the hedging of such financial risks and the control of hedge transactions. To achieve the objectives, financial risk management is based on hedging all significant exposures, provided that there are suitable instruments and they are reasonably priced.

i. Credit risk

Credit risk is the possibility of financial loss arising from the default of obligations by our counterparties (customers).

Aguas Andinas and its subsidiary water utilities have an atomized market. This means that a particular customer's credit is not significant.

The Company's objective is to maintain minimum levels of bad debts. Our credit policy sets the conditions and types of payment as well as the conditions for reaching payment agreements with overdue customers. The management processes are: controlling, estimating and evaluating bad debts in order to take corrective actions to achieve the due compliance. One of the principal actions and measures for maintaining low levels of bad debts is to cut the service. The method for analysis is based on historic data on accounts receivable from customers and other debtors.

CREDIT RISK	31-12-2018 TH\$	31-12-2017 TH\$
Gross exposure per balance sheet for risks of accounts receivable	155,540,875	148,930,572
Gross exposure per estimates of risks of accounts re-ceivable	(34,211,483)	(33,121,765)
Net exposure, risk concentration	121,329,392	115,808,807

ACCOUNT ACTIVITY OF CREDIT RISK, ACCOUNTS RECEIVABLE	31-12-2018 M\$	31-12-2017 M\$
Initial balance	(33,121,765)	(31,310,035)
Increase in existing provisions	(3,914,038)	(5,931,800)
Reductions	2,824,320	4,120,070
Changes, total	(1,089,718)	(1,811,730)
Final balance	(34,211,483)	(33,121,765)

According to the Group policies, debts for consumption transformed into payment agreements should be provisioned in full.

The table below shows the breakdown of gross debt by age:

AGING OF THE GROSS DEBT	31-12-2018 TH\$	31-12-2017 TH\$
Less than 3 months	110,083,882	112,230,512
Between 3 and 6 months	4,678,272	3,145,423
Between 6 and 8 months	1,822,807	1,617,244
More than 8 months	38,947,604	31,920,756
Total	155,532,565	148,913,935



As required by IFRS 7 on Financial Instruments, the table below describes the past-due gross debt by age:

GROSS DEBT DUE	31-12-2018 TH\$	31-12-2017 TH\$
Less than 3 months	11,485,973	11,105,825
Between 3 and 6 months	1,987,895	1,703,062
Between 6 and 8 months	948,253	818,105
Total	14,422,121	13,626,992

Past-due debt comprises all those sums in which the counterparty has failed to make a payment when it should have by contract. Balances with ageing less than 8 months, according to Company policies, are not provisioned.

ii. Liquidity risk

Liquidity risk is the possibility that the Group has difficulties to fulfill its obligations associated with financial liabilities liquidated by the delivery of cash or any other financial asset without being able to finance its commitments undertaken, such as long-term investments and working capital needs at reasonable market prices.

Management monitors the Group's liquidity reserve as a function of expected cash flows.

Preventive measures taken to manage liquidity risk include the following:

- Diversification of financing sources and instruments.
- Agreeing upon maturity dates with creditors in order to avoid the concentration of large repayments in one fiscal year.

Maturity structure (non-discounted flows)

UP TO 90 DAYS	O DAYS	FROM 91 DA	FROM 91 DAYS TO 1 YEAR 3 YEARS			MORE THAN 3 YEARS TO 5 YEARS		MORE THAN 5 YEARS		
MATURITY STRUCTURE	TH\$	CONTRACT INTEREST RATE	TH\$	CONTRACT INTEREST RATE	TH\$	CONTRACT INTEREST RATE	TH\$	CONTRACT INTEREST RATE	TH\$	CONTRACT INTEREST RATE
Bank loans	4,117,289	3.25%	12,292,739	3.67%	27,182,855	3.57%	56,624,413	3.94%	122,086,475	2.91%
Bonds	630,252	3.21%	4,824,985	3.44%	46,270,484	3.43%	40,843,768	3.50%	13,783,091	3.83%
AFR	2,997,666	3.87%	23,456,692	3.87%	64,550,231	2.75%	75,489,502	2.37%	809,510,780	3.70%
Trade accounts and other accounts payable	129,622,149	0.00%	13,771,290	0.00%	377,520	0.00%	140,095	0.00%	465,720	0.00%
Total	137,367,356		54,345,706		138,381,090		173,097,778		945,846,066	

Liquidity risk is controlled on a periodical basis in order to acknowledge, detect and correct deviations for mitigating any possible effect on the results.

iii. Interest rate risk

The Company has a floating and fixed interest-rate structure, as shown in the following table:

DEBT INSTRUMENTS	RATE	%
Bank loans	Variable	10.15%
Bonds	Fixed	69.94%
AFR	Fixed	19.91%
Total		100.00%

INTEREST RATE SENSITIVITY ANALYSIS

A rate analysis is compared to the BAR (Banking Asset Rate), assuming that all other variables remain constant. The method consists in measuring the positive or negative variation in nominal BAR as of the report submission date compared to the average BAR for the latest loan setting.

The analysis is based on historical data on the average daily market price of 180-day BAR over the past 3 years until the report submission date, with a confidence level of 95%.



COMPANY	NOMINAL DEBT AMOUNT (TH\$)	VARIABLE RATE	POINTS (+/-)	IMPACT ON RESULT (TH\$) (+/-)
Aguas Andinas, consolidated	96,022,856	TAB 180 days	28	271,408

8.6 Cash equivalents

The table below describes the types of financial instruments for each Company:

SOCIEDAD	INSTRUMENTS	31-12-2018 TH\$	31-12-2017 TH\$
Aguas Andinas S.A.	Time deposits	29,400,000	-
Aguas Andinas S.A.	Mutual funds	4,525,000	1,699,440
Aguas Cordillera S.A.	Mutual funds	-	245,063
Essal S.A.	Time deposits	1,792,391	12,682,088
EcoRiles S.A.	Mutual funds	220,000	382,099
Gestión y Servicios S.A.	Time deposits	584,570	-
Gestión y Servicios S.A.	Mutual funds	390,000	395,102
Total		36,911,961	15,403,792

The Company and Subsidiaries make investments with portfolio limits of 40% maximum of the total by issuing institution, and limits by instruments corresponding to: mutual funds, 10% of the mutual fund's cash assets and term deposits, 10% of the equity bank cash

8.7 Trade accounts and other current and non-current accounts payable

The core concepts included in this account are:

TRADE ACCOUNTS AND OTHER ACCOUNTS PAYABLE	CURRENCY	31-12-2018 TH\$	31-12-2017 TH\$
Subcontractors	CLP	46,517,905	35,332,618
Suppliers	CLP	22,849,266	22,417,488

Suppliers	USD	48,205,090	27,337,474
Suppliers	EUR	903,099	166,687
Dividends	CLP	99,658	530,032
Accrued products and services	CLP	17,545,125	14,036,751
Personnel	CLP	4,221,514	3,472,936
Documents payable	CLP	2,640,953	1,940,548
Others	CLP	410,829	411,346
Subtotal current		143,393,439	105,645,880
AFR potable water	CLP	730,021	727,838
Suppliers for current investments	CLP	182,919	183,842
Sundry creditors	CLP	70,395	70,395
Subtotal non-current		983,335	982,075
		444.000	404 407 077
Total current and non-current		144,376,774	106,627,955

The tables below show information regarding the trade accounts by maturity date:

Trade Accounts

CURRENT FISCAL YEAR

CURRENT TRADE ACCOUNTS	31-12-2018					
ACCORDING TO TERM	GOODS TH\$	SERVICES TH\$	OTHER TH\$	TOTAL TH\$		
Up to 30 days	11,577,843	22,520,176	229,274	34,327,293		
Between 31 and 60 days	3,237,666	6,521,436	30,993	9,790,095		
Between 61 and 90 day	-	435,541	-	435,541		
Entre 91 y 120 days	-	26,793	-	26,793		
Between 121 and 365 days	-	228,113	-	228,113		
Total	14,815,509	29,732,059	260,267	44,807,835		



OVERDUE TRADE ACCOUNTS		31-12-:	2018	
ACCORDING TO TERM	GOODS TH\$	SERVICES TH\$	OTHER TH\$	TOTAL TH\$
Up to 30 days	-	458,332	4,979	463,311
Between 31 and 60 days	2,582,452	60,118	198,854	2,841,424
Between 61 and 90 days	663,178	24,747	45,366	733,291
Entre 91 y 120 days	312,414	20,577	388	333,379
Between 121 and 365 days	1,581	22,696	1,451	25,728
More than 365 days	171	2,618	90	2,879
Total	3,559,796	589,088	251,128	4,400,012

Previous Fiscal year

CURRENT TRADE ACCOUNTS		31-12-2017				
ACCORDING TO TERM	GOODS TH\$	SERVICES TH\$	OTHER TH\$	TOTAL TH\$		
Up to 30 days	5,073,112	12,583,597	532,266	18,188,975		
Between 31 and 60 days	132,107	-	-	132,107		
Between 61 and 90 day	-	11,330	-	11,330		
Between 91 and 120 days	-	-	-	-		
Between 121 and 365 days	3,642,509	-	-	3,642,509		
Total	8,847,728	12,594,927	532,266	21,974,921		

OVERDUE TRADE ACCOUNTS				
ACCORDING TO TERM	GOODS TH\$	SERVICES TH\$	OTHER TH\$	TOTAL TH\$
Up to 30 days	68,501	2,477,956	46,012	2,592,469
Between 31 and 60 days	1,861,175	1,101,558	2,863	2,965,596
Between 61 and 90 days	276,955	50,860	14	327,829
Between 121 and 365 days	8,109	14,363	39	22,511
More than 365 days	0	150,849	18	150,867
Total	2,214,740	3,795,586	48,946	6,059,272

8.8 Fair value of financial instruments

Fair value of financial instruments recorded at amortized cost.

The following table summarizes the fair values of the principal financial assets and liabilities, including those that have not been recorded at fair value in the consolidated Balance Sheet:

	31-12-2018		
	COSTO AMORTIZADO TH\$	VALOR JUSTO TH\$	
Cash equivalents			
Investments acknowledged at fair value	36,911,961	36,911,961	
Term deposits, level 1	31,776,961	31,776,961	
Mutual funds, level 1	5,135,000	5,135,000	
Other financial liabilities			
Financial liabilities acknowledged at amortized cost	946,476,495	1,008,772,293	
Bank debt, level 2	96,022,856	95,667,281	
Bonds, level 1	661,997,440	724,648,813	
AFR, level 3	188,456,199	188,456,199	

Methodology and assumptions used in the calculation of fair value

The fair value of financial assets and liabilities was determined using the following methodology:

- a) The amortized cost of time deposits and mutual funds is a good approximation of fair value as they are short-term operations.
- b) The amortized cost of AFR liabilities is a good approximation of fair value as they are not very liquid in the market, but their issue rate is determined in line with the regulation (Decree Law No. 70).
- c) The fair value of bonds was determined upon market price references as these instruments are traded on the market under normal conditions and with a high level of liquidity.
- d) The fair value of bank debt was determined by updating the cash flows of each loan (principal and interest disbursements) to a swap curve interpolated rate for the remaining term. This term corresponds to the number of days between the financial statement closing date and the cash disbursement date.



Acknowledgement of a hierarchy in the fair value measurements contained in the Consolidated Financial **Information Statements**

- Level 1 includes fair-value measurement methodologies by market quotes (without adjustments) in active markets and considering the same assets and liabilities valued.
- Level 2 includes fair-value measurement methodologies based on market quotation data not included in Level 1, observable for the assets and liabilities valued, either directly (prices) or indirectly (derivative of the prices).
- Level 3 includes fair-value measurement methodologies based on valuation techniques which include data on the assets and liabilities valued, which are not based on observable market data.

8.9 Other non-current financial assets

It corresponds mainly to the acquisition of shares of Sociedad Eléctrica Puntilla S.A. (EPSA), for an amount as of December 31, 2018 and December 31, 2017 of M \$7,835,395 and Th\$7,790,217 respectively (note 2.2, letter H, ii), over which the group does not have control or significant influence. The balances of Th\$17,517 in both periods correspond to other financial investments.

Associated with this acquisition, an obligation is maintained with the Asociación Sociedad de Canalistas del Maipo, referring to the commitment not to move the water rights in force to the contract date in an amount of Th\$7,294,709 as of December 31, 2018 and 31 of December 2017.

Related to this acquisition is an obligation with the Asociación Sociedad de Canalistas del Maipo not to move the location of current water rights, for Th\$7,294,709 as of December 31, 2017 and December 31, 2017.

Note 9 Disclosure of information about related entities

Balances and transactions with related entities

Transactions between the Company and its Subsidiaries are in line with market conditions. These transactions have been deleted in the consolidation process and are not broken down in this note.

Accounts receivable from related entities

Accounts receivable from related entities are originated in Chile. The transaction currency is Chilean Pesos and the maturity dates are 30 days.

TAX IDENTIFICATION NUMBER RELATED PARTY	NAME OF RELATED PARTY	RELATIONSHIP	NATURE OF TRANSACTION WITH RELATED PARTIES	GUARANTEE	31-12-2018 TH\$	31-12-2017 TH\$
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Related to the controller	Lab analysis and sampling services	Without guarantee	-	366
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Insurance collection La Farfana	UF 7.656,06	-	205,168
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Insurance collection Mapocho Trebal	UF 10.377,4	-	278,096
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Lab analysis and sampling services	Without guarantee	4,232	8,138
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Office space leasing	Without guarantee	404	399
76.432.328-9	Gestion Hidrica Minera Ltda.	Related to the controller	Lab analysis and sampling services	Without guarantee		-
65.113.732-2	Corporación Chilena de Investigación del Water SpA.	Related to the controller	Lab analysis and sampling services	Without guarantee	414	-
65.113.732-2	Corporación Chilena de Investigación del Water SpA.	Related to the controller	Leases	Without guarantee	1,393	-
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Lab analysis and sampling services	Without guarantee	26,766	19,485
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Bid bases	Without guarantee	-	66
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Consulting services in support of technical inspection of effluent treatment plants in CMPC Santa Fe. Project Fruits of the Maipo	Without guarantee	-	33,628
No ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	Without guarantee	32,010	-
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Material sales	Without guarantee	25,964	15,287
Total					91,183	560,633



Accounts payable to related entities

Accounts payable to related entities are originated in Chile and the transaction currency is Chilean Pesos.

TAX IDENTIFICA-TION NUMBER OF THE RELATED PARTY	NAME OF RELATED PARTY	RELATIONSHIP	NATURE OF TRANS-ACTION WITH RE-LATED PARTIES	PERIOD	GUARANTEE	31-12-2018 TH\$	31-12-2017 TH\$
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Project to update operative control center CCO 2.0	30 days	Bid bond of \$30,899	1,453,134	1,079,276
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	SCADA platform	30 days	Without guarantee	28,462	7,115
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	San Antonio arsenic plant	30 days	Bid bond of \$24,264	1,230,939	1,786,747
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero plant	30 days	Bid bond of UF 66,809,74	4,534,306	7,129,098
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Expansion Talagante plant	30 days	Without guarantee	1,173,221	932,641
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Plan to adequate to La Farfana's biofactory treatment plant	30 days	Bid bond of UF 1,048,050	3,030,768	3,260,791
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Nitrogen removal and plan to adequate to biofactory of Mapocho-Trebal's treatment plant.	30 days	Bid bond of UF 1,048,050	3,678,499	3,718,527
65.113.732-2	Corporación Chilena de Investigación del Water SpA.	Related to the controller	Consulting services	30 days	Without guarantee	97,322	184,854
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Virtual platform, Siebel	30 days	Without guarantee	78,265	113,361
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Procurement of materials	60 days	Contract performance bond of Th\$279,298	8,182	815,433
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Implementation of geographic information system, Essal S.A.	30 days	Contract performance bond of UF887	-	6,579
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Continuous maintenance consulting services	30 days	Without guarantee	368,916	188,612
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Service contract for Process reengineering and implementation of new information systems for customer service	30 days	Contract performance bond of Th\$845,149	102,855	142,137
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Services of operation, maintenance and rehabilitation of digesters wastewater plant Mapocho - Trebal	90 days	Contract performance bond of UF357,863	1,468,596	2,563,461
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Operating services Planta Biogás	30 days	Without guarantee	167,783	105,347
96.799.790-0	Servicios y Proyectos Ambientales S.A.	Related to the controller	Environmental monitoring services	30 days	Without guarantee	-	3,377
No ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	30 days	Without guarantee	426,413	277,451
No ID	Aqua Development Network S.A.	Related to the controller	Consulting services	30 days	Without guarantee	41,712	0
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends payable	30 days	Without guarantee	21,656,113	21,035,299
96.817.230-1	EPSA Electrica Puntilla S.A.	A common board member	Property Rental	30 days	Without guaran-tee	5,657	-
	30 days	Without guarantee	5,657	-	Sin garantías	-	11.013
96.817.230-1	EPSA Electrica Puntilla S.A.	A common board member	Water purchases	30 days	Without guarantee	-	11,013
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	A common board member	Performance management System	30 days	Without guarantee	-	10,000
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	A common board member	Dividends for payment	30 days	Without guarantee	497,487	483,226
59.066.560-6	Suez International	Related to the controller	Payment status for equipment supplies, assembly and commissioning of the second stage of the Mapocho Sewage treatment plant, 4th Module	30 days	Contract per-formance bond of UF 218,320	-	220,514
Total						40,048,630	44,074,859



Transactions with related entities

Transactions with related entities originate in Chile and the transaction currency is Chilean Pesos.

					2-2018 TH\$		2-2017 [H\$
TAX ID N° RELATED PARTY	NAME OF RELAT-ED PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS WITH RELATED PARTIES	AMOUNT	EFFECTS ON RE- SULT (CHARGE)/ CREDIT	AMOUNT	EFFECTS ON RE-SULT (CHARGE)/ CREDIT
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Process reengineering service contract and implementation of new customer service	976	(976)	1,019,235	(1,019,235)
No tax ID number	Aqua Development Network	Related to controller	Integrated talent management contract	674,891	(674,891)	1,003,829	(1,003,829)
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Procurement of materials and maintenance of Siebel's virtual platform, continuous consulting and maintenance	2,438,083	(2,008,062)	2,264,623	(2,201,648)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Chamisero plant	2,199,887	-	6,302,180	(58,306)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	San Antonio arsenic plant	(536,968)	-	1,710,756	(11,600)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Project to update operative control center CCO 2.0	3,821,359	(486,321)	3,113,835	(63,670)
59.066.560-6	Suez International	Related to controller	Supply of equipment, assembly and start-up of second stage of Mapocho Wastewater Treatment Plant, module 4	4,971,917	-	3,631,109	-
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Operating services, maintenance and rehabilitation of digestors of wastewater treatment plant Mapocho - Trebal	1,351,915	-	8,445,330	(5,239,223)
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Operating services, maintenance and rehabilitation of digestors of wastewater treatment plant La Farfana	-	-	12,764,170	(10,143,011)
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Operating services and maintenance Planta Biogás	-	-	329,351	(329,351)
76.746.454-1	Suez Biofactoría Andina SpA.	Related to controller	Operation, maintenance and adequation of Biofactory treatment plant.	71,781,751	(2,168,104)	12,086,671	(9,019,614)
96.817.230-1	Eléctrica Puntilla S.A.	Shared board member	Compensation for lower flow, water purchases and electric energy	1,197,134	(1,042,371)	443,287	(443,287)
65.113.732-2	Corporación Chilena de Investigación del Water	Related to controller	Study about management of resilient urban hydraulic infrastructure with respect to hydrological and geological risks; full appraisal	239,179	(239,179)	379,828	(246,888)
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Controller	Paid dividends	68,979,435	-	68,878,954	-

The materiality criterion for reporting transactions with related entities is amounts over accumulated Th\$100,000.



Remuneration paid to the Board Members of Aguas Andinas S.A. and Subsidiaries, and to the Board of Directors.

	31-12-2018 TH\$	31-12-2017 TH\$
Board of Directors	428,581	424,113
Directors' Committee	45,130	46,250
Total	473,711	470,363

Correspond only to fees associated with their functions defined and agreed upon at ordinary shareholders ' meeting.

At the end of the fiscal year 2018, the list of the senior managers and executives of the Company and Subsidiaries included 84 professionals. The total wages received during the year totaled \$6,804 million and the seniority compensation for senior executives amounted to \$2,130 million.

Information on related parties and transactions with related parties by Board Members and Executives The Company's management is unaware of any transactions between related parties and Board Members and/or executives other than their fees and compensation.

Note 10 Inventories

The table below shows the detail by inventory class as of December 31, 2018 and December 31, 2017:

TYPES OF INVENTORIES	31-12-2018 TH\$	31-12-2017 TH\$
Goods	2,220,622	2,648,383
Production supplies	1,510,242	1,177,531
Other inventories	4,792	102,347
Obsolescence estimate	(99,268)	(2,883)
Total	3,636,388	3,925,378

The cost of the inventories recognized as an expense in the statement of results as of December 31, 2018 and 2017 amounts to Th\$11.240.422 and Th\$11.339.400, respectively.

Additionally, an estimate is submitted for impairment of inventories that include amounts related to obsolescence derived from low turnover, obsolescence by damage and/or its market price is greater than 20%. The account activity for the above estimate is the following:

	31-12-2018 TH\$	31-12-2017 TH\$
Initial balance	(2,883)	(2,883)
Price provision	(15,624)	-
Obsolescence provision	(52,810)	-
Damage provision	(30,834)	-
Reversal of provision	2,883	-
Total impairment estimate	(99,268)	(2,883)

Note 11 Intangible assets other than goodwill

The table below shows the required information on the Company's intangible assets, as per IAS 38 Intangible Assets:

	31-12-2018 TH\$	31-12-2017 TH\$
Intangible assets, net	224,864,424	227,084,499
Trademarks, net	15,933	13,000
Computer programs, net	5,700,799	7,910,586
Other intangible assets, net*	219,147,692	219,160,913
Intangible assets, gross	282,823,147	280,804,446
Trademarks, gross	15,933	13,000
Computer programs, gross	50,717,784	48,876,011
Other intangible assets, gross*	232,089,430	231,915,435
Intangible assets, accumulated Amortization	(57,958,723)	(53,719,947)
Computer programs, accumulated Amortization	(45,016,985)	(40,965,425)
Other intangible assets, accumulated Amortization	(12,941,738)	(12,754,522)

^{*}Water rights, easements and other rights.



Account activity of intangible assets as of December 31, 2018

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	TRADEMARKS, NET TH\$	COMPUTER PRO- GRAMS, NET TH\$	OTHER INTANGIBLE ASSETS, NET TH\$	TOTAL TH\$
Initial balance	13,000	7,910,586	219,160,913	227,084,499
Amortization	-	(4,051,560)	(187,216)	(4,238,776)
Increases (reductions) for transfers	-	1,740,932	(58,904)	1,682,028
Increases (reductions) for other changes	2,933	100,841	238,494	342,268
Disposals and withdrawal from service	-	-	(5,595)	(5,595)
Changes, Total	2,933	(2,209,787)	(13,221)	(2,220,075)
Final balance	15,933	5,700,799	219,147,692	224,864,424

Account activity of intangible assets as of December 31, 2017

INTANGIBLE ASSETS ACCOUNT ACTIVITY	TRADEMARKS, NET TH\$	COMPUTER PROGRAMS, NET TH\$	OTHER INTANGIBLE ASSETS, NET TH\$	TOTAL TH\$
Initial balance as of 01-01-2017	13,000	9,203,521	218,734,963	227,951,484
Amortization	-	(5,408,268)	(187,215)	(5,595,483)
Increases (reductions) for transfers	-	1,836,974	(158)	1,836,816
Increases (reductions) for other changes	-	2,278,359	625,874	2,904,233
Disposals and withdrawal from service	-	-	(12,551)	(12,551)
Changes, Total	-	(1,292,935)	425,950	(866,985)
Final balance as of 01-01- 2017	13,000	7,910,586	219,160,913	227,084,499

Detailed disclosure of information on intangible assets (gross value)

CURRENT FISCAL YEAR 31-12-2018

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	TRADEMARKS, GROSS TH\$	COMPUTER SOFTWARE, GROSS TH\$	OTHER INTANGIBLE ASSETS, GROSS TH\$	TOTAL TH\$
Initial balance as of 01-01- 2018	13,000	48,876,011	231,915,435	280,804,446
Increases (reductions) for transfers	-	1,740,932	(58,904)	1,682,028
Increases (reductions) for other changes	2,933	100,841	238,494	342,268
Disposals and withdrawal from service	-	-	(5,595)	(5,595)
Changes, total	2,933	1,841,773	173,995	2,018,701
Final balance as of 31-12-2018	15,933	50,717,784	232,089,430	282,823,147

PREVIOUS FISCAL YEAR 31-12-2017

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	TRADEMARKS, GROSS TH\$	COMPUTER SOFTWARE, GROSS TH\$	OTHER INTANGIBLE ASSETS, GROSS TH\$	TOTAL TH\$
Initial balance as of 01-01- 2017	13,000	44,760,678	231,302,270	276,075,948
Increases (reductions) for transfers	-	1,836,974	(158)	1,836,816
Increases (reductions) for other changes	-	2,278,359	625,874	2,904,233
Disposals and withdrawal from service	-	-	(12,551)	(12,551)
Changes, total	-	4,115,333	613,165	4,728,498
Final balance as of 31-12-2017	13,000	48,876,011	231,915,435	280,804,446



Detailed disclosure of information on intangible assets (accumulated amortization)

CURRENT FISCAL YEAR 31-12-2018

INTANGIBLE ASSETS ACCOUNT ACTIVITY	TRADE-MARKS, AC-CUMULATED AMORTIZA-TION TH\$	COMPUTER PROGRAMS, ACCUMULAT-ED AMORTI-ZATION TH\$	OTHER IN- TANGIBLE AS-SETS, ACCU-MULATED AMORTIZA-TION TH\$	TOTAL TH\$
Initial balance as at 01-01- 2018	-	(40,965,425)	(12,754,522)	(53,719,947)
Amortization	-	(4,051,560)	(187,216)	(4,238,776)
Changes, Total	-	(4,051,560)	(187,216)	(4,238,776)
Final balance as at 31-12-2018	-	(45,016,985)	(12,941,738)	(57,958,723)

PREVIOUS FISCAL YEAR 31-12-2017

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	TRADEMARKS, ACCUMULATED AMORTIZATION TH\$	COMPUTER SOFT-WARE, ACCUMULAT-ED AMORTIZATION TH\$	OTHER IN- TANGIBLE ASSETS, ACCUMU-LATED AMORTIZATION TH\$	TOTAL M\$
Initial balance as of 01-01-2017	-	(35,557,157)	(12,567,307)	(48,124,464)
Amortization	-	(5,408,268)	(187,215)	(5,595,483)
Changes, total	-	(5,408,268)	(187,215)	(5,595,483)
Saldo final al 31-12-2017	-	(40.965.425)	(12.754.522)	(53.719.947)

DETAIL OF SIGNIFICANT INDIVIDUAL INTANGIBLE ASSETS (OTHER ASSETS):

Water rights and easements are the principal intangible assets with indefinite useful lives; the table below shows a detail by company:

		31-12-2018			31-12-2017	
COMPANY	WATER RIGHTS TH\$	EASEMENTS TH\$	OTHER TH\$	WATER RIGHTS TH\$	EASEMENTS TH\$	OTHER TH\$
Aguas Andinas S.A.	76,598,437	8,364,563	4,574,022	76,364,281	8,407,422	4,761,309
Aguas Cordillera S.A.	92,732,673	7,761,932	-	92,732,686	7,761,932	-
Aguas Manquehue S.A.	21,924,557	866,673	-	21,954,837	866,673	-
Essal S.A.	5,622,185	1,095,557	-	5,609,125	1,095,557	-
Aguas del Maipo S.A.	13,700	-	-	13,700	-	-
EcoRiles S.A.	13,700	-	-	13,700	-	-
Gestión y Services S.A.	13,700	-	-	13,700	-	-
Análisis Ambientales S.A.	13,700	-	-	13,700	-	-
Consolidation adjustments	(333,913)	(113,794)	-	(333,913)	(113,796)	-
Total	196,598,739	17,974,931	4,574,022	196,381,816	18,017,788	4,761,309

Intangible assets with indefinite useful lives

Both water rights and easements are rights of the Company for which it is not possible to establish a definite useful life, i.e. the period of economic benefits associated with these assets is indefinite. Both assets are legal rights that are neither extinguished nor affected by restrictions.

Commitments for acquiring intangible assets

The table below shows the commitments for acquisitions of intangible assets for the financial year 2018 related to water rights, easements and computer programs needed for the normal operation of the Group Companies, particularly for new works that are being developed or are in preliminary study stages, plus the expansion of concession areas:



COMPANY	TH\$
Aguas Andinas S.A.	894,120
Aguas Manquehue S.A.	40,000
Essal S.A.	897,852
Total	1,831,972

Note 12 Goodwill

The table below shows the detail of goodwill for the different Cash Generating Units (CGUs) or CGU groups to which they have been assigned as of December 31, 2018 and 2017:

TAX IDENTIFICATION NUMBER	COMPANY	31-12-2018 TH\$	31-12-2017 TH\$
	Aguas Cordillera S.A.	33,823,049	33,823,049
96.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	343,332	343,332
96.897.320-7	Inversiones Iberaguas Ltda.	2,066,631	2,066,631
Total		36,233,012	36,233,012

Note 13 Property, plant and equipment

PROPERTY, PLANT	NET VAI	.UES	GROSS V	ALUES	ACCUMULATED I	DEPRECIATION
AND EQUIPMENT	31-12-2018 TH\$	31-12-2017 TH\$	31-12-2018 TH\$	31-12-2017 TH\$	31-12-2018 TH\$	31-12-2017 TH\$
Total	1.440.093.131	1.351.763.816	2.725.238.716	2.571.086.250	(1.285.145.585)	(1.219.322.434)
Land	159,536,229	160,461,335	159,536,229	160,461,335	-	-
Buildings	79,624,966	79,601,087	113,252,042	111,011,034	(33,627,076)	(31,409,947)
Machinery	115,993,853	120,338,507	384,958,947	363,844,849	(268,965,094)	(243,506,342)
Transport vehicles	958,353	1,320,419	5,102,427	5,866,755	(4,144,074)	(4,546,336)
Fixed installations and acces-sories	1,407,509	1,315,585	6,291,229	5,992,005	(4,883,720)	(4,676,420)
Computer equipment	2,460,174	3,659,346	14,284,065	13,921,577	(11,823,891)	(10,262,231)
Improvements to leased as-sets	234,177	64,266	806,931	597,279	(572,754)	(533,013)
Constructions in progress	226,774,354	156,563,062	226,774,354	156,563,062	-	-
Additional works	21,892,366	22,349,067	44,316,092	43,248,022	(22,423,726)	(20,898,955)
Production facilities	173,754,928	167,598,083	328,291,901	316,220,864	(154,536,973)	(148,622,781)
Potable water networks	192,291,391	174,661,097	514,892,514	492,846,317	(322,601,123)	(318,185,220)
Sewage networks	249,193,038	246,165,604	534,440,825	519,580,232	(285,247,787)	(273,414,628)
Wastewater treatment plants	168,050,123	169,331,810	232,373,341	228,440,366	(64,323,218)	(59,108,556)
Other facilities	47,699,634	48,103,767	158,049,182	150,469,536	(110,349,548)	(102,365,769)
Out-of-service goods	222,036	230,781	1,868,637	2,023,017	(1,646,601)	(1,792,236)

The table below shows information on the main participations of the Group Companies.



solidated Financial Statements	

PROPERTY, PLANT AND EQUIPMENT	31-12-2018 TH\$	AGUAS ANDI-NAS S.A	AGUAS CORDILLE-RA S.A	AGUAS MAN- QUEHUE S.A	ES-SAL S.A	OTH-ERS
	•	%	120/	%	%	%
Land	159,536,229	75%	13%	1%	11%	0%
Buildings	79,624,966	75%	4%	2%	17%	3%
Machinery	115,993,853	76%	6%	3%	13%	3%
Transport vehicles	958,353	87%	0%	0%	10%	3%
Fixed installations and acces-sories	1,407,509	69%	3%	0%	10%	18%
Computer equipment	2,460,174	87%	1%	0%	10%	2%
Improvements to leased as-sets	234,177	81%	0%	0%	0%	19%
Construction in progress	226,774,354	71%	8%	9%	12%	0%
Additional works	21,892,366	80%	6%	3%	11%	1%
Production facilities	173,754,928	64%	14%	13%	9%	0%
Potable water networks	192,291,391	68%	16%	2%	14%	0%
Sewerage networks	249,193,038	83%	2%	4%	11%	0%
Wastewater treatment plants	168,050,123	92%	0%	0%	6%	1%
Other facilities	47,699,634	73%	7%	6%	10%	4%
Goods out of service	222,036	30%	70%	0%	0%	0%
Total	1,440,093,131	75%	8%	5%	11%	1%

As required by IAS 16, paragraph 79, letter d, the Group presents information about fair value of its main assets

TYPE OF ASSETS	COST 31-12-2018 TH\$	FAIR VALUE 31-12-2018 TH\$
Buildings	79,624,966	112,991,593
Additional works	21,892,366	35,846,093
Production facilities	173,754,928	283,542,686
Potable water networks	192,291,391	402,742,164
Sewage networks	249,193,038	409,139,303
Wastewater treatment plants	168,050,123	184,203,062
Other facilities	47,699,634	48,543,193
Machinery and equipment	115,993,853	128,168,578
Total	1.048.500.299	1.605.176.672

Reconciliation of changes in property, plant and equipment by class:

As required by IAS 16, paragraph 73, we provide the following information on each property, plant and equipment class owned by the Company.



Account activity of property, plant and equipment as of December 31, 2018 (net values)

CONCEPT	INITIAL BALANCE	DEPRECIATION	INCREASES (REDUC-TIONS) FOR TRANSFERS FROM CONSTRUCTIONS IN PROGRESS	OTHER INCREASES (DECREASES)	DISPOSAL AND WITH-DRAWALS FROM SERVICE	TOTAL CHANGES	FINAL BALANCE
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Land	160,461,335	-	58,903	41,948	(1,025,957)	(925,106)	159,536,229
Buildings	79,601,087	(2,245,955)	1,569,810	714,702	(14,678)	23,879	79,624,966
Machinery	120,338,507	(25,510,942)	13,145,270	8,021,019	(1)	(4,344,654)	115,993,853
Transport vehicles	1,320,419	(453,132)	129,550	72,545	(111,029)	(362,066)	958,353
Fixed installations and accessories	1,315,585	(207,553)	251,739	47,738	-	91,924	1,407,509
Computer equip-ment	3,659,346	(1,561,660)	215,394	147,094	-	(1,199,172)	2,460,174
mprovements to leased assets	64,266	(39,741)	64,999	144,653	-	169,911	234,177
Construction in progress	156,563,062	-	(58,984,644)	130,120,937	(925,001)	70,211,292	226,774,354
Additional works	22,349,067	(1,564,306)	768,303	343,898	(4,596)	(456,701)	21,892,366
Production facilities	167,598,083	(5,963,222)	9,510,498	2,624,481	(14,912)	6,156,845	173,754,928
Potable water networks	174,661,097	(7,585,423)	12,978,119	12,266,887	(29,289)	17,630,294	192,291,391
Sewage networks	246,165,604	(12,874,297)	9,496,203	6,406,072	(544)	3,027,434	249,193,038
Vastewater treatment plants	169,331,810	(5,214,662)	3,608,476	324,499	-	(1,281,687)	168,050,123
Other facilities	48,103,767	(7,999,170)	5,505,350	2,089,687	-	(404,133)	47,699,634
Goods out of ser-vice	230,781	(8,746)	-	-	1	(8,745)	222,036
Class of proper-ties, plant and equipment, net	1,351,763,816	(71,228,809)	(1,682,030)	163,366,160	(2,126,006)	88,329,315	1,440,093,131



CONCEPT	INITIAL BALANCE	DEPRECIATION	INCREASES (REDUCTIONS) FOR TRANSFERS FROM CON- STRUCTIONS IN PROGRESS	OTHER IN-CREASES (DE- CREASES)	DISPOSAL AND WITH-DRAWALS FROM SERVICE	TOTAL CHANGES	FINAL BALANCE
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Land	160,070,637	-	3,785	641,797	(254,884)	390,698	160,461,335
Buildings	74,440,293	(2,172,183)	8,178,116	(805,590)	(39,549)	5,160,794	79,601,087
Machinery	99,318,272	(24,663,592)	34,940,644	10,925,891	(182,708)	21,020,235	120,338,507
Transport ve-hicles	1,861,338	(500,554)	107,734	35,620	(183,719)	(540,919)	1,320,419
Fixed installa-tions and ac-cessories	701,742	(176,375)	431,694	358,524	-	613,843	1,315,585
Computer equipment	2,659,948	(1,529,250)	1,174,847	1,353,801	-	999,398	3,659,346
Improvements to leased as-sets	61,285	(29,654)	32,239	396	-	2,981	64,266
Construction in progress	180,506,784	-	(114,682,738)	90,797,576	(58,560)	(23,943,722)	156,563,062
Additional works	21,252,123	(1,535,090)	2,351,518	282,036	(1,520)	1,096,944	22,349,067
Production facilities	162,939,794	(6,029,543)	9,821,279	866,553	-	4,658,289	167,598,083
Potable water networks	163,124,828	(7,164,493)	7,189,676	11,511,813	(727)	11,536,269	174,661,097
Sewage net-works	247,188,146	(12,445,369)	3,849,660	7,573,167	-	(1,022,542)	246,165,604
Wastewater treatment plants	143,756,791	(5,041,328)	28,827,826	1,837,109	(48,588)	25,575,019	169,331,810
Other facilities	36,448,254	(7,502,170)	15,936,914	3,221,057	(288)	11,655,513	48,103,767
Goods out of service	239,851	(9,070)	-	-	-	(9,070)	230,781
Class of prop-erties, plant and equip- ment, net	1,294,570,086	(68,798,671)	(1,836,806)	128,599,750	(770,543)	57,193,730	1,351,763,816



Disclosure of information on property, plant and equipment (gross value)

CURRENT FISCAL YEAR 31-12-2018

CONCEPT	INITIAL BALANCE	DEPRECIATION	INCREASES (DE-CREASES) FOR OTHER CHANGES	DISPOSAL AND WITHDRAWAL FROM SERVICE	TOTAL CHANGES	FINAL BALANCE
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Land	160,461,335	58,903	41,948	(1,025,957)	(925,106)	159,536,229
Buildings	111,011,034	1,569,810	714,626	(43,428)	2,241,008	113,252,042
Machinery	363,844,849	13,145,270	8,021,019	(52,191)	21,114,098	384,958,947
Transport vehicles	5,866,755	129,550	72,545	(966,423)	(764,328)	5,102,427
Fixed installations and accessories	5,992,005	251,739	47,738	(253)	299,224	6,291,229
Computer equip-ment	13,921,577	215,394	147,094	-	362,488	14,284,065
Improvements to leased assets	597,279	64,999	144,653	-	209,652	806,931
Construction in progress	156,563,062	(58,984,644)	130,120,937	(925,001)	70,211,292	226,774,354
Additional works	43,248,022	768,303	343,898	(44,131)	1,068,070	44,316,092
Production facili-ties	316,220,864	9,510,498	2,624,481	(63,942)	12,071,037	328,291,901
Potable water networks	492,846,317	12,978,119	12,266,887	(3,198,809)	22,046,197	514,892,514
Sewage networks	519,580,232	9,496,203	6,406,148	(1,041,758)	14,860,593	534,440,825
Wastewater treatment plants	228,440,366	3,608,476	324,499	-	3,932,975	232,373,341
Other facilities	150,469,536	5,505,350	2,089,687	(15,391)	7,579,646	158,049,182
Goods out of ser-vice	2,023,017	-	-	(154,380)	(154,380)	1,868,637
Class of proper-ties, plant and equipment, gross	2,571,086,250	(1,682,030)	163,366,160	(7,531,664)	154,152,466	2,725,238,716



PREVIOUS FISCAL YEAR 31-12-2017 (GROSS VALUE)

CONCEPT	INITIAL BALANCE	INCREASES (REDUCTIONS) FOR TRANSFERS FROM CONSTRUCTIONS IN PRO-GRESS	INCREASES (DECREASES) FOR OTHER CHANGES	DISPOSAL AND WITH-DRAWAL FROM SERVICE	TOTAL CHANGES	FINAL BALANCE
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Land	160,070,637	3,785	641,797	(254,884)	390,698	160,461,335
Buildings	103,580,338	8,178,116	(667,990)	(79,430)	7,430,696	111,011,034
Machinery	318,777,368	34,940,644	10,927,824	(800,987)	45,067,481	363,844,849
Transport vehicles	6,295,614	107,734	48,432	(585,025)	(428,859)	5,866,755
Fixed installations and accessories	5,259,569	431,694	358,524	(57,782)	732,436	5,992,005
Computer equipment	11,404,754	1,174,847	1,354,362	(12,386)	2,516,823	13,921,577
Improvements to leased assets	611,414	32,239	396	(46,770)	(14,135)	597,279
Construction in pro-gress	180,506,784	(114,682,738)	90,797,576	(58,560)	(23,943,722)	156,563,062
Additional works	40,632,428	2,351,518	282,036	(17,960)	2,615,594	43,248,022
Production facilities	305,539,500	9,821,279	860,085	-	10,681,364	316,220,864
Potable water net-works	474,364,900	7,189,676	11,510,182	(218,441)	18,481,417	492,846,317
Sewage networks	508,150,937	3,849,660	7,579,635	-	11,429,295	519,580,232
Wastewater treat-ment plants	197,861,144	28,827,826	1,836,148	(84,752)	30,579,222	228,440,366
Other facilities	131,523,642	15,936,914	3,070,743	(61,763)	18,945,894	150,469,536
Goods out of service	2,187,881	-	-	(164,864)	(164,864)	2,023,017
Class of properties, plant and equipment, gross	2,446,766,910	(1,836,806)	128,599,750	(2,443,604)	124,319,340	2,571,086,250



Detailed disclosure of information on property, plant and equipment (accumulated depreciation)

CURRENT FISCAL YEAR 31-12-2018

CONCEPT	INITIAL BALANCE	DEPRECIATION	INCREASES (DE-CREASES) FOR OTH- ER CHANGES	DISPOSAL AND WITHDRAWAL FROM SERVICE	TOTAL CHANGES	FINAL BALANCE
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Buildings	(31,409,947)	(2,245,955)	76	28,750	(2,217,129)	(33,627,076)
Machinery	(243,506,342)	(25,510,942)	-	52,190	(25,458,752)	(268,965,094)
Transport vehicles	(4,546,336)	(453,132)	-	855,394	402,262	(4,144,074)
Fixed installations and accessories	(4,676,420)	(207,553)	-	253	(207,300)	(4,883,720)
Computer equip-ment	(10,262,231)	(1,561,660)	-	-	(1,561,660)	(11,823,891)
Improvements to leased assets	(533,013)	(39,741)	-	-	(39,741)	(572,754)
Construction in progress	(20,898,955)	(1,564,306)	-	39,535	(1,524,771)	(22,423,726)
Production facili-ties	(148,622,781)	(5,963,222)	-	49,030	(5,914,192)	(154,536,973)
Potable water networks	(318,185,220)	(7,585,423)	-	3,169,520	(4,415,903)	(322,601,123)
Sewage networks	(273,414,628)	(12,874,297)	(76)	1,041,214	(11,833,159)	(285,247,787)
Wastewater treatment plants	(59,108,556)	(5,214,662)	-	-	(5,214,662)	(64,323,218)
Other facilities	(102,365,769)	(7,999,170)	-	15,391	(7,983,779)	(110,349,548)
Goods out of ser-vice	(1,792,236)	(8,746)	-	154,381	145,635	(1,646,601)
Class of proper-ties, plant and equipment, ac-cumulated depre-ciation	(1,219,322,434)	(71,228,809)	-	5,405,658	(65,823,151)	(1,285,145,585)



PREVIOUS FISCAL YEAR 31-12-2017 (ACCUMULATED DEPRECIATION)

CONCEPT	INITIAL BALANCE	DEPRECIATION	INCREASES (DE-CREASES) FOR OTHER C CHANGES	DISPOSAL AND WITH-DRAWAL FROM SER-VICE	TOTAL CHANGES	FINAL BALANCE
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Buildings	(29,140,045)	(2,172,183)	(137,600)	39,881	(2,269,902)	(31,409,947)
Machinery	(219,459,096)	(24,663,592)	(1,933)	618,279	(24,047,246)	(243,506,342)
Transport vehicles	(4,434,276)	(500,554)	(12,812)	401,306	(112,060)	(4,546,336)
Fixed installations and accessories	(4,557,827)	(176,375)	-	57,782	(118,593)	(4,676,420)
Computer equipment	(8,744,806)	(1,529,250)	(561)	12,386	(1,517,425)	(10,262,231)
Improvements to leased assets	(550,129)	(29,654)	-	46,770	17,116	(533,013)
Additional works	(19,380,305)	(1,535,090)	-	16,440	(1,518,650)	(20,898,955)
Production facilities	(142,599,706)	(6,029,543)	6,468	-	(6,023,075)	(148,622,781)
Potable water net-works	(311,240,072)	(7,164,493)	1,631	217,714	(6,945,148)	(318,185,220)
Sewage networks	(260,962,791)	(12,445,369)	(6,468)	-	(12,451,837)	(273,414,628)
Wastewater treat-ment plants	(54,104,353)	(5,041,328)	961	36,164	(5,004,203)	(59,108,556)
Other facilities	(95,075,388)	(7,502,170)	150,314	61,475	(7,290,381)	(102,365,769)
Goods out of service	(1,948,030)	(9,070)	-	164,864	155,794	(1,792,236)
Class of properties, plant and equipment, accumulated depre-ciation	(1,152,196,824)	(68,798,671)	-	1,673,061	(67,125,610)	(1,219,322,434)



The following table shows the amounts committed by each consolidated group company on account of their respective property, plant and equipment purchases for the year 2019:

COMPANY	TH\$
Aguas Andinas S.A.	102,736,143
Aguas Cordillera S.A.	7,489,133
Aguas Manquehue S.A.	2,241,548
Essal S.A.	15,102,018
Ecoriles S.A.	106,220
Gestión y Servicios S.A.	40,000
Análisis Ambientales S.A.	353,413
Total	128,068,475

Temporarily idle property, plant and equipment:

COMPANY	GROSS VALUE TH\$	ACCUMULATED DEPRECIATION TH\$	NET VALUE TH\$
Aguas Andinas S.A.	1,594,305	(1,526,741)	67,564
Aguas Cordillera S.A.	274,332	(119,860)	154,472
Total	1,868,637	(1,646,601)	222,036

Restrictions of ownership for property, plant and equipment

As of December 31, 2018 and 2017, property, plant and equipment have not affected by ownership restrictions, nor are they affected by obligations pursuant to the provisions of IAS 16 paragraph 74 (a).

Financial lease contracts

As of December 31, 2018 and 2017, there is no property, plant and equipment kept under financial lease contracts, pursuant to para. 31 of IAS 17.

Note 14 Impairment of asset value

Disclosure of information on asset impairment by cash generating unit

Each company as a whole is defined as a Cash Generating Unit (CGU), as each one is individually capable of generating future economic benefits and represents the smallest group of assets that generate independent cash flows. Pursuant to the regulations, the Company will evaluate, at the closing of each financial position statement, whether there is any sign of impairment of value of any asset. If there is, the Company will estimate the amount recoverable for the asset. Assets with an indefinite useful life and goodwill will be subject to the impairment test, at the latest, at the closing of the fiscal year or upon detecting any sign.

Intangible assets with indefinite useful life, e.g. water rights, will be subject to a study to determine the market price values, which are compared to the values assigned to them as costs as of the date of adopting the IFRS rules.

Lesser values are subject to calculation of their useful value, considering the different Companies as CGUs, using recent estimates from budgets over the medium term, determining the different parameters based on models widely used in the market. The parameters are set based on the current information for benchmark risk-free rates in the market, the useful life for each company and growth rates for the Companies' regular revenue, including growth in the population and changes in consumption through the years.

The Company and subsidiaries make annual impairment tests on their intangible indefinite useful life assets and lesser investment value.

At the end of the year 2018, the respective deterioration tests were carried out, based on estimates and projections provided by the Group. These estimates indicated that the benefits attributable to the shares with lower associated values exceed individually the consolidated book value of the same in all cases, as well as the intangible assets with indefinite useful life were assessed to be of a higher value than that registered in books.

As of December 31, 2018 there is no record of asset impairment nor are there indications of asset impairment.



Note 15 Provisions and contingent liabilities

A. Provisions

Below is a breakdown of the heading as of December 31, 2018 and December 31, 2017:

CLASSES OF PROVISIONS	31-12-2018 TH\$	31-12-2017 TH\$
Provisions for legal claims *	2,992,246	2,603,819
Other provisions, current	2,992,246	2,603,819
Other provisions, non-current	1,341,233	1,301,105
Provisions, non-current	1,341,233	1,301,105

^{*} According to the policy established by Company subsidiaries regarding the treatment of collateral documents associated with the projects awarded to the group's companies, a charge to results was made in those cases in which quarantees are expected to be executed by Company clients.

The account activity of the fiscal year's current provisions is the following:

LEGAL CLAIMS	31-12-2018 TH\$	31-12-2017 TH\$
Balance for initial provisions	2,603,819	2,628,225
Increase in existing provisions	891,679	302,543
Provision used	(549,895)	(161,112)
Other increases (decreases)	46,643	(165,837)
Changes in provisions, total	388,427	(24,406)
Total	2,992,246	2,603,819

The provisions under this item are as follows:

1.- Reclamaciones legales

The Company registers the provision corresponding to lawsuits derived from its operations, originated mainly by sanction processes carried out by auditing entities. Additionally, Aguas Andinas and its subsidiaries are parties to civil and labor lawsuits whose sentences are pending in the corresponding courts of justice.

The provisions associated to pending lawsuits filed against the Company are reflected under the item "Provisions", as established by IAS 37. In those cases where Management considers them unlikely to prosper and to not represent a clear likelihood of material loss, they have not been so provisioned.

What follows is a description of legal claims that are likely to affect the Company:

THE SUPERINTENDENCE FOR SANITATION SERVICES (SISS), has levied fines against Aguas Andinas S.A. and Subsidiaries, mainly for not complying with instructions and breaching the continuity and quality of the service provided by the Company. The total number of complaints filed in 2018 amount to UTA 3.517.which were paid out prior to initiating the claim processes of each case. The final sentences are pending. Additionally, Aguas Andinas S.A. was notified of the initiation of sanction procedures by the Superintendence of Sanitary Services. The foregoing corresponds to alleged breaches in the delivery of the service. Currently, there are judicial complaints and lawsuits pending to be resolved, consequently, it is yet premature to estimate an outcome. The Company considers that it did not incur such infringements, therefore, it expects that such complaint and lawsuit procedures will be admitted.

THE SECRETARÍA REGIONAL MINISTERIAL DE SALUD RM, (Ministry of Health's metropolitan region's office) has pending sanctioning processes against Aguas Andinas, initiated via a resolution for alleged infringements in the service provided. Judicial complaints and claims are currently in process. Fines range from 1 to 2000 UTM.

LABOR LAWSUITS: Aguas Andinas was directly or alternatively sued, regarding labor demands whose matter corresponds mainly to unjustified dismissals. The total amount of such lawsuits amounts to Th \$370,811.- The judicial proceedings are pending in the respective courts or administrative bodies concerned.



2.- Other non-current provisions

It is basically the transaction dated July 10, 2007, signed before the Notary of Mrs. María Gloria Acharan Toledo, between Aguas Cordillera S.A. and property developers by which, should Aguas Cordillera S.A. abandon and sell the land transferred to it in the future, it should pay at least CLF 52,273.29. This amount will be set off against the debt receivable from the developers.

B.- CONTINGENT LIABILITIES

- 1. Aguas Andinas S. A was sued for damages allegedly suffered by a mining company, by the installation of company infrastructure on land where the claimant would have mining appurtenances, causing to it an alleged damage by preventing the extraction of minerals. The amount claimed totaled Th\$1,093,564. A sentence was issued, and the counterclaim was fully rejected, thus condemning Aguas Andinas to pay the sum of Th\$185,538. An appeal for annulment was filed that was admitted and deemed incorporated in the plaintiff's appeal.
- 2. On June 9, 2017, as a result of a potable water main break that affected the commune of Providencia, Aguas Andinas S.A. had to compensate the damage to third parties. In consideration of said emergency, the Company is being audited by the Superintendence of Sanitation Services. The Company submitted its reply to such charges; which are now pending to be resolved by the authority.
- 3. The Company was sued by the National Consumer Service due to service shutoffs in February and April 2017. The lawsuit objective is to make the courts establish fines and compensations for each of the users affected by the water shutoffs.
- 4. Aguas Andinas was sued by the Municipality of Providencia for the damages caused by the Potable Water Main break on June 9, 2016. The lawsuit, filed in the 22nd Civil Court of Santiago, contemplates the payment of municipal rights for the execution of works to repair the streets damaged by the flood for an amount of Th\$557,965. The lawsuit is at its probationary stage.
- 5. Aguas Cordillera was sued via an ordinary suit filed before Santiago's 11th Civil Court on grounds of the establishment of easements. The amount claimed was Th\$3,689,946. The lawsuit is at its probationary stage.

The company and subsidiaries are party to other small claim offence proceedings. They are considered to have no adverse material impact in the financial statements of the respective companies.

Nota 16 Guarantees and restrictions

a) Direct quarantees

Policies and performance bonds have been granted to several institutions, especially to the Superintendence of Sanitation Services, to quarantee the conditions for the provision of services and development programs in the Company's concession areas; to SERVIU Metropolitano, to guarantee the replacement of paving; and to other institutions, for Th\$45.873.654 and Th\$40.556.790 as of December 31, 2018 and 2017, respectively.

The table below summarizes the main performance bonds exceeding Th\$ 10,000:

GUARANTEE BENEFICIARY	DEBTOR'S NAME	TYPE OF GUARANTEE	31-12-2018 TH\$	31-12-2017 TH\$
ASOCIACION DE CANALISTAS DEL MAIPO	A. Andinas S.A.	Performance bond	7,870,828	7,608,765
CGE DISTRIBUCION	A. Andinas S.A.	Performance bond	53,349	53,349
COMITE INNOVA CHILE	A. Andinas S.A.	Performance bond	292,061	64,634
CONSTRUCTORA SAN FRANCISCO	A. Andinas S.A.	Performance bond	159,055	175,126
DGAC	A. Andinas S.A.	Performance bond	22,053	0
DIRECCION VIALIDAD	A. Andinas S.A.	Performance bond	185,351	169,418
DIRECCION OBRAS HIDRAULICAS	A. Andinas S.A.	Performance bond	1,112,280	1,125,773
GOB REG METROP	A. Andinas S.A.	Performance bond	79,973	0
I MUNICIPALIDAD DE RENCA	A. Andinas S.A.	Performance bond	27,566	0
MUNICIPALIDAD LA FLORIDA	A. Andinas S.A.	Performance bond	490,348	448,788
I MUN LAS CONDES	A. Andinas S.A.	Performance bond	10,000	0
I MUNICIPALIDAD DE PAINE	A. Andinas S.A.	Performance bond	19,837	0



GUARANTEE BENEFICIARY	DEBTOR'S NAME	TYPE OF GUARANTEE	31-12-2018 TH\$	31-12-2017 TH\$
I MUNICIPALIDAD DE SAN BERNARDO	A. Andinas S.A.	Performance bond	17,419	0
MUNICIPALIDAD DE LA REINA	A. Andinas S.A.	Performance bond	68,914	66,995
MUNICIPALIDAD PEÑALOLEN	A. Andinas S.A.	Performance bond	44,762	43,516
MUNICIPALIDAD PROVIDENCIA	A. Andinas S.A.	Performance bond	56,730	110,301
MUNICIPALIDAD DE SANTIAGO	A. Andinas S.A.	Performance bond	30,636	24,922
INMOB MACUL S.A.	A. Andinas S.A.	Performance bond	55,132	0
MIN DE OBR PUBLI	A. Andinas S.A.	Performance bond	3,372,537	0
SERVIU METROPOLITANO	A. Andinas S.A.	Performance bond	8,030,960	8,762,875
S.I.S.S.	A. Andinas S.A.	Performance bond	8,269,329	6,932,974
SOC CONC AUT CEN	A. Andinas S.A.	Performance bond	55,132	0
SOC CONCE MELIPI	A. Andinas S.A.	Performance bond	41,349	0
ASOCIACION DE CANALISTAS DEL MAIPO	A. Cordillera S.A.	Performance bond	951,834	925,327
MUNICIPALIDAD LAS CONDES	A. Cordillera S.A.	Performance bond	156,000	173,000
MUNICIPALIDAD DE LO BARNECHEA	A. Cordillera S.A.	Performance bond	13,783	99,448
MUNICIPALIDAD VITACURA	A. Cordillera S.A.	Performance bond	55,132	53,596
MINISTERIO OOPP DIR. DE AGUAS	A. Cordillera S.A.	Performance bond	410,234	398,810
SENCORP S.A.	A. Cordillera S.A.	Performance bond	313,974	305,231
SERVIU METROPOLITANO	A. Cordillera S.A.	Performance bond	450,866	624,557
S.I.S.S.	A. Cordillera S.A.	Performance bond	1,263,671	1,235,769

GUARANTEE BENEFICIARY	DEBTOR'S NAME	TYPE OF GUARANTEE	31-12-2018 TH\$	31-12-2017 TH\$
ASOCIACION DE CANALISTAS DEL MAIPO	A.Manquehue S.A.	Performance bond	1,459,092	1,418,460
IL MUN DE LO BAR	A.Manquehue S.A.	Performance bond	88,514	0
MUNICIPALIDAD VITACURA	A.Manquehue S.A.	Performance bond	11,026	10,719
S.I.S.S.	A.Manquehue S.A.	Performance bond	1,226,237	1,025,538
SUPERINT SERV SA	A.Manquehue S.A.	Performance bond	73,518	0
DIRECCION OBRAS HIDRAULICAS	Essal S.A.	Performance bond	1,678,920	1,707,147
DIRECCION VIALIDAD	Essal S.A.	Performance bond	21,722	74,358
REGIONAL GOVERNMENT OF THE LOS RÍOS REGION.	Essal S.A.	Performance bond	49,475	56,208
MUNICIPALIDAD DE PAILLACO	Essal S.A.	Performance bond	31,094	246,526
SERVIU METROPOLITANO	Essal S.A.	Performance bond	157,191	156,003
COMPANY CONCESIONARIA DE LOS LAGOS	Essal S.A.	Performance bond	27,357	27,357
S.I.S.S.	Essal S.A.	Ins. Policy	3,053,444	3,000,265
CODELCO	Anam S.A.	Performance bond	17,904	17,769
DIRECTEMAR	Anam S.A.	Performance bond	115,226	0
GOBIERNO REGIONAL V REGION VALPARAISO	Anam S.A.	Performance bond	24,862	24,862
SUPERINTENDENCIA DEL MEDIO AMBIENTE	Anam S.A.	Performance bond	35,066	34,857
ENAP REFINERIAS	Anam S.A.	Performance bond	18,439	0
SERVIU METROPOLITANO	Gest. y Serv. S.A.	Performance bond	2,990,428	2,222,993
Total			45,060,610	39,426,236



b) Bond issue restrictions

I) AGUAS ANDINAS S.A.

The Company must adhere to the following restrictions and obligations upon issuing bonds in the national market:

- 1.- Sending to bondholder representatives a copy of its Consolidated Financial Statements, and those of its Subsidiary Corporations registered in the Financial Market Commission, both the quarterly as well as the annual audited statements, on the same deadline as they are to be delivered to the Financial Market Commission, plus any other public information which it provides to the Commission.
- 2.- Registering in its accounting books the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements and/or those of its Subsidiaries.
- 3.- Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries such as the Company.
- 4.- The Company is obligated to ensure that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5.- Maintaining, at the end of each guarter in the Issuer's Financial Statements, a debt ratio not exceeding 1.5 times. Nonetheless, the above limit is adjusted according to the quotient of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index as of December 2009. For all, the aforementioned limit will be adjusted up to a maximum of 2 times. For these purposes, the Debt Ratio is defined as the ratio of Liabilities and Total Equity. Liabilities are defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities in the Issuer's Consolidated Financial Statements.

To determine the aforementioned index, Liabilities include the amount of all joint or several quarantees, simple or joint bonds, joint assumption of debt or other personal or real guarantees, which the Issuer or its subsidiaries have granted to secure third-party obligations, except: (i) those granted by the Issuer or its subsidiaries for obligations of other Subsidiaries of the Issuer, (ii) those granted by subsidiaries for obligations of the Issuer, and (iii) those granted to public institutions to ensure compliance with public sanitation legislation and execution of works in public spaces.

For these purposes, the Total Net Equity is the difference between Total Assets and the sum of Total Current Liabilities and Total Non-Current Liabilities in the Issuer's Consolidated Financial Statements.

As of December 31, 2018, the abovementioned accounts are (Th\$):

Total current liabilities	242,318,524
Total non-current liabilities	976,742,178
Total IFRS liabilities	1,219,060,702
Third-party guarantees (*)	1,130,600
Total liabilities	1,220,191,302
Total assets	1,906,052,099
Total current liabilities	(242,318,524)
Total non-current liabilities	(976,742,178)
Total net equity	686,991,397

The debt ratio was 1.78 times as of December 31, 2018.

* The amount of all joint debtors, simple or joint bonds, joint assumption of debt or other personal or real guarantees that the Issuer or its subsidiaries have granted to secure third-party obligations, except: (i) those granted by the Issuer or its Subsidiaries for obligations undertaken by other Subsidiaries of the Issuer, (ii) those granted by Subsidiaries for obligations of the Issuer, and (iii) those granted to public institutions to ensure compliance with public sanitation legislation and execution of works in public spaces.

The debt limit variation as of December 31, 2018 was the following:

31-12-2009	31-12-2018	ACCUMULATED INFLATION	BASE	LIMIT
90.28	119.45	31.97%	1.5	1.98



6.- Not to sell, assign or transfer essential assets (public-utility concession granted by the S.I.S.S. for Greater Santiago), except for contributions or transfers of essential assets to Subsidiary Companies. The Company complies with all the covenants established in the bond indentures as of December 31, 2018 and December 31, 2017.

II) EMPRESA DE SERVICIOS SANITARIOS DE LOS LAGOS S.A. (ESSAL S.A.)

The Company must adhere to the following restrictions and obligations upon issuing bonds in the national market:

- 1. Sending to bondholder representatives a copy of its Consolidated Financial Statements, both the quarterly as well as the annual audited statements, on the same deadline as they are to be delivered to the Financial Market Commission, plus any other public information which it provides to the Commission.
- 2. Registering in its accounting books the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements.
- 3. Maintaining insurance to reasonably protect its assets, in line with the usual practices for industries such as the Company.
- 4. The Company is obligated to ensure that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5. Maintaining a debt ratio not exceeding 1.29 times, measured on the basis of balance figures, defined as the Liability/Equity ratio.
 - As of 2010, the above limit was adjusted according to the quotient of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index as of December 2009. This limit will be adjusted up to a maximum of 2 times (Debt = Liabilities/Total net equity). As of December 31, 2018, the debt ratio was 1.48 times and 1.51 times for the BESSALC and BESSALB series, respectively.
- 6. Maintaining an Ebitda /Financial Expenses ratio of no less than 3.5 times. as of December 31, 2018, the ratio was 7.2 times.
- 7. Not to sell, assign or transfer essential assets.

The Company complies with all obligations the established in the bond indentures as of December 31, 2018 and December 31, 2017.

c) Bank loan restrictions

I) AGUAS ANDINAS S.A.

The Company has the following obligations and restrictions for obtaining loan agreements from several national banks:

- 1. Maintaining a debt ratio no higher than 1.5 times, measured on the basis of the figures in its consolidated balances. Nonetheless, the above limit is adjusted according to the quotient of the consumer price index for the month in which the debt ratio is calculated and the consumer price index as at December 2009. Nonetheless, the above limit will be adjusted to a maximum ratio of 2 times. For the financial year ended December 31, 2018, the debt ratio variation is 1.98 times. To this end, the level of indebtedness shall be defined as the liability/total net equity ratio. As of December 31, 2018, the debt ratio is 1.78 times.
- 2. A prohibition on the disposal of or losing holder's rights on essential assets, except for contributions or transfers of essential assets to Subsidiary Companies.
- 3. Send to the various banks with which the company maintains loans, copies of the individual and consolidated financial statements, both quarterly and annual audited, within a period not exceeding 5 days of their submission to the Financial Market Commission.
- 4. Recording in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements.
- 5. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries of a nature similar to that of the Company.
- 6. Submitting a certificate signed by the Company's General Manager declaring compliance with the loan agreement obligations.
- 7. A prohibition to distribute dividends, except for the obligatory minimum if there is a situation of default or delay in the payment of any loan installment.
- 8. Maintaining a financial hedging ratio equal to or over 3 times, measured on the basis of the figures contained in its consolidated individual balances, defined as the ratio between operating Revenue plus depreciation during the financial year and the amortization of intangible assets divided by financial expenses. As of December 31, 2018, the Company's financial hedging ratio is 10.32 times.
- 9. A prohibition on liquidating or dissolving the Company, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present Subsidiaries.



10.- The Company undertakes to ensuring that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

II) AGUAS CORDILLERA S.A.

The Company has the following obligations and restrictions for obtaining loan agreements with a national bank:

- 1. Maintaining a debt ratio no higher than 1.5 times, measured on the basis of the figures in its consolidated balances. Nonetheless, the above limit is adjusted according to the quotient of the consumer price index for the month in which the debt ratio is calculated and the consumer price index as at December 2009. Nonetheless, the above limit will be adjusted to a maximum ratio of 2 times. To this end, the level of indebtedness shall be defined as the liability/total net equity ratio. As of December 31, 2018, the debt ratio is 0.61 times.
- 2. Maintaining a financial hedging ratio equal to or over 3 times, measured on the basis of the figures contained in its consolidated individual balances, defined as the ratio between operating Revenue plus depreciation during the financial year and the amortization of intangible assets divided by financial expenses. As of December 31, 2018, the Company's financial hedging ratio is 16.09 times.
- 3. Sending a copy of both the quarterly and the audited individual consolidated financial statements to the different banks the Company has asked for loans, within five days of their submission to the Financial Market Commission.
- 4. Submitting a certificate issued by the Company's General Manager stating compliance with the loan agreement obligations.
- 5. Maintaining all rights, licenses, permits, trademarks, franchises, concessions or relevant parts thereof in full force.
- 6. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices of industries of a nature similar to that of the Company.
- 7. Ensuring that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

III) ESSAL S.A.

The Subsidiary has obligations arising from obtaining loans from a national bank without compromised financial indexes or associated restrictions.

December 31, 2018 the Company and its Subsidiary Utilities comply with all requirements established in the loan agreements with accrediting Banks, as well as with all the provisions of DFL. No. 382 of the General Sanitation Services Act of 1988, and its Regulations (D.S. MOP No. 1199/2004, published in November 2005).

d) Third party guarantees

As of December 31, 2018 and December 31, 2017, the Company has received documents in guarantee for Th\$42,150,481 and Th\$26.219,928, respectively, arising mainly from work contracts with construction companies to guarantee due performance. Additionally, there are also other guarantees for services contracts and for the acquisition of materials toward ensuring their timely delivery.

CONTRACTOR OR SUPPLIER	NAME	31-12-2018 TH\$	MATURITY DATE
A DENHAM Y CIA LTDA	A. Andinas S.A.	231,470	31-12-2021
AES GENER S.A.	A. Andinas S.A.	275,658	01-04-2022
AMEC CADE ING.Y DES PROY. LTDA	A. Andinas S.A.	104,154	12-08-2019
BAPA S.A.	A. Andinas S.A.	261,259	02-02-2019
BAPA S.A.	A. Andinas S.A.	125,079	13-08-2019
BRENNTAG CHILE LTDA.	A. Andinas S.A.	111,960	05-12-2019
BROTEC CONSTRUCCIÓN LTDA.	A. Andinas S.A.	2,454,844	31-01-2020
C. DE PETROLEOS DE CHILE COPEC S.A.	A. Andinas S.A.	463,514	15-03-2019
CONSORCIO BAPA GRAMATEC SPA	A. Andinas S.A.	363,781	28-12-2019
CONSORCIO NAC. DE DIST. Y LOG. S.A.	A. Andinas S.A.	110,263	03-06-2020
CONSTRUCTORA CARRAN S.A.	A. Andinas S.A.	154,368	28-05-2019
CONSTRUCTORA OLBERTZ LTDA.	A. Andinas S.A.	181,684	30-09-2019
CONSTRUCTORA OLBERTZ LTDA.	A. Andinas S.A.	549,164	30-11-2019
CONSTRUCTORA PEREZ Y GOMEZ LTDA	A. Andinas S.A.	257,017	01-08-2019
CONSTRUCTORA PEREZ Y GOMEZ LTDA	A. Andinas S.A.	466,065	31-08-2019



CONTRACTOR OR SUPPLIER	NAME	31-12-2018 TH\$	MATURITY DATE
CONSTRUCTORA VALKO S A	A. Andinas S.A.	2,454,844	30-01-2020
DALCO INGENIERIA LTDA.	A. Andinas S.A.	227,693	30-08-2019
DALCO INGENIERIA LTDA.	A. Andinas S.A.	268,381	30-10-2019
DALCO INGENIERIA LTDA.	A. Andinas S.A.	369,464	30-01-2020
ECHEVERRIA IZQUIERDO ING. Y CONSTRU	A. Andinas S.A.	502,968	24-01-2019
ECHEVERRIA IZQUIERDO ING. Y CONSTRU	A. Andinas S.A.	1,274,174	28-02-2019
EIFFAGE ENERGIA CHILE LTDA	A. Andinas S.A.	261,259	25-01-2019
EMP.DEPURADORA DE A.S. MAPOCHO EL T	A. Andinas S.A.	14,302,346	31-12-2019
EMPRESA NACIONAL DE ENERGIA ENEX S.	A. Andinas S.A.	722,800	29-12-2019
GYO INGENIERIA LTDA.	A. Andinas S.A.	147,680	18-06-2019
ICAFAL INGENIERIA Y CONSTRUCCION S.	A. Andinas S.A.	200,346	12-01-2019
ING. Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	377,860	27-03-2019
INGENIERIA Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	140,692	16-05-2019
INGENIERIA Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	279,467	22-05-2019
INGENIERIA Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	412,577	05-07-2019
INGENIERIA Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	110,357	31-07-2019
INGENIERIA Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	337,598	06-08-2020
INLAC S.A.	A. Andinas S.A.	176,439	31-10-2019
INLAC S.A.	A. Andinas S.A.	139,982	31-01-2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	A. Andinas S.A.	110,263	18-11-2019

CONTRACTOR OR SUPPLIER	NAME	31-12-2018 TH\$	MATURITY DATE
INMOB. Y COMERCIAL QUILICURA LTDA.	A. Andinas S.A.	385,921	28-10-2020
INMOBILIARIA LOS SIRIOS S.A.	A. Andinas S.A.	137,829	30-03-2019
INMOBILIARIA MONTE ACONCAGUA S.A.	A. Andinas S.A.	220,526	16-11-2019
LEVEL 3 CHILE S.A.	A. Andinas S.A.	103,234	30-11-2019
SUEZ MEDIOAMBIENTE CHILE S.A.	A. Andinas S.A.	377,860	27-03-2019
SUEZ MEDIOAMBIENTE CHILE S.A.	A. Andinas S.A.	100,031	28-12-2020
SUEZ MEDIOAMBIENTE CHILE S.A.	A. Andinas S.A.	851,498	30-05-2022
VAPOR INDUSTRIAL SPA	A. Andinas S.A.	287,200	28-02-2019
I C M S.A.	A. Cordillera S.A.	158,305	30-10-2019
OBRASCON HUARTE LAIN, S.A.	A. Cordillera S.A.	137,829	30-10-2019
SACYR CHILE S.A.	A. Cordillera S.A.	137,829	30-10-2019
SUEZ MEDIOAMBIENTE CHILE S.A.	A. Cordillera S.A.	674,478	04-02-2019
INMOBILIARIA DG CUATRO LIMITADA	A.Manquehue S.A.	161,177	28-02-2019
INMOBILIARIA DG CUATRO LIMITADA	A.Manquehue S.A.	161,177	31-08-2019
INMOBILIARIA DG CUATRO LIMITADA	A.Manquehue S.A.	161,177	28-02-2020
SUEZ MEDIOAMBIENTE CHILE S.A.	A.Manquehue S.A.	1,857,140	01-04-2019
CLARO VICUÑA VALENZUELA S.A.	Essal S.A.	309,812	05-02-2019
ARTBASE INGENIERIA CONSTRUCCION Y SERVICES LTDA.	Essal S.A.	130,766	16-04-2019
COMPANY CONSTRUCTORA SCHWERTER Y ASOCIADOS LTDA.	Essal S.A.	102,040	28-12-2019
Total		35,383,299	



Note 17 Current revenue

The table below shows the Current revenue generated by the Group's Companies:

CLASSES OF CURRENT REVENUE	31-12-2018 TH\$	31-12-2017 TH\$
Current revenue		
Sales of goods	6,663,187	6,719,378
Provision of services	523,456,507	500,597,979
Insurance repayment	284,986	2,223,220
Total	530,404,680	509,540,577

Note 18 Leasing

Disclosure of information on operational leasing as a lessor

The leasing of machinery, digital lines and some commercial agencies facilities, but mainly the leasing of transportation services, are included under this heading.

FUTURE NON-CANCELLABLE MINIMUM FUTURE LEASE RECEIVABLES, LESSEES	31-12-2018 TH\$	31-12-2017 TH\$
Future non-cancellable minimum lease receivables, up to one year, lessees	2,387,889	2,831,275
Future minimum non-cancellable lease receivables, up to one year and less than 5 years, lessees	5,216,879	5,979,441
Total non-cancellable minimum future lease receivables	7,604,768	8,810,716
Minimum lease payments under operational leases	4,311,878	3,362,982
Total lease and sublease installments acknowledged in the statement of result	4,311,878	3,362,982

Significant operative leasing agreements:

The most significant operative leases are vehicle leasing. In these cases, contracts last from 18 to 96 months. The leasing services are paid on a monthly basis upon the submission and approval of payment statements.

CONTRACT TERMINATION: The Company can terminate the contracts in case of serious breach of any of the conditions and obligations contained in the administrative bases and technical specifications. In this case, the company is entitled to a guarantee for its faithful, complete and timely fulfillment of the contract as compensation for damages.

Disclosure of information on operative leasing as lessors

The Company has entered into contracts of this kind acting as the lessor, mainly with regards to its operative premises, with telecommunications companies, which are renewed automatically from 1 to 5 years. However, the Company is entitled to give a termination notice 30, 60, 90 and 180 days in advance, depending on the contract.

FUTURE NON-CANCELLABLE MINIMUM FUTURE LEASE RECEIVABLES, LESSORS	31-12-2018 TH\$	31-12-2017 TH\$
Future non-cancellable minimum lease receivables, up to one year, lessors	311,649	311,649
Amount of contingent revenue acknowledged in the statement of results	676,327	676,327
Total	987,976	987,976

Significant operative leasing ag reements by the lessor Revenues from these sources are negligible for the Company.

Nota 19 Employee benefits

The Company, at the consolidated level, has a workforce of 2,117 employees, of which 82 are Managers and senior executives. Employees included in collective bargaining agreements and those with individual employment contracts containing special indemnity clauses total 1,755 and 24, respectively, whereas 338 workers are under the provisions of the Labor Code.



During the month of January 2018, the subsidiary Aguas Andinas S.A. culminated the anticipated collective bargaining with the unions of employees, operators and professions No. 1, 2 and 3. The agreement implies the signing of a new collective agreement that replaces the current instrument and expires in July. The agreement was signed on 29 January 2018, taking effect for 3 years.

The current collective bargaining agreements of Aguas Cordillera S.A., and personnel of Aguas Manguehue S.A., were signed on December 1, 2014 and December 23, 2014, with Unions No. 1 and 2 and with the Workers and Supervisors Union, respectively; all of them with a 4-year term.

The current collective bargaining agreements of Anam S.A. and EcoRiles S.A., were signed on December 2015 and April 2017, respectively; both for a 3-year term. The personnel of those Subsidiaries are governed by the provisions contained in articles 159, 160 and 161 of the Labor Code, for which no severance pay provisions have been made.

The current collective bargaining agreement with Unions of subsidiary Essal S.A. were signed on December 31, 2016 and expires on December 31, 2019.

Policies about defined benefit plans

Workers who are not party to the collective bargaining agreements of Aguas Andinas S.A. and its subsidiaries are governed by the provisions contained in articles 159, 160 and 161 of the Labor Code, for which no severance pay provision have been made.

The actuarial calculation is applied to workers with indemnities at present value until 2002 (including indemnities in any event recognized to that date), as well as for advances granted against such indemnities.

For workers who are party to or were incorporated into collective bargaining agreements in force at the date of the consolidated financial statements, the actuarial valuation calculation is applied by seniority.

Accounting policies regarding the acknowledgment of actuarial gains and losses of specific benefits plans. The obligation of providing termination benefits by seniority, which it is estimated to accrue for workers who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., is booked at its actuarial value, determined using the projected credit-unit method.

Actuarial gains and losses on indemnities deriving from changes in estimates or in turnover, mortality, wage increases, or discount rates are booked directly as other comprehensive results in accordance with the revised IAS 19, directly affecting Equity, which are later reclassified as Accumulated Results. The application of this procedure began in 2013 following the effective date of revised IAS 19. Up until 2012, all variations in estimates and parameters used determined a direct effect on results for the year.

Actuarial assumptions

SENIORITY: In Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manguehue S.A., and Essal S.A. it is assumed that workers will remain with those Companies until reaching the legal retirement age (60 years of age for women and 65 for men). In subsidiary Essal S.A. there is a 6-month indemnity limit payable to persons who retire or die.

PARTICIPANTS IN EACH PLAN: These benefits cover all workers who participate in a union agreement (indicated above) and workers with individual contracts including an indemnity clause in any event. Workers included in the calculation of the actuarial indemnity by company: Aguas Andinas S.A.: 906; AGUAS CORDILLERA S.A.: 90; Aguas Manguehue S.A.: 14; Essal S.A.: 330 and Gestión y Services S.A.: 1.

MORTALITY: The RV-2014 mortality tables of the Superintendence of Securities and Insurance are used.

Employee turnover and disability rates and early retirements: Based on the Group's statistical experience, the turnover rate used for target workers during fiscal year 2018 is the following: 7.10%; Aguas CORDILLERA S.A.: 4.8%; Aguas Manquehue S.A.: 0.00% and Essal S.A.: 6.2%. Disabled workers and early retirements have not been considered due to their infrequent occurrence.

DISCOUNT RATE: For fiscal year 2018 the Company applied a discount rate 5.0%, which corresponds to a risk-free rate and long-term inflation projections.

INFLATION RATE: For making long-term estimates, in fiscal year 2018 the Company applied an inflation rate of 3.0%, as reported by the Central Bank of Chile.

SALARY INCREASE RATES: The salary increase rates applied for fiscal year 2018 are as follows: Aguas Andinas S.A.: 3.30%; Aguas Cordillera S.A.: 2.7%; Aguas Manguehue S.A.: 2.40% and Essal S.A.: 3.07%.

General description of defined benefit plans

The following benefits are in addition to those indicated in Note 2.2, letter O:

In the event of the death of a worker, an indemnity will be paid to his/her immediate family in accordance with article 60 of the Labor Code.

In case an employee retires from the Company in accordance with paragraphs 2, 4 or 5 of article 159, number 1, letter a) or number 6 of article 160 of the Labor Code, the employee will be paid an indemnity consisting in the accumulated amount for this concept as of July 31, 2002 in Aguas Andinas S.A., and December 31, 2002 in Aguas Cordillera S.A., readjusted guarterly for changes in the Consumer Price Index, provided that such variation is positive.

Workers of Aguas Andinas S.A. and its Subsidiaries who are not a party to their collective bargaining agreements are covered by their individual employment contracts. On the other hand, for non-utility companies; namely, Gestión y Servicios S.A., EcoRiles S.A., Anam S.A. and Aguas del Maipo S.A., the



provisions of the Labor Code are applicable, except when individual employment contracts indicate otherwise. The indemnity provision is calculated by deducting employee advances.

The following table shows the account activity in actuarial provisions as of December 31, 2018 and December 31, 2017, which include provision account activity:

PROVISIONS FOR EMPLOYEES' BENEFITS	31-12-2018 TH\$	31-12-2017 TH\$
Account activity in actuarial provision		
Initial balance	16,245,576	17,285,712
Cost of services	1,260,866	1,294,818
Interest cost	1,645,624	711,341
Actuarial (gain) or losses	1,534,815	(1,340,799)
Benefits paid	(3,100,569)	(2,085,158)
Special compensation for seniority (1)	-	206,637
Provision for termination benefits	547,615	173,024
Subtotal	18,133,927	16,245,575
Profit sharing and bonuses	4,700,385	4,556,637
Total	22,834,312	20,802,212

The Balance Sheet includes the following balances:

PROVISIONS FOR EMPLOYEES BENEFIT	31-12-2018 TH\$	31-12-2017 TH\$
Provision for employees benefit, current	5,496,070	5,473,412
Provision for employees benefit, non-current	17,338,241	15,328,801
Total	22,834,311	20,802,213

Expected payment flows

Clause 17 of the collective bargaining Agreement of Aquas Andinas S.A. indicates that workers who resign voluntarily shall have 120 days from the date they reach the legal retirement age to make their resignation effective and be entitled to retirement.

The collective bargaining Agreements of Aguas Cordillera S.A. and Aguas Manguehue S.A. indicate that a termination benefit will be paid to workers who resign voluntarily upon reaching the legal retirement age.

In the 2015 – 2017 period, the Company began a program that encourages voluntary retirement of our employees that are approaching the legal retirement age.

During fiscal year 2018 the Company, together with the Aguas Andinas' union workers and in the spirit of acknowledging the track record of personnel having serious health problems who, in turn, have a duly accredited a disabling disease that affects their performance or that does not allow them to resume the normal conditions of their duties or that are close to their legal age of retirement (in the understanding that this applies to women workers, with an indefinite-term work contract in force who turn 57 years of age and to men workers with an indefinite work contract in force, that turn 62 years of age) the option of accepting a Voluntary Retirement Plan. Also eligible to opt for this plan will be those workers that have already met their established retirement age, as required by article 3 of Decree Law No 3,500, in order to obtain their old-age pension, i.e. over 60 years of age for women and over 65 years of age for men (actual age).

According to the above-described benefit plans, the table below shows the flows for the current financial year:

COMPANY	NUMBER OF EMPLOYEES	EXPECTED PAYMENT FLOW TH\$	YEAR
Aguas Andinas S.A.	16	820,106	2019
Aguas Cordillera S.A.	4	161,565	2019
Essal S.A.	1	3,352	2019
Total	21	985,023	



Liabilities projected for December 31, 2019

In calculating the projected liabilities for indemnities at their actuarial value as of December 2019, as established in IAS 19, we have used the actuarial assumptions as of December 31, 2018, as already reported in this Note. The only amount that increased is the legal bonus, as a result of the increase in the minimum legal wage established in January of the present year.

The following table summarizes this situation by company:

COMPANY	NUMBER OF EMPLOYEES	COSTS FOR SERVICES TH\$	COSTS FOR INTERESTS TH\$
Aguas Andinas S.A.	906	810,777	681,147
Aguas Cordillera S.A.	90	108,805	91,715
Aguas Manquehue S.A.	14	8,752	7,455
Essal S.A.	330	31,998	35,373
Gestión y Services S.A.	1	2,354	205
Total	1,341	962,686	815,895

Sensitivity of assumptions

The sensitivity of the main assumptions is based on the actuarial calculation as of December 31, 2018. The following impacts have been determined:

DISCOUNT RATE	BASE	PLUS 0.5% TH\$	MINUS 0.5% TH\$
Aguas Andinas S.A.	5.00%	-560,908	601,938
Aguas Cordillera S.A.	5.00%	-90,158	95,938
Aguas Manquehue S.A.	5.00%	-21,589	23,067
Essal S.A.	5.00%	-40,046	44,070
Total		-712,701	765,013

TURNOVER RATE	BASE	PLUS 0.5% TH\$	MINUS 0.5% TH\$
Aguas Andinas S.A.	7.10%	-628,125	672,910
Aguas Cordillera S.A.	4.80%	-98,699	104,567
Aguas Manquehue S.A.	0.00%	-22,564	0
Essal S.A.	6.20%	-44,549	49,049
Total		-793,937	826,526

SALARY INCREMENT RATE	BASE	PLUS 0.5% TH\$	MINUS 0.5% TH\$
Aguas Andinas S.A.	3.30%	609,153	-572,492
Aguas Cordillera S.A.	2.70%	97,665	-92,551
Aguas Manquehue S.A.	2.40%	23,554	-22,223
Essal S.A.	3.10%	44,709	-40,949
Total		775,081	-728,215

Disclosures of benefits on termination of the contractual relationship

The indemnity upon the termination of a labor relationship is governed by the provisions of the Labor Code, except for those special clauses in the respective collective bargaining agreements or individual contracts.

Profit sharing and bonuses

The Company has an obligation with its personnel with respect to profit-sharing bonuses payable the following year in February and March. The accrued participation payable to personnel, as stipulated in current contracts, is settled in February on the basis of the statement of financial position for the immediately-preceding financial year. As of December 31, 2018 and 2017, these amounts total Th\$3,214,450 y Th\$4,556,637, respectively. In addition, advances are made against this bonus in the months of March, June, September and December of each calendar year.

The annual amount will depend on the earnings of each Group Company.



Personnel expenses

Personnel expenses as of December 31, 2018 and 2017 are:

PERSONNEL EXPENSES	31-12-2018 TH\$	31-12-2017 TH\$
Wages and salaries	36,739,135	34,456,014
Defined benefits	16,525,933	15,464,917
Termination benefits	3,841,224	3,478,845
Other personnel expenses	2,047,095	2,148,528
Total	59,153,387	55,548,304

Note 20 Effect of exchange differences

The table below summarizes the exchange differences:

ITEM	CURRENCY	31-12-2018 TH\$	31-12-2017 TH\$
Trade debtors and other accounts receiv-able	EUR	(36,619)	271
Trade debtors and other accounts receiv-able	USD	(717)	(580)
Other financial assets	USD	145	-
Total variation liabilities		(37,191)	(309)
Trade accounts payable and other ac-counts payable	EUR	(15,826)	(9,651)
Trade accounts payable and other ac-counts payable	USD	(19,450)	18,948
Accounts payable from related entities	EUR	(11,091)	-
Total variation liabilities		(46,367)	9,297
Earnings (loss) from exchange differ-ences		(83,558)	8,988

Note 21 Other expenses by nature

Information concerning other expenses by nature:

OTHER EXPENSES BY NATURE	31-12-2018 TH\$	31-12-2017 TH\$
Treatment plant operation	(25,879,842)	(25,635,865)
Services	(17,979,010)	(14,987,945)
Maintenance and repair of networks	(14,403,921)	(14,933,319)
Commercial services	(13,329,382)	(12,764,364)
Expenses for works requested by third parties	(10,014,480)	(11,335,985)
Maintenance of facilities and equipment	(8,151,903)	(7,360,079)
Leases	(7,708,393)	(7,199,468)
Withdrawal of waste and slurry	(5,884,761)	(6,683,156)
Contributions, patents, insurance and royalties	(6,483,442)	(6,243,669)
Overhead	(6,706,411)	(6,216,812)
Other	(5,816,781)	(7,101,809)
Total	(122,358,326)	(120,462,471)



Note 22 Results by indexed units

The composition of the results by indexed units for periods ended December 31, 2018 and 2017, is the following:

ITEM	31-12-2018 TH\$	31-12-2017 TH\$
Accounts receivable from related entities	4,485	467,148
Current tax assets	379,579	430,103
Trade debtors and other accounts receiva-ble	(772,861)	90,479
Total variation liabilities	(388,797)	987,730
Other financial liabilities	(23,404,573)	(12,760,363)
Trade accounts payable and other accounts payable	881,302	(179,293)
Accounts payable to related companies	(92)	(209)
Other non-financial liabilities	(110,576)	6,232
Total variation liabilities	(22,633,939)	(12,933,633)
Earnings (loss) from adjustment units	(23,022,736)	(11,945,903)

Note 23 Capitalized financing costs

The table below summarizes the capitalized financing costs as of December 31, 2018 and December 31, 2017:

Disclosure of capitalized interest costs

CAPITALIZED INTEREST COSTS, PROPERTY, PLANT AND EQUIPMENT		31-12-2018	31-12-2017
Rate of capitalized interest costs, property, plant and equipment	%	6.42	7.13
Amount of capitalized interest, property, plant and equipment	Th\$	3,215,456	2,201,924

Nota 24 Revenue taxes and deferred taxes

As established in IAS 12, the following table shows the net position of deferred tax on assets and liabilities determined by Company, as in the consolidated statement of financial position, adding each position:

STATEMENTS OF FINANCIAL POSITION	31-12-2018 TH\$	31-12-2017 TH\$
Deferred tax assets		20.200.593
Deferred tax liabilities	(35,452,801)	(37,820,849)
Net deferred tax position	(11,953,240)	(17,620,256)

The net position above originates from a variety of concepts that make up timing and permanent differences, which at the consolidated level can be shown under the following concepts:

Disclosure of deferred tax assets

DEFERRED TAX ASSETS	31-12-2018 TH\$	31-12-2017 TH\$
Water rights (amortization)	504,001	477,561
Provision for doubtful accounts	9,230,453	8,936,230
Provision for vacations	714,546	661,801
Litigation	807,907	703,031
Termination benefits	4,013,029	3,491,419
Other provisions	243,379	109,329
Variation monetary correction and depreciation assets	69,908,916	66,862,390
Deferred Revenue	1,969,571	1,969,571
La Dehesa reservoir transaction	389,058	378,223
Amortization	101	107
Other provisions	1,625,000	1,274,491
Deferred tax assets	89,405,961	84,864,153



Disclosure on deferred tax liabilities

DEFERRED TAX LIABILITIES	31-12-2018 TH\$	31-12-2017 TH\$
Depreciation fixed assets	18,637,043	18,168,997
Amortizations	645,687	475,077
Expense investment on related companies	114,266	114,266
Revaluation of land	24,349,342	24,584,755
Revaluation of water rights	46,834,696	46,838,629
Fair value of assets on purchase Essal S.A.	10,539,459	11,961,837
Other	238,708	340,848
Deferred tax liabilities	101,359,201	102,484,409
Net deferred tax position	-11,953,240	-17,620,256

Asset account activity on deferred taxes

ASSET ACCOUNT ACTIVITY ON DEFERRED TAXES	31-12-2018 TH\$	31-12-2017 TH\$
Deferred tax assets, initial balance	84,864,153	84,697,048
Increases (decreases) in deferred tax assets	1,201,059	(456,516)
Increases (decreases) for variation in monetary correction and assets depreciation	3,046,526	(2,001)
Increases (decreases) for bad debt provision	294,223	625,622
Changes in deferred tax assets	4,541,808	167,105
Changes in deferred tax assets, total	89,405,961	84,864,153

Liability account activity on deferred taxes

LIABILITY ACCOUNT ACTIVITY ON DEFERRED TAXES	31-12-2018 TH\$	31-12-2017 TH\$
Deferred tax assets, initial bal-ance	102,484,409	102,615,565
Increases (decreases) in de-ferred tax assets	297,170	1,212,200
Increases (decreases) for varia-tion in monetary correction and assets depreciation	(1,422,378)	(1,343,356)
Increases (decreases) for bad debt provision	(1,125,208)	(131,156)
Changes in deferred tax assets	101,359,201	102,484,409

Earnings' tax expense

REVENUE (CHARGE) FOR CORPORATE REVENUE TAXES BY CURRENT AND DEFERRED PARTS	31-12-2018 TH\$	31-12-2017 TH\$
Charge for current taxes	(51,450,110)	(34,893,316)
Previous financial year adjustment tax expense	(216,089)	(169,861)
Charge for current Corporate Rev-enue tax	(51,666,199)	(35,063,177)
Deferred Revenue (charge) for taxes related to creation and reversal of timing differences	5,378,014	1,473,976
Charge for single tax (disallowed expenses)	(218,237)	(82,252)
Earnings (charge) for other taxes	5,159,777	1,391,724
Earnings' tax expense	(46,506,422)	(33,671,453)

Numerical reconciliation of Revenue (expense) per tax and the result of multiplying the book profit by the applicable tax rate(s)

	31-12-2018 TH\$	31-12-2017 TH\$
Tax expense using the statutory rate	(50,172,690)	(48.404.834)
Permanent difference for monetary correction tax equity	4,076,156	2.634.021
Permanent difference for disallowed expenses	(218,237)	(132.752)
Permanent difference for previous financial year's Corporate Revenue tax	(216,089)	(173.082)
Other permanent differences	24,438	(263.978)
Adjustment to tax charge using the statutory rate	3,666,268	2.064.209
Tax expense using the statutory rate	(46,506,422)	(46.340.625)

Reconciliation of the statutory tax rate and the effective tax rate

	31-12-2018	31-12-2017
Statutory tax rate	27.00%	25.50%
Permanent difference for monetary correction tax equity	-2.19%	-1.39%
Permanent difference for disallowed expenses	0.12%	0.07%
Permanent difference for previous financial year's Corporate Revenue tax	0.12%	0.09%
Other permanent differences	-0.02%	0.14%
Effective tax rate	25.03%	24.41%



Note 25 Earnings per share

The basic earnings per share is calculated as the quotient between the earnings (loss) attributable to holders of Net Equity instruments of the Controller divided by the weighted average number of common shares in circulation during that fiscal year.

EARNINGS PER SHARE		31-12-2018	31-12-2017
Earnings attributable to shareholders in equity of the controller	Th\$	136,056,517	139,620,280
Results available to common shareholders, basic	Th\$	136,056,517	139,620,280
Weighted average number of shares, basic		6,118,965,160	6,118,965,160
Earnings per share	\$	22,235	22,818

Disclosure of information on diluted earnings (losses) per share

The Company has not carried out any transaction with a potential diluting effect entailing diluted earnings per share other than the basic earnings per share.

Note 26 Business segments

The Group discloses information by segment in accordance with IFRS No. 8, "Operating Segments", which sets the reporting standards for Operating Segments and related disclosures for products and services. Operating Segments are defined as components of an entity on which separate financial information exists and is regularly used by Management for making decisions, allocating resources and evaluating performance.

The Group manages and measures the performance of its operations by business segment. The Operating Segments reported internally are:

- Water utility business operations.
- Non-Water business operations.

Description of types of products and services that provide regular Revenue from each segment reported

The Water Segment consists only of sanitation services that permit the provision of products and production services, water distribution and sewage collection and treatment. This segment includes the subsidiaries Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manguehue S.A., and Essal S.A. through Iberaguas Ltda.

The Non-Water segment consists of environmental analysis, liquid waste treatment (Riles) and comprehensive engineering services, plus the sale of sanitation service and energy project products. The subsidiaries included are EcoRiles S.A., Anam S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A.

General information on result totals, assets, liabilities and equity.

	31-12-	2018	31-12-	-2017
GENERAL INFORMATION ON RESULT TOTALS	WATER TH\$	NON-WATER TH\$	WATER TH\$	NON-WATER TH\$
Revenues from regular activities with external customers	504,692,040	25,712,641	484,300,578	25,239,999
Revenues from regular activities between segments	1,172,343	4,311,876	989,298	4,314,127
Raw materials and consumables used	(29,616,364)	(9,896,250)	(25,086,612)	(10,043,948)
Employees benefit expenses	(51,663,217)	(7,544,201)	(48,419,753)	(7,230,674)
Operating expenses	(120,533,467)	(6,971,666)	(118,800,873)	(6,657,188)
Depreciation and amortization	(74,224,202)	(1,271,095)	(73,722,846)	(699,021)
Other revenues and expenses	(825,519)	(271,241)	2,306,663	329,304
Financial Revenue	5,898,244	95,959	5,928,429	224,228
Financial costs	(29,994,480)	(140,329)	(31,125,774)	(86,145)
Result of indexation and exchange differences	(23,128,443)	22,148	(11,958,387)	21,474
Corporate Revenue tax charge	(45,486,954)	(1,019,468)	(45,056,455)	(1,284,170)
Earnings of the segment	136,289,981	3,028,374	139,354,268	4,127,986
Earnings of the segment at-tributable to controller's proper-ty owners	133,028,143	3,028,374	135,492,295	4,127,986
Earnings (losses) by segment attributable to non- controller shares	3,261,838	-	3,861,973	-



	31-12-2018		31-12-2017	
TOTALS ON ASSETS, LIABILITIES AND EQUITY GENERAL INFORMATION	WATER TH\$	NON-WATER TH\$	WATER TH\$	NON-WATER TH\$
Current assets	160,097,263	15,288,955	142,790,325	14,731,411
Non-current as-sets	1,718,816,311	20,176,274	1,626,875,139	20,251,891
Total assets	1,878,913,574	35,465,229	1,769,665,464	34,983,302
Current liabili-ties	236,740,972	13,904,255	230,408,065	14,472,469
Non-current lia-bilities	976,643,094	99,085	866,317,420	151,337
Equity attribut-able to owners of the controller	617,158,766	21,461,889	622,271,278	20,359,496
Non-controller shares	48,370,742	-	50,668,701	-
Total assets and liabilities	1,878,913,574	35,465,229	1,769,665,464	34,983,302

Significant line items of revenues and expenses by segment

WATER AND NON-WATER SEGMENTS

The significant items of current revenues and expenses are mainly related to the business of the segment. There are also relevant sums in relation to expenses for depreciation, personnel and other assorted expenses, including relevant expenditures from outsourced services.

REVENUE

The Company's Revenue is generated mainly by the regulated services relating to the production and distribution of water as well as the collection, treatment and disposal of sewage, and other regulated services (including Revenue from cutting and restoring supply, monitoring liquid waste discharges and fixed charges).

Detail of significant revenue line items

WATER SEGMENT

The significant items of ordinary revenues are mainly related to the potable water and sewage water business, that is, Revenue from the sale of water, overconsumption, variable charge, fixed charge, sewage service, sewer use and wastewater treatment.

TARIFFS

The most important factor determining the results of the Company's operations and financial position are the tariffs set for its regulated sales and services. As regulated companies, Aguas Andinas and its water utility subsidiaries are regulated by the SISS and their tariffs are set in accordance with the D.F.L. No. 70 of 1988 on Sanitation Service Tariffs.

The tariff levels are reviewed every five years and, during that period, are subject to additional polynomial indexation adjustments, if the accumulated variation after the previous adjustment is 3.0% or more, according to calculations based on different inflation indexes.

Specifically, the adjustments are applied as a function of a formula that includes the Consumer Price Index, the Wholesale Price Index for Imported Industrial Goods and the Wholesale Price Index for National Industrial Goods, published by the Chilean National Institute of Statistics. Tariffs are also subject to adjustment to reflect additional services previously authorized by the SISS.

In 2015 the tariff negotiation processes for the 2015-2020 period ended. The decrees fixing the tariffs during the referenced five-year period for Aquas Andinas S.A., Aguas Cordillera S.A and Aguas Manquehue S.A, are numbers 152-2015; 83-2015; and 139 2015, respectively.

Whereas for subsidiary Essal S.A., the current tariffs for 2016-2021 period were approved by Decree No. 143 on August 25, 2016 and published in the Official Gazette on January 21, 2017.

NON-WATER SEGMENT

The significant items of ordinary revenues are mainly related to the segment's business and are closely related to the main business of each subsidiary, involving the sale of materials to third parties, the operation of liquid-waste treatment plants, the provision of drinking water and sewage services and analyses and the sale of biogas.

Detail of significant expense items

WATER SEGMENT

The significant expense items are mainly the payment of wages, electric power, Wastewater Treatment Plant Operation, depreciation of movable and immovable property, financial interest expenses, and Corporate Revenue Tax.



NON-WATER SEGMENT

The significant expense items are mainly the payment of wages, the cost of materials for sale and Corporate Revenue tax Payments.

Detailed explanation on the measurement of results, assets, liabilities and equity of each segment These segments were measured by grouping the subsidiaries directly related to the segment.

The accounting criteria used was booking economic events giving rise to rights and obligations, in the same way that these arise in economic relations with third parties. These records will generate committed balances in an asset and liability account according to the nature of the transaction in each related company according to the segment in which it operates. These accounts, called accounts receivable or payable from/to related companies, are netted in the consolidation of the financial statements in accordance with the rules of consolidation explained in IAS 27.

There are no differences in the nature of the measurement of results, since the standard dictates that there are no accounting policies showing different criteria for assigning costs or similar items.

There are no differences in the nature of the measurement of assets and liabilities, since the standard dictates that there are no accounting policies showing different allocation criteria

RECONCILIATION OF REVENUES FROM REGULAR ACTIVITIES	31-12-2018 TH\$	31-12-2017 TH\$
Revenues from regular activities of the segments	535,888,900	514,844,002
Elimination of ordinary activity revenues between segments	(5,484,220)	(5,303,425)
Revenues from regular activities	530,404,680	509,540,577

RECONCILIATION OF EARNINGS	31-12-2018 TH\$	31-12-2017 TH\$
Total consolidated earnings (loss) of segments	139,318,355	143,482,254
Consolidation of elimination of earnings (loss) be-tween segments	(3,261,838)	(3,861,974)
Consolidation of earnings (loss)	136,056,517	139,620,280

Reconciliation of assets Consolidation total assets of segments 1,914,378,803	1,804,648,766
	(7,768,630)
Elimination of accounts between segments (8,326,704)	
Total assets 1,906,052,099	1,796,880,136
Reconciliation of liabilities	
Consolidation total liabilities of segments 1,227,387,406	1,111,349,291
Elimination of accounts between segments (8,326,704)	(7,768,632)
Total liabilities 1,219,060,702	1,103,580,659
Reconciliation of equity	
Consolidation total equities of segments 638,620,655	642,630,776
Equity attributable to owners of the control-ler 638,620,655	642,630,776

Information about main customers

Main customers of the water utility segment:

- I. Municipalidad de Puente Alto
- I. Municipalidad de Santiago
- I. Municipalidad de La Florida
- Centro de Detención Preventiva Santiago 1
- I. Municipalidad de Peñalolén

- Universidad de Chile
- Ministerio de Obras Públicas
- Administración Centro Comunitario Alto Las Condes S.A
- Embotelladoras Chilenas Unidas S.A.
- Cervecera CCU Chile Ltda.

Main customers of the non-water utility segment:

- Papeles Cordillera S.A.
- EME Serv. Generales Ltda.
- Inmobiliaria Constructora Nueva Pacífico Constructora Pérez y Gómez Ltda.
- Cartulinas CMPC S.A.
- Watt's S.A.

- Soprole S.A.
- Cervecera CCU Chile Ltda.
- Metrogas S.A.
- Cooperativa Agrícola y Lechera La Unión



Types of products in the Water and Non-water utility segments:

WATER UTILITY SEGMENT

The types of products and services for the water utility segment are:

- Potable water production and distribution.
- Sewage water collection and treatment.

This segment includes Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., Essal S.A. and Iberaguas Ltda.

NON-WATER UTILITY SEGMENT

The types of products and services for the non-water utility segment are:

- Outsourcing service for operations in industrial waste and excess organic load treatment plants (Ecoriles S.A. subsidiary).
- Physical, chemical and biological analysis of water, air and solids (subsidiary Anam S.A.).
- Comprehensive Engineering Services and sale of products including pipes, valves, taps and other related items (subsidiary Gestión y Servicios S.A.).
- Energy projects (subsidiary Aguas del Maipo S.A.).

Note 27 Environment

Disclosure of information on environment-related investments.

The following information on environment-related investments is disclosed in compliance with Circular No. 1901 of October 30, 2008, of the Financial Market Commission.

The table below summarizes the environment-related investments:

Aguas Andinas S.A.

PROJECT NAME	31-12-2018 TH\$	31-12-2017 TH\$
Expansion and upgrade PTAS Buin Maipo	1,596,552	30,787
Expansion and upgrade PTAS Curacaví	501,322	1,709,635
Expansion and upgrade PTAS El Monte	1,097,243	2,867

Expansion and upgrade PTAS San José de Maipo	46,471	2,145
Expansion and upgrade PTAS Talagante	3,623,144	1,358,967
Expansion and upgrade PTAS other localities.	5,948	26,013
Upgrade and renewal of clearing equipment and facil-ities.	1,047,679	1,162,682
La Farfana Plant	4,518,641	3,567,160
Mapocho - Trebal Plant	16,212,808	9,381,667
El Rutal handling and disposal of slurry external platform.	6,755	17,403
Total	28,656,563	17,259,326

Aguas Manquehue S.A.

PROJECT NAME	31-12-2018 TH\$	31-12-2017 TH\$
Upgrade and renewal of clear-ing equipment and facilities.	26,590	60,863
Total	26,590	60,863

Aguas del Maipo S.A.

PROJECT NAME	31-12-2018 TH\$	31-12-2017 TH\$
Biogas clearing plant	-	6,121,864
Total	-	6,121,864

Essal S.A.

PROJECT NAME	31-12-2018 TH\$	31-12-2017 TH\$
Upgrade disposal infrastructure	23,781	149,612
Upgrade EDAR system	673,808	285,144
Renewal of treatment and dis-posal equipment	101,253	104,899
Total	798,842	539,655



COMPANY	TH\$
Aguas Andinas S.A.	22,554,769
Aguas Manquehue S.A.	113,317
Essal S.A.	863,177
Total	23,531,263

Indication of whether the disbursement is part of the cost of an asset or is reflected as an expense, disbursements in the period

All of the projects above are part of the cost for the respective construction works.

Fixed or estimated date for future disbursements, disbursements in the period

The projected disbursements are expected to be made in 2019.

The Company and its Subsidiaries are affected by environment-related disbursements, i.e. compliance with regulations, laws relating to industrial processes and installations, and any other issue that could directly or indirectly affect protection of the environment.

Note 28 Events occurring after the closing of the balance sheet

As of the date of issue of these consolidated financial statements, the Management of the Company's and its Subsidiaries are not aware of any subsequent events that could affect their financial position as of December 31, 2018.

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Consolidated Financial Statements





Management's comments on **Aguas Andinas** ▶

for the period ended as of December 31, 2018



1. Year's summary

- The company held a sustained EBITDA growth during fiscal year (FY), managing a 3.7% increase, positively influenced by the larger volumes delivered, in addition to an active contention and cost reduction effort throughout an organizational restructuring, improvements in biosolid use and disposal, process optimization and a drop in collectability levels, all of which enabled mitigating the impact of the increment in certain non-recurring operating costs as an income of the intensification of drought conditions around the Santiago Metropolitan Area and of this year's collective bargaining process.
- At the non-operating level, the lower income is mostly explained by the greater revaluation of the UF-indexed debt (2.9% in 2018 versus 1.7% in 2017) that raised expenses by \$11,077 million, and the costs of an organizational restructuring which meant that the concessionaire companies of the Metro Region had to reduce their net staffing in 34 persons, including 9 executives among them.
- In April of the year 2018, the Company placed two series of bonds, being the AC series the first Green and Social Bond issued in the local market. The characteristics of these series, whose funds were used for the financing of the investment plan and the refinancing of liabilities the Company, were the following:

Green and Social Bond, AC series for UF 1.5 million, structured to a 7-year term at a rate of 1.8%. **AD series Bond for UF 2.0 million,** structured to a 25-year term at a rate of 2.38%.

The spread achieved by the Green and Social Bond was the lowest of the last years for an equivalent installment issue.

Net income (in million \$)



Operating Incomes

- This period's EBITDA reached \$309,664 million, representing an increase of 3.7% over the previous
- Revenues were higher than those in the previous year by \$20,864 million (an increase of 4.1%) mainly due to increased sales volumes of 3.9% in Drinking Water and of 3.4% in Wastewater. Such increases in the volumes supplied occurred during a year in which the average maximum temperatures increased by 0.3% as compared to the previous year; this being the driest winter observed in the last 20 years.
- Operating costs varied by 4.6% due mostly to:
- Drought-related costs: the 10-year long drought intensified in 2018 while experiencing the driest winter of the last 20 years. This implied expense increased mainly in the following line items:
- Raw water purchases: It was necessary to buy more raw water to ensure the continuity of supply to our customers in low-flow periods along the Maipo River basin. This involved a higher cost of \$2,721 million.

Electricity: Electric energy costs increased by \$885 million, due to increased consumption, as well as increased groundwater uptake and water elevation, caused by less water availability in the rivers of the Metropolitan Region.

Personnel costs: During the year 2018, collective bargaining processes were successfully completed with all the work unions of Aguas Andinas, Aguas Cordillera and with the subsidiaries Gestión y Servicios and Análisis Ambientales. These collective contracts will remain in effect for a 3-year period. The benefits obtained through these negotiations plus the agreed inflation adjustments explain increased expenses amounting to \$3,605 million under this concept.

Efficiency improvement projects: During 2018, projects were developed toward improving processes, organizational restructuring and digital transformation that have allowed containing and reducing certain cost line items such as the following:

- Biosolid management: Savings of \$798 million were made from the beneficial use of sludge as fertilizer and soil recuperator.
- Organizational restructuring: This meant that Metropolitan Region concessionaire companies were able to streamline their net personnel by 34 persons, including 9 executives among them.
- Reduced uncollectibles: There was a lower provision for uncollectibles of \$1.987 million due to the management made through payment agreements and programs to support more vulnerable families, in line with the commitment of collaboration and shared value that the Company develops with its Customers. With Respect to income, uncollectibles fell froM1.2% to 0.7%.
- Other projects: Other projects were developed that produced savings in network maintenance and repair for \$529 million and other general and management services for \$760 million.



Finally, higher costs have been recognized mainly in facility maintenance for \$560 million, computer services and licenses for \$761 million, customer management by \$565 million, in the subsidiary ESSAL for fines and operating maintenance expenses for \$1,454 million, and other costs associated with the tariff process, real estate contributions and other services.

Non-operating income

The financial income showed a net expense of \$47,247 million, \$10.251 million greater than a year ago, as a consequence mainly of a higher revaluation of UF-indexed debt (2.9% in 2018 versus 1.7% in 2017).

The Other Profit/Loss line item shows a loss of \$1,124 million, a figure \$3,733 million higher than a year ago, as a result of the costs related to the organizational restructuring, whose main objective is to adapt the structure to the Company's vision and strategic guidelines as well as to increase its efficiency. These higher costs were partially offset by the sale of land properties located in various municipalities of the Metropolitan Region.

Inversiones

In 2018, investments were materialized totaling \$163,753 million, the highest amount in the company's history. The main projects developed are:

- Construction of Estanques de Pirque
- Chamisero drinking water production plant
- Renewal of Wastewater and Drinking Water networks
- Treatment of nitrates at Biofactorías La Farfana-Trebal
- Asset replenishment at Biofactorías La Farfana-Trebal
- Replacement of intakes and meters

ADVANCE IN RELEVANT INVESTMENT PROJECTS – The construction of Estanques de Pirque shows a progress of 53%. This project will increase the autonomy of drinking water to the capital by 11 to 34 hours, in order to cope with the effects of climate change, and thereby avoid or minimize drinking water cuts caused by storms or rains in the high mountain range.

Also, the Chamisero drinking water plant in Colina is at its start-up phase. This facility will enable sustaining the growth of Santiago's northern area, producing surface-sourced drinking water (Maipo River) in an area limited by underground water.

Other highlights

UN REWARDS AGUAS ANDINAS FOR BIOFACTORÍAS – The Company was recognized with the 2018 Impulse for Change Award, granted by the United Nations (UN), which seeks to recognize those global initiatives aimed at addressing the effects of climate change, Chile being the only country in Latin America to receive this award.

SUSTAINABILITY RECOGNITIONS — Aguas Andinas obtained the GRAND PRIX EMPRESA ALAS20 (2020 Sustainable Leaders Agenda) recognition in its 2018 edition, which seeks to promote the dissemination of sustainability issues and good corporate governance practices in Latin America.

BEGINNING OF THE VII TARIFF PROCESS — On November 30, 2018, the Superintendence of Sanitary Services published the Preliminary Bases of the tariff fixing process of the companies: Aguas Andinas, Aguas Cordillera, and Aguas Manquehue. The new tariffs of Aguas Andinas will enter into force on March 1, 2020.

2. Year's earnings

2.1. Accumulated earnings

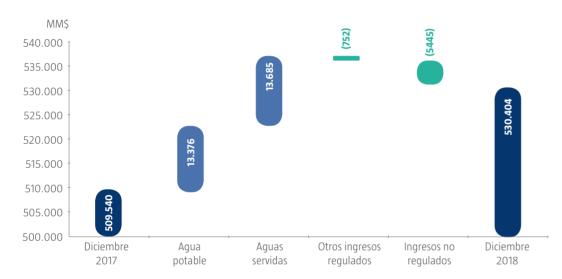
INCOME STATEMENT (M\$)	DEC. 18	DEC. 17	% VAR.	2018 / 2017
Ordinary revenues	530,404,680	509,540,577	4.1%	20,864,103
Operating costs and expenses	(220,740,945)	(210,935,623)	4.6%	(9,805,321)
EBITDA	309,663,735	298,604,953	3.7%	11,058,782
Depreciation and amortization	(75,467,585)	(74,394,154)	1.4%	(1,073,431)
Income from operations	234,196,150	224,210,799	4.5%	9,985,351
Other earnings	(1,124,474)	2,608,255	(143.1%)	(3,732,729)
Financial income*	(47,246,899)	(36,996,176)	27.7%	(10,250,723)
Tax expenses	(46,506,422)	(46,340,625)	0.4%	(165,797)
Net income	136,056,517	139,620,280	(2.6%)	(3,563,763)

^{*}Includes financial revenue, financial costs, exchange differences and incomes by readjustment units.



2.2 Revenue analysis

	SALES	SALES DEC. 18		S DEC. 17
	M\$	SHARE	M\$	SHARE
Drinking water	208,467,089	39.3%	195,090,811	38.3%
Wastewater	254,083,790	47.9%	240,399,095	47.2%
Other regulated income	17,655,861	3.3%	18,408,224	3.6%
Non-regulated income	50,197,940	9.5%	55,642,447	10.9%
Total	530,404,680	100.0%	509,540,577	100.0%



SALES VOLUME (THOUSAND M3)	DEC. 18	DEC. 17	% VAR.	DIFFERENCE
Drinking water	597,648	575,046	3.9%	22,602
Wastewater collection	573,323	554,261	3.4%	19,062
Wastewater collection and disposal	499,221	484,298	3.1%	14,923
Interconnections*	128,054	123,751	3.5%	4,303

CLIENTS	DEC, 18	DEC, 17	% VAR.	DIFFERENCE
Drinking water	2,316,107	2,259,245	2.5%	56,862
Wastewater collection	2,263,039	2,205,940	2.6%	57,099

^{*} The interconnections include the Treatment and Disposal of Wastewater from other Water Utility Companies.

Regulated Businesses

A) DRINKING WATER

Drinking water income at end of 2018 reached M\$208,467,089, showing an increase of 6.9%, compared to 2017. The M\$13,376,278 increase was mainly due to the higher volume supplied, together with the indexing of rates occurring during the years 2017 and 2018, the last of which was recorded in September of 2018.

B) WASTEWATER

Wastewater income at the end of 2018 reached M\$254,083,790, which meant an increase of M\$13,684,695 compared to the previous year, as an income of the higher volume supplied, together with the indexing of rates occurring during the years 2017 and 2018. Aguas Andinas' latest indexing was recorded in September 2018.

C) OTHER REGULATED INCOME

This line item presented a decrease of M\$752,363, which was explained mainly by the variation of the provision of uninvoiced consumption partially offset by higher income associated with fixed charges to clients.

Unregulated Income

Unregulated income declined by M\$5,444,507 at the end of the year 2018 compared to the previous year. This variation was explained by:

A) SANITARY SERVICES

A decrease of M\$5,818,226, mainly due to lower insurance returns, fewer agreements with urban developers and less activity in sanitary infrastructure modifications requested by clients.

B) NON-SANITARY SERVICES

An increase of M\$373,719 was mainly explained by greater laboratory services sales by Análisis Ambientales and increased activity in EcoRiles.

(M\$)	DEC. 18	DEC. 17	% VAR.
AnaMS.A.	4,636,479	4,136,427	12.1%
EcoRiles S.A.	13,211,404	13,004,146	1.6%
Gestión y Servicios S.A.	6,720,684	6,780,639	(0.9%)
Aguas del Maipo S.A.	1,061,523	1,335,159	(20.5%)
Non-sanitary non-regulated products	25,630,090	25,256,371	1.5%





a) Raw materials and consumables

At the end of fiscal year 2018, the costs of raw materials and consumables reached M\$39,229,232, a figure higher by M\$4,304,383 to that obtained in the previous year. This increase was mainly due to raw water purchases totaling M\$2,721,167, aimed at ensuring continuity of supply to our clients in low-flow periods along the Majpo river basin. Additionally, it confronted higher electricity costs totaling M\$885,423, due to increased consumption associated to sales volumes, as well to increased groundwater uptake and water elevation, caused by less water available in the rivers of the Metropolitan Region.

b) Employee benefits

As of December 31 Of 2018, employee benefit expenses reached M\$59,153,387, a figure higher by M\$3,605,083 to the previous year, mainly due to the agreed inflation adjustments and the benefits obtained in the collective bargaining process with all of Aguas Andinas' work unions, Aguas Cordilleras and the subsidiaries Gestión y Servicios and Análisis Ambientales, collective contracts that will remain in effect for 3 years.

c) Depreciation and amortization

At the end of fiscal year 2018, depreciation and amortization amounted to M\$75,467,585, a figure higher by M\$1,073,431 to that obtained in the previous year. This was the income of the depreciations associated to the new assets incorporated during the fiscal year.

d) Other expenses by nature

As of December 31 of 2018, these expenses amounted to M\$122,358,326, a figure higher by M\$1,895,855 to that obtained in 2017, explained essentially by:

- Efficiency projects and process improvements have been carried out that have allowed obtaining lower costs mainly in the management of biosolids by M\$798,395, network maintenance and repair by M\$529,398 and other general and management services by M\$760,009.
- Lower provision for uncollectibles of M\$1.986,833 due to the management performed through payment agreements and programs aimed at supporting more vulnerable families, in line with the commitment of collaboration and shared values that the Company develops with its clients. With Respect to income, uncollectibles fell from 1.2% to 0.7%.
- · Additionally, higher costs have been recognized mainly in facility maintenance of M\$559,663, computer services and licenses of M\$760,997, Management of Clients of M\$565,018, in the ESSAL subsidiary for fines and operating maintenance expenses of M\$1,454,103 and other costs associated with the tariff process, real estate taxes and other services.

2.4. Analysis of Financial revenues and others

a) Other Earnings (losses)

As of December 31, 2018, losses were incurred amounting to M\$1,124,474, a figure higher by M\$3,732,729 to that obtained in 2017, as an income of the organizational restructuring, whose main objective is to adapt the structure to the vision and strategic quidelines of the Company and to increase its efficiency by M\$3,152,487, all of it partially offset by greater sales of expendable land properties located in various municipalities of the Santiago Metropolitan Region.

b) Financial revenues

At the closing of the year 2018, financial revenues were obtained totaling M\$5,856,180, a figure lower by M\$196,817 to that obtained in 2017, explained mainly because of lower interest payments on client debt.



c) Financial costs

As of December 31, 2018, financial costs reached M\$29,996,785, which meant a decrease of M\$1,115,473 to those obtained in the year 2017. The foregoing is mainly explained by a greater financial activation along with lower bank interest and of promissory notes for AFR (reimbursable financial contributions), partially offset by greater interest in bonds, mainly due to a greater volume of debt.

d) Earnings by index unit

At the end of the 2018 fiscal year, incomes were obtained of M\$23,022,736, determining a higher expense of M\$11,076,833 with respect to the year 2017, explained mainly by a greater revaluation of the debt due to a greater variation of the UF index unit (2.9% in 2018 versus 1.7% in 2017).

e) Income tax Expense

The income tax expense as of December 31, 2018 was M\$46,506,422, higher figure by M\$165,797 compared to the previous year. This variation was explained mainly by the change of tax rate from 25.5% to 27.0% due to the Tax Reform, partially offset by a lower income before taxes.

f) Earnings

Net Income as of December 31, 2018 amounted to M\$136,056,517, a figure lower by M\$3,563,763 (2.6%) to that obtained in 2017.

2.5. Incomes by segment

a) Accumulated incomes, water segment

INCOME STATEMENT (M\$)	DEC. 18	DEC. 17	% VAR.	2018 / 2017
External revenue	504.692.040	484.300.578	4.2%	20.391.462
Segments revenues	1.172.343	989.298	18.5%	183.045
Operating costs and expenses	(201.813.048)	(192.307.238)	4.9%	(9.505.810)
EBITDA	304.051.335	292.982.638	3.8%	11.068.697
Depreciation and amortization	(74.224.202)	(73.722.846)	0.7%	(501.356)
Income from operations	229.827.133	219.259.792	4.8%	10.567.341
Other earnings (losses)	(825.519)	2.306.663	(135.8%)	(3.132.182)
Financial income*	(47.224.679)	(37.155.732)	27.1%	(10.068.947)
Tax expenses	(45.486.954)	(45.056.455)	1.0%	(430.499)
Net income	133.028.143	135.492.295	(1.8%)	(2.464.152)

^{*}Includes financial revenue, financial costs, exchange differences and incomes by readjustment units.

Net income from this segment showed a decrease of 1.8% over the previous year, mainly due to:

- An increase in external income, mainly associated with higher volumes supplied along with the positive variations in rates recorded over the years 2017 and 2018. Aguas Andinas' last indexation was recorded in the month of September 2018 with a weighted average variation of 2.6%.
- Costs increased by 4.9% due mainly to an increase in raw water purchases of M\$2,721,167, higher electricity cost of M\$885,423 due to higher consumption associated to increased sales volumes, originated by greater volumes of groundwater capture and water elevation, caused by less water availability in the rivers of the Metropolitan Region, higher employee benefit costs of M\$3,243,464 generated by major agreed inflation adjustments along with other benefits obtained in collective bargaining processes. Higher costs were also incurred in facility maintenance of M\$521,772, data processing services and licensing totaling M\$783,791, client management of M\$565,018, fines and operating maintenance costs in ESSAL totaling M\$1,454,103, and other costs associated with the tariff process, real estate taxes and other services. All of the foregoing was partially offset by lower provisions on account of uncollectibles totaling M\$1,990,027, and savings obtained in biosolids management amounting to M\$798,395, network maintenance and repair of M\$529,398 and other general and management services totaling M\$760,009.
- An increase in the cost of Depreciation and amortization, mainly due to new assets incorporated during the fiscal year.
- Other Earnings (losses) include the costs coming from the restructuring of the year 2018 totaling M\$3,152,487, partially offset by major sales of expendable land properties located in various municipalities of the Santiago Metropolitan Region.
- A decrease in financial revenues with respect to the year 2017, mostly as an income of a greater revaluation of UF-indexed debt.
- Higher income tax expenses as compared to those of the previous year, mainly justified by the change in tax rate from 25.5% to 27.0% due to the Tax Reform partially, offset by lower incomes before taxes.



b) Accumulated incomes, non-water segment

INCOME STATEMENT (M\$)	DEC. 18	DEC. 17	% VAR.	2018 - 2017
External revenue	25,712,641	25,239,999	1.9%	472,642
Segments' income	4,311,876	4,314,127	(0.1%)	(2,251)
Operating costs and expenses	(24,412,117)	(23,931,810)	2.0%	(480,307)
EBITDA	5,612,400	5,622,316	(0.2%)	(9,916)
Depreciation and amortization	(1,271,095)	(699,021)	81.8%	(572,074)
Income from operations	4,341,305	4,923,295	(11.8%)	(581,990)
Other earnings (losses)	(271,241)	329,304	(182.4%)	(600,545)
Financial income*	(22,222)	159,557	(113.9%)	(181,779)
Tax expenses	(1,019,468)	(1,284,170)	(20.6%)	264,702
Net income	3,028,374	4,127,986	(26.6%)	(1,099,612)

^{*}Includes financial revenue, financial costs, exchange differences and incomes by readjustment units.

The incomes of the Non-Water segment showed a decrease of 26.6% compared to that of the previous year, mainly due to:

- Increased revenues mostly attributable to greater laboratory services by Análisis Ambientales and greater activity in EcoRiles.
- · increased personnel costs coming from agreed inflation indexation along with a greater activity of the company, Análisis Ambientales.
- An increase in the cost of depreciation and amortization, mainly due to new assets incorporated during the fiscal year, mainly in the methanization plant of Aguas del Maipo.
- The decrease in other earnings is mainly explained in Gestión y Servicios, due to a lower recovery of Guarantee Vouchers that had been provisioned for being over 4 years old, in comparison to the same period of the previous year in addition to organizational restructuring costs during 2018 in the companies: Análisis Ambientales and EcoRiles.
- Lower income tax expense as compared to the previous period, mainly due to lower income before taxes, partially offset by the change of the tax rate from 25.5% to 27.0% due to the Tax Reform.

3. Quarterly incomes

INCOME STATEMENT (M\$)	2018	2017	% VAR.	2018 / 2017
External revenue Segments' income	139,713,278	134,896,633	3.6%	4,816,645
Operating costs and expenses	(57,638,366)	(54,638,404)	5.5%	(2,999,962)
EBITDA	82,074,912	80,258,229	2.3%	1,816,683
Depreciation and amortization	(18,601,137)	(19,281,659)	(3.5%)	680,522
Income from operations	63,473,775	60,976,570	4.1%	2,497,205
Other earnings (losses)	(2,690,228)	848,740	<(200%)	(3,538,968)
Financial income*	(12,826,165)	(9,802,366)	30.8%	(3,023,799)
Tax expenses	(12,243,554)	(12,669,172)	(3.4%)	425,618
Net income	34,491,006	38,190,585	(9.7%)	(3,699,579)

^{*}Includes financial revenue, financial costs, exchange differences and incomes by readjustment units.

3.1. Revenue analysis

a) Operating revenue

Ordinary revenues of the fourth quarter of 2018 amounted to M\$139,713,278, an amount M\$4,816645 (3.6%) higher than that obtained during the same quarter of the previous year. This variation is mostly attributable to greater volumes along with positive tariff variations recorded during the years 2017 and 2018. Aguas Andinas registered an indexation in the month of September 2018 with a weighted average variation of 2.6%.

3.2. Expense analysis

a) Employee Benefits

Employee benefits during the fourth quarter of 2018 amounted to M\$15,580,404, an amount M\$548,545 higher than that obtained in 2017, mainly attributable to inflation indexation agreements.

b) Depreciation and amortization

The depreciations and amortizations during the fourth quarter of 2018 amounted to M\$18,601,137, a figure M\$680,521 lower than that obtained during the same quarter of 2017, mostly attributable to lower software depreciations.



Other expenses during the fourth quarter of 2018 amounted to M\$32,269,959, an amount M\$2,483,950 higher than that obtained in 2017, mostly attributable to activity generated by new services demanded by clients totaling M\$477,284, fines amounting to M\$376,079 mostly in ESSAL, greater insurance expenses totaling M\$362,948, greater provisions for uncollectibles totaling M\$292,670, greater lease expenses amounting to M\$150,488 and greater client management costs of M\$85,089.

3.3. Financial income analysis

a) Other earnings (losses)

As of December 31, 2018 losses were incurred totaling M\$2,690,228, an amount M\$3,538,967 higher than that incurred during the same quarter of 2017, mostly related to quarantee vouchers, organizational restructuring expenses, in addition to lower sales of expendable land properties.

b) Financial income

Losses were incurred during the fourth guarter of 2018 totaling M\$12,826,165, an amount that increased by M\$3,023,799 with respect to that of 2017, due to the greater variation of the UF as compared to that of the same quarter of the year 2017.

c) Income tax expenses

Income tax expenses as of the closing of the fourth quarter of 2018 amounted to M\$12,243,554, an amount that is M\$425,618 lower than those incurred during the same guarter of the previous year. This variation is mostly explained by lower income before taxes of M\$4,065,562, partially offset by the change in the tax rate from 25.5% to 27.0% as per the Tax Reform.

d) Earnings

Net earnings during the fourth guarter of 2018 amounted to M\$34,491,066, an amount that is M\$3,699,579 (9.7%) lower than that obtained in 2017.

4. Balance sheet

	DEC. 18 M\$	DEC. 17 M\$	% VAR.
Assets			
Current Assets	168,513,972	150,618,761	11.9%
Non-Current Assets	1,737,538,127	1,646,261,375	5.5%
Total Assets	1,906,052,099	1,796,880,136	6.1%
Assets and Equity			
Current Liabilities	242,318,524	237,111,903	2.2%
Non-Current Liabilities	976,742,178	866,468,756	12.7%
Total Liabilities	1,219,060,702	1,103,580,659	10.5%
Shareholders' Equity	638,620,655	642,630,776	(0.6%)
Minority Interest	48,370,742	50,668,701	(4.5%)
Total Shareholders' Equity	686,991,397	693,299,477	(0.9%)
Total Liabilities and Shareholders' Equity	1,906,052,099	1,796,880,136	6.1%

4.1. Asset Analysis

Aguas Andinas' total consolidated assets as of December 31, 2018 increased by 6.1% with respect to those of December 31, 2017, from M\$1,796,880.136 to M\$1,906,052,099.

Current assets increased by M\$17,895,211, mainly due to the increase of cash and cash equivalents for M\$21,172,134 together with greater commercial debtors and other accounts receivable totaling M\$3,305,272 explained by an increase in regulated sales. The foregoing was partially offset by lower tax rebates totaling M\$4,842,697.

Non-current assets increased by M\$91,276,752 mostly explained by deferred taxes of M\$3,298,968 along with greater property, plant and equipment totaling M\$88,329,315, associated to the investments materialized during the fiscal year. The main investment works are shown in the following table:



DEC. 18
35,232,838
12,906,542
11,386,354
9,909,462
7,610,820
4,866,670

4.2. Liabilities and equity analysis

Current liabilities (demand deposits) as of December 2018 increased by M\$115,480,043 with respect to December 2017.

Current liabilities increased by M\$5,206,621. This variation was mostly attributable to greater accounts payable associated to investment providers, partially offset with the payment of the J series bond.

Non-current liabilities increased by M\$110,273,422 (12.7%). This variation corresponds principally to an increase in bond debt for M\$101,269,050 associated to the following issues:

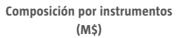
- "Green and Social Bond" AC series for UF 1.5 million, structured to a 7-year term at the rate of 1.8%.
- Series AD Bond for UF 2.0 million, structured to a 25-year term at a rate of 2.83%.

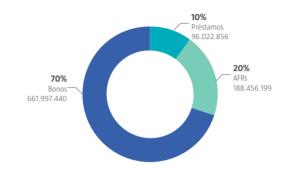
Total equity dropped by M\$6,308,080 and the net equity attributable to the property owners of the controllers dropped by M\$4,010,121, essentially explained by income lower than that of 2017.

The maturity profile of the financial debt as of December 31, 2018 is the following:

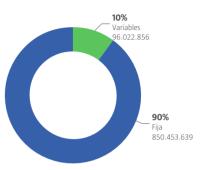
FINANCIAL DEBT M\$	CURRENCY	TOTAL	12-MONTH	1 TO 3 YEARS	3 TO 5 YEARS	OVER 5 YEARS
AFRs	\$	188,456,199	15,614,344	25,274,431	49,108,426	98,458,998
Bonds	\$	661,997,440	15,037,330	25,124,933	37,130,126	584,705,051
Loans	\$	96,022,856	3,503,647	41,544,976	37,699,562	13,274,671
Totals		946,476,495	66,312,217	85,636,748	123,694,511	696,975,290

4.3. Structure of financial liabilities





Composición por tasas (M\$)



5. Cash Flow statement

CASH FLOW STATEMENTS (M\$)	DEC. 18	DEC. 17	% VAR.
Operating activities	245,501,004	213,469,168	15.0%
Investment activities	(135,451,049)	(113,828,958)	19.0%
Financing activities	(88,877,821)	(145,708,313)	(39.0%)
Period's net cash flow	21,172,134	(46,068,103)	(146.0%)
Final cash balance	39,980,474	18,808,340	112.6%

The cash flow coming from operating activities increased by M\$32,031,836, when comparing that of December 2018 with that of December 2017.

The main variations were the following:

• Increased collections from the sales of goods and delivery of services totaling M\$34,109,712, mainly due to a higher volume of sales, along with the tariff indexation registered in the years 2017 and 2018.



- Diminished other payments on account of operating activities of M\$3,277,536, attributable to a greater value added tax credit.
- Diminished payments from premiums and services provided, annuities and other obligations derived from the policies subscribed amounting to M\$2,525,600, associated to the payment of the 18-month fire insurance premium.
- Diminished taxes paid on earnings totaling M\$5,599,642, this variation is mostly explained by the tax rate change from 25.5% to 27.0% introduced by the Tax Reform.

These variations were partially offset by the following items:

- Increased employee benefit payments totaling M\$8,636,965, mostly attributable to inflation indexing agreed in the collective bargaining agreements completed in the year 2018, which is to remain in effect for the next 3 years.
- Increased interest paid amounting to M\$3,239,108, mostly related to bank loans.
- Increased payments to suppliers totaling M\$1,017,790, mostly associated to sanitary infrastructure transportation suppliers and leases.

Disbursements for investment activities increased by M\$21,622,091, associated to the investments materialized during the period.

Financing activities generated a net cash flow (decrease) of M\$56,830,492, mostly owing to a higher level of indebtedness on account of the issuance of series AD bonds for UF 2.0 million and series AC "Green and Social Bonds" for UF 1.5 million.

6. Financial ratios

		DEC. 18	DEC. 17
Liquidity			
Current liquidity	times	0.70	0.64
Acid Test Ratio	times	0.15	0.08
Leverage			
Total Leverage	times	1.77	1.59
Current Leverage	times	0.20	0.21
Non-Current Leverage	times	0.80	0.79
Annualized Financial Expenses Coverage	times	7.19	7.10
Profitability			
Annualized equity profitability attributable to the controller's property owners	%	21.24	21.87
Annualized asset profitability	%	7.35	7.82
Annualized earnings per Share	\$	22.24	22.82
Dividend yield (*)	%	5.89	5.43

Current Liquidity: Currents Assets / Current Liabilities.

Acid Test Ratio: Cash and Cash Equivalents / Current Liabilities. Total Leverage: Total Liabilities / Total Shareholders' Equity. Current Leverage: Current Liabilities / Total Liabilities.

Non-current Leverage: Non-current Liabilities / Current Liabilities.

Interest Rate Expense Coverage: Income before Annualized Taxes and Interest / Annualized Financial Costs.

Equity Profitability: Annualized Period's Income / Average Equity Total of the Annualized Fiscal Year.

Asset profitability: Annualized Period's Income / Average Asset Total of the Annualized Fiscal Year.

Earnings per Share: Annualized Period's Income / Number of subscribed and Paid Shares.

Dividend Yield: Dividends Paid per Share / Share Price

(*) The share price as of December 2018 was \$381.72, whereas that of December 2017 was \$407.40.



Current liquidity as of December 2018 increased by 9.4%, as a result of increased current assets totaling M\$17,895,211, resulting from increased cash and cash equivalent, along with greater commercial debtors and other accounts receivable, mostly explained by increased regulated sales, partly offset by lower taxes recoverable (rebates). The foregoing was partly offset by increased current liabilities totaling M\$5,206,621, because of greater accounts payable associated to investment suppliers, partly offset by the payment of the J series bond.

Total leverage increased by 11.5% as a result of increased current liabilities totaling M\$115,480,043, mostly explained by increased bond debt associated to the issuance of the AC series for UF 1.5 million and the AD series for UF 2.0 million. Additionally, total equity dropped by M\$6,308,080, mostly attributable to lower income as compared to that of the year 2017.

The return on equity attributable to the property owners of the controller dropped by 2.9%, because of the drop in the year's income by M\$3,563,763.

7. Other background information

7.1. Tariffs

The most important factor that determines the earnings of our operations and financial condition is the tariffs that are established for our regulated sales and services. As a water utility company we are regulated by the S.I.S.S. and our tariffs are established in accordance with the D.F.L. Sanitation Services Fee Act. Nº70 of 1988.

Our tariff levels are reviewed every 5 years and, during this period they are subjected to additional readjustments associated to an indexation polynomial, which is applied when the cumulative variation since the previous adjustment is 3.0% or higher, based on various inflation index estimates. Specifically, inflation adjustments are applied according to a formula that includes the Consumer Price Index (IPC, in its Spanish acronym), the Imported Goods Price Index of the Manufacturing Sector and the Manufacture Producers Price Index, all of which are measured by Chile's National Institute of Statistics. The latest indexations made by each company in the group were applied on the following dates:

AGUAS ANDINAS S.A.:	
Group 1	July 2017 and September 2018
Group 2	July 2017 and September 2018
Rinconada de Maipú	January 2017, September 2017 y January 2018

AGUAS CORDILIERA S.A.:

January 2017, June 2018 and November 2018

AGUAS MANQUEHUE S.A.:	
Santa María	February 2018 and November 2018
Chicureo	June 2017 and August 2018
Chamisero	May 2018 and November 2018
Los Trapenses	February 2018 and November 2018
Valle Grande 3	January 2017, September 2017 and January 2018

ESSAL S.A.:	
Group 1	October 2015 and July 2018
Group 2	October 2015 and July 2018
Group 3	October 2015 and July 2018
Chinquihue	May 2017 and July 2018
Los Alerces	October 2015 and July 2018

In addition, the tariffs are subject to adjustment to reflect additional services previously authorized by the S.I.S.S.

The tariffs in force for Aguas Andinas S.A., for the period 2015-2020 were approved by Decree No. 83 dated June 5, 2015, of the Ministry of Economy, Development and Reconstruction and entered into force on March 1, 2015 (published in the Official Gazette of September 3, 2015). Aguas



Cordillera S.A.'s current tariffs for the same five-year period 2015-2020 were approved by Decree No. 152 dated October 19, 2015, and entered into force on June 30, 2015 (published in the Official Gazette of November 25, 2015) and Aguas Manguehue S.A.'s current tariffs for 2015-2020 were approved by Decree No. 139 dated September 16, 2015, and entered into force on May 19, 2015 (published in the Official Gazette of November 25, 2015).

On the other hand, the tariffs in force for the subsidiary Essel for the period 2016-2021 were approved by Decree No. 143 dated August 25, 2016, published in the Official Gazette of January 21, 2017.

7.2. Market risk

Our company has a favorable situation in terms of risk, which is mainly due to the particular characteristics of the water utility sector. Our business is seasonal and operating earnings may vary from half to half. The highest levels of demand and income are recorded during the summer months (December to March) and the lowest levels of demand and income during the winter months (June to September). In general, the demand for water is higher in the warmer months than in the milder ones, mainly due to the additional water needs generated by irrigation systems and other external water uses.

Adverse climatic conditions can eventually affect the optimal delivery of water utility services, because the processes of collection and production of potable water depend to a large extent on the weather conditions in the river basins. Factors such as meteorological precipitation (snow, hail, rain, and fog), temperature, humidity, sediment carry-over, river flows and turbidity determine not only the volume, quality and continuity of raw water available in each intake, but also the possibility that it can be properly treated in potable water treatment plants.

In the event of a drought, we have important water reserves that we maintain in El Yeso, Laguna Negra and Lo Encañado reservoirs, in addition to the contingency plans that we have developed, which allow us to reduce the possible negative impacts that adverse weather conditions could generate for our operations. In the current period, the drought that has existed since 2010 persists, which means applying contingency plans such as the purchase of raw water, intensive use of wells, leasing and purchase of water rights, among others. All this in order to reduce the impact of the drought and provide our services normally, both in terms of quality and continuity.

7.3. Market analysis

The Company does not have any variation in the market in which it participates due to the nature of its services and the legal regulations in force, which mean that it has no competition in its area of concession.

Aguas Andinas S.A. has 100% coverage in potable water, 98.8% in sewerage services and 100% in wastewater treatment in the Santiago basin.

Aguas Cordillera S.A. has 100% coverage in potable water, 98.9% in sewerage services and 100% in wastewater treatment.

Aguas Manguehue S.A. has 100% coverage in potable water, 99.4% in sewerage services and 100% in wastewater treatment.

Essal S.A. has 100% coverage in potable water, 96.2% in the sewerage service in the X Region and 93.3% in the XIV Region; and 100% in wastewater treatment.

7.4. Capital investments

One of the variables that most affects the earnings of our operations and our financial position is Capital Investments. These investments are of two kinds:

Committed Investments. We are required to agree to an investment plan with the S.I.S.S., which describes the investments we are required to undertake during the 15 years following the date on which the investment plan enters in force. Specifically, the investment plan reflects a commitment on our side to carry out certain projects related to the maintenance of certain quality standards and service coverage. The aforementioned investment plan is subject to review every five years and amendments may be requested when certain relevant facts are verified:

AGUAS ANDINAS S.A.

Greater Santiago: December 23, 2015

Locations: December 31, 2014, January 12m 2015, November 17, 2015, December 12, 2016 and April 6, 2018.

AGUAS CORDILLERA S.A.

AGUAS CORDILLERA AND VILLA LOS DOMINICOS: DECEMBER 21, 2015



Santa María and Los Trapenses: December 23, 2014

Chicureo, Chamisero and Valle Grande III: August 10, 2016

Alto Lampa: December 6, 2018.

ESSAL S.A.

Locations in the X and XIV Regions: June 1, 2016, June 14, 2016, August 12, 2016 and January 16, 2017.

Uncommitted Investments. Uncommitted Investments are those that are not covered by the investment plan and that we undertake voluntarily in order to ensure the quality of our services and replace obsolete assets. These are generally related to the replacement of network infrastructure and other assets, the acquisition of water rights and investments in non-regulated businesses, among others.

In accordance with international financial reporting standards in force in Chile, in particular IAS 23, interest on capital investments in work in progress is capitalized. IAS 23 establishes that when a company acquires debt to finance investments, the interest on that debt must be deducted from the interest expense and included in the construction work financed, up to the total amount of such interest, applying the respective rate to the disbursements made at the date of submission of the financial statements. Consequently, the financial costs associated with our capital investment plan affect the amount of interest expense recorded in the income statements, and these financial costs are recorded together with the work in progress under "property, plant and equipment" in our financial position statement.

7.5. Financial aspects

a) Currency risks

Our revenue is largely linked to the evolution of the local currency. As a result, our debt is mainly issued in the same currency and, therefore, we do not have significant foreign currency risks.

b) Interest rate risks

As of December 31, 2018, the interest rate risk held by Aguas Andinas S.A. was 89.8% at a fixed rate and 10.2% at a variable rate. Fixed-rate debt is composed of short-term and long-term bond issuing (77.8%) and reimbursable financial contributions (22.2%), while variable-rate debt corresponds to loans with domestic banks.

As of December 31, 2017, the interest rate risk that used to be held by Aguas Andinas S.A. was 88.9% at a fixed rate and 11.1% at a variable rate. Fixed-rate debt is composed of short-term and long-term bond issuing (76.1%) and repayable financial contributions (23.9%), while variable-rate debt corresponds to loans with domestic banks.

The company maintains a policy monitoring and management of interest rates, which in order to optimize financing costs, it continuously evaluates the hedging instruments available in the financial market.

All this favorable situation has meant that the risk rating agencies ranked us with an AA+ risk rating for our long-term debt. In the case of the shares: Fitch and ICR ranked us with a first-class level 1 rating for our A share series and a first-class rating level 4 for our B share series.



Análisis 🕨 Ambientales S.A.

General Background

Name

Análisis Ambientales S.A.

Type of entity

Closely held corporation, governed by the provisions of its Articles of Incorporation and by applicable legal provisions.

Legal residence

Américo Vespucio 451, Quilicura

Telephone

(56-2) 569 44 00

RUT Taxpayer ID N°

96.967.550-1

Subscribed and paid capital

Th\$ 262.456

External auditors

Ernst & Young

Taxpayer ID N°

77.802.430-6

Line of business

The purpose of the Company is to carry out all types of physical, chemical and biological analyzes of water, air and solids, including soils, sludge and waste, as well as any other element directly or indirectly related to the environment.

Constituent Documents

Análisis Ambientales S.A., was incorporated by public deed dated August 20, 2001, before the notary public Mr. Ivan Torrealba Acevedo and its excerpt was published in the Official Gazette of September 20, 2001, its business name is ANAM S.A.

Board of directors

Chairman

Guillermo Pickering De La Fuente

Board members

Laureano Cano Injesta

Narciso Berberana Saenz

General manager

Juan José Gross Rudloff

Parent company shareholding: 99.00%

Proportion represented by the investment in the parent company's assets:

Its investment in the company represents a proportion of 0.34%.

Commercial relationship with the parent company

During the fiscal year ended December 31, 2018, the Company maintained a contract for the services of physical, chemical and biological analyzes of water and sludge, and the operation of laboratories. In the future it is expected to maintain similar business relationships.



Note 1 General Information

Análisis Ambientales S.A. (hereinafter the "Company") is a closed Public Limited Company. Its legal domicile is Avenida Presidente Balmaceda N ° 1398, Santiago, Chile and its Unique Tax ID is 96.967.550-1.

Análisis Ambientales S.A. was incorporated as a public limited company by public deed on 20 August 2001 in Santiago, through Public Notary Mr. Iván Torrealba Acevedo. An excerpt from the statutes were published in the Official Gazette on September 20, 2001.

The purpose of the Society is to carry out all kinds of physical, chemical and biological analyzes of water and solids, including soils, sludge and waste, as well as any other element that directly or indirectly is related to the environment. The direct controlling entity is Aguas Andinas S.A., Limited company whose controller is Sociedad General Aguas de Barcelona S.A. (Agbar), entity based in Spain, one of the largest operators of health services worldwide, which it is controlled by Suez Environnement (France), being controlled by ENGIE (France).

Note 2 Basis Of Preparation And Accounting Policies

2.1 Preparation basis

The present financial statements correspond to the financial situation as of December 31, 2018 and 2017 and to the statements of income, of changes to net equity and cash flows for the fiscal years ended on such dates, which have been prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the comprehensive, explicit adoption of the referred IFRS without Reservations.

The Company complies with all the legal conditions of the environment in which it operates, presents normal operating conditions in each area in which they carry out their activities, their projections show a profitable operation and has the ability to access the financial system to finance its operations, which in the opinion of the Administration determines its ability to continue as a going concern, as established by the accounting rules under which they are issued these financial statements.

Functional and presentation currency

The financial statements are presented in the currency of the main economic environment in which the Company operates (functional currency). For the purposes of the financial statements, the Company's income and financial position are state in Chilean pesos (rounded to the nearest thousand), which is the Company's functional currency and the currency for the presentation of the financial statements.

New accounting rules

The rules and interpretations, as well as the improvements and changes to the IFRS, which have been issued to enter into effect on the date of issue of these financial statements, are summarized herein below. The Company has applied these rules concluding that they did not significantly affect the financial statements.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 9, Financial instruments, Acknowledgement and measurement	Annual periods beginning on or after January 1, 2018
IFRS 15, Revenue from client contracts	Annual periods beginning on or after January 1, 2018
IFRIC 22, Foreign currency transactions and advance consideration	Annual periods beginning on or after January 1, 2018

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 1, Adoption of IFRS for the first time Elimination of interim exceptions first adopted by entities	Annual periods beginning on or after January 1, 2018
IFRS 2, Share-based payments - Classification and measurement of share-based transactions	Annual periods beginning on or after January 1, 2018
IFRS 4, Insurance contracts — Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Annual periods beginning on or after January 1, 2018
IAS 28, Investment in associates and joint ventures — Decision of measuring shareholding in associated and joint ventures at reasonable value with change in results.	Annual periods beginning on or after January 1, 2018
IAS 40, Investment property – Investment property transfers	Annual periods beginning on or after January 1, 2018

The standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued but not entered into effect the date of issue of these financial statements, are summarized below. The Company has not applied these standards before their enforcement.



STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT	
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019	
IFRIC 23, Treatment of uncertain fiscal positions	Annual periods beginning on or after January 1, 2019	
Conceptual framework	Annual periods beginning on or after January 1, 2020	
IFRS 17, Insurance contracts	Annual periods beginning on or after January 1, 2021	

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 3, Business Combinations – Interests previously held in a joint operation.	Annual periods beginning on or after January 1, 2019
IFRS 9, Financial instruments – Payments with negative compensation.	Annual periods beginning on or after January 1, 2019
IFRS 11, Joint agreements — Interests previously held in a joint operation.	Annual periods beginning on or after January 1, 2019
IAS 12, Corporate revenue taxes — Tax consequences of payments related to FINANCIAL INSTRUMENTS classified as equity.	Annual periods beginning on or after January 1, 2019
IAS 23, Borrowing costs – Borrowing costs eligible to be capitalized.	Annual periods beginning on or after January 1, 2019
IAS 28, Investment in associates and joint ventures – Long-term investments in partnerships or joint ventures.	Annual periods beginning on or after January 1, 2019
IAS 19, Employee benefits – modification, reduction or settlement of the plan.	Annual periods beginning on or after January 1, 2019
IFRS 3, Business Combinations – Defining a business	Annual periods beginning on or after January 1, 2020
IAS 1, Presentation of financial statements and IAS 8, Investments in associated companies - Definition of material.	Annual periods beginning on or after January 1, 2020
IFRS 10 y IAS 28, Consolidated Financial Statements — Sale or contribution of assets between an investor and its partner or joint venture.	Pending

IFRS 9, "Financial instruments" In July 2014, the final version of IFRS 9 regarding Financial Instruments was issued, bringing together all phases of the IASB project to replace IAS 39 "Instruments Financial: Recognition and Measurement "for annual periods beginning on or after 1 January 2018, this standard includes new requirements based on principles for classification and measurement, impairment and hedge accounting, introduces a "more prospective" credit loss model expectations for impairment accounting and a substantially reformed approach to hedge accounting.

The Company carried out an evaluation of the credit loss policy of its commercial debtors (described in Note 2, letter H), concluding that this policy implicitly considers a model of expected loss according to the requirement of this standard. This evaluation is based on the available and sustainable credit risk information.

According to the above, the loss determination model due to impairment associated with credit risk will not be modified, there being no effects on the preparation and presentation of the consolidated financial statements.

The Administration of the Company estimates that the adoption of the Standards, Amendments and Interpretations, previously described, with the exception of IFRS 16, and that could apply to Aquas Andinas S.A. and Subsidiaries, are in the process of evaluation and it is estimated that to date they would not have a significant impact in the consolidated financial statements of the Group in the exercise of its first application. The Administration is periodically evaluating these implications.

Classification and valuation

Análisis Ambientales S.A. does not expect major changes in its statement of financial position or in equity net due to the application of the classification and valuation requirements of IFRS 9. Expect continue to value at fair value all the financial assets that are currently recorded at reasonable value Loans, as well as commercial debtors, are maintained to receive the contractual cash flows and are expected to represent cash flows that represent only principal payments and interests. The Company analyzed the characteristics of the cash flows of these instruments and concluded that they meet the criteria to be valued at amortized cost in accordance with IFRS 9. In Consequently, the reclassification of these instruments is not required.

Hedge accounting

The Company has no effects or impacts from hedges.



Responsibility for information and estimates made The information contained in these financial statements is the responsibility of the Board of Directors of the Company, which states that all the principles and criteria included in the Rules have been applied International Financial Information (IFRS). The Board of Directors in session dated March XX, 2019, approved these financial statements. The financial statements of Análisis Ambientales S.A. corresponding to the year 2017, were approved by its Board of Directors in session held on March 28, 2018.

In the preparation of the financial statements, estimates such as:

- Useful life of fixed and intangible assets.
- Losses due to asset impairment.
- Income from services pending billing.
- Provisions for commitments acquired with third parties.

Although these estimates and judgments were made based on the best available information on the date of issuance of the comparative financial statements, it is possible that events that may happen in the future, oblige them to modify them (upwards or downwards) in coming periods, which would be recorded prospectively at the time of the known variation, recognizing the effects of said changes in the corresponding future financial statements.

2.2 Accounting policies

Below is a description of the main accounting policies implemented in the preparation of these consolidated financial statements.

A. Intangible assets other than goodwill

The Company recognizes an identifiable intangible asset when it can demonstrate that the future economic benefits that have been attributed to it are likely to flow to the entity and the cost can be properly valued. The basis of acknowledgment and measurement is the cost method.

I. INTANGIBLE ASSETS ACQUIRED SEPARATELY:

Intangible assets acquired separately are presented at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis using the estimated lifespans. The estimated lifespans and the amortization method are reviewed at the close of each balance sheet, accounting for the effect of any change in the estimate prospectively.

II. AMORTIZATION METHOD FOR INTANGIBLES:

Intangibles with defined lifespans

The amortization method applied by the Company reflects the pattern to which the future economic benefits of the asset are expected to be used by the entity. For this purpose, the Company uses the straight-line method of amortization.

Software

The estimated useful life for the software is 4 years, for those other assets with a defined useful life, the useful life period in which they are amortized corresponds to the periods defined in the contracts or rights that originate them.

Intangibles with indefinite useful life

Intangible assets of indefinite useful life correspond mainly to water rights secured indefinitely, as established in the procurement contracts.

Determining the useful life

The factors that must be considered for the estimation of the useful life are, among others, the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of products, changes in demand).
- Reactions expected by current or potential competitors.
- Natural factors, climactic factors and technological changes that affect the ability to generate benefits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the aforementioned factors.



B. Property, plant and equipment

The Company uses the cost method for the valuation of Property, Plant and Equipment, The historical cost includes expenses that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are acknowledged as a separate asset, only when it is probable that the future economic benefits associated with the elements of the fixed asset will flow to the Company and the cost of the element can be determined reliably. The value of the replaced component is written off. The rest of the repairs and maintenance are charged to the result (income) of the year in which they are incurred.

DEPRECIATION METHOD AND ESTIMATED USEFUL LIFE FOR PROPERTY, PLANT AND EQUIPMENT:

The depreciation method applied by the Company reflects the pattern according to which the assets are expected to be used by the entity during the period in which they generate economic benefits. For this purpose, the Company uses the straight-line method of depreciation over its technical useful life, which is based on studies prepared by independent experts (external specialist companies). The residual value and the useful life of the assets are reviewed and adjusted, if necessary, at each closing of the Balance sheet.

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

USEFULLIVES:

The useful lives considered for purposes of calculating depreciation are based on technical studies prepared by external specialist companies, which are reviewed to the extent that there are precedents that allow us to consider that the useful life of an asset has been modified.

The allocation of the total useful life for the assets is made on the basis of several factors, including the nature of the equipment. Such factors generally include:

- 1. Nature of the component materials of the equipment or constructions.
- 2. Environment of the operating equipment.
- 3. Intensity of use.
- 4. Legal, regulatory or contractual limitations

The useful life range (in years) by type of Assets is as follows:

ITEM	MINIMUM USEFUL LIFE (YEARS)	MAXIMUM USEFUL LIFE (YEARS)
Buildings	25	80
Plant & equipment	5	10
Computer equipment	4	4
Fixed installations & accessories	5	5
Motor vehicles	7	7

COST ESTIMATION POLICY FOR DISMANTLING, REMOVING OR REHABILITATING PROPERTY, PLANT AND **EQUIPMENT:**

Given the nature of the assets built into the Company and given that there are no contractual obligations or other constructive requirements, such as those mentioned by the IFRS, the concept of decommissioning costs is not applicable at the date of these financial statements.

ASSET SALES POLICY

The income generated from the sale of fixed assets is calculated by comparing the income obtained with their book value and they are recorded in the statement of comprehensive income.

C. Impairment of tangible and intangible assets except goodwill

At each closing date of the balance sheet, the Company reviews the carrying amounts of its tangible and intangible assets with a defined useful life to determine whether there are indicators that said assets have suffered an impairment loss. If such indicators exist, the recoverable value of the assets is estimated to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of a particular asset, the Company estimates the recoverable value of the Cash Generating Unit to which the asset belongs.

Intangible assets with an indefinite useful life are subject to annual impairment tests and when there are indicators that the asset could have suffered an impairment before the end of that period.

The recoverable value is the greater amount between the fair value less the costs of sale and the value in use. For estimating value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market conditions of the value of money over time, as well as the specific risks associated to the asset.

When it is deemed that the recoverable value of an asset (or cash-generating unit) is less than its



book value, the book value of that asset (or cash-generating unit) is adjusted to its recoverable value, immediately acknowledging a loss for deterioration income (income). When an impairment loss is reversed, the book value of the asset (or cash generating unit) is adjusted to the revised estimate of its recoverable value, provided that the adjusted book value does not exceed the book value that would have been determined if no loss for asset (or cash-generating unit) impairment had been acknowledged in previous fiscal years.

D. Leases

I. FINANCIAL LEASES

Leases are classified as financial leases when the terms of the lease substantially transfer all the risks and benefits of the property to the lessee. All other leases are classified as operating leases.

II. OPERATING LEASES

Operating lease payments are acknowledged as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative to reflect the temporary pattern in which the economic benefits of the leased asset are consumed. Contingent leases are acknowledged as expenses in the period in which they are incurred.

In the event that rental incentives are received in order to agree an operating lease, such incentives are acknowledged as a liability. The accumulated benefit for incentives is acknowledged linearly as a reduction of the lease expense, except when another systematic basis is more representative to reflect the temporary pattern in which the economic benefits of the leased asset are consumed.

III. IMPLICIT LEASES

The Company reviews its contracts to verify the possible existence of implicit leases, in accordance with IFRIC 4.

E. Financial assets

Acquisitions and disposals of financial instruments are acknowledged on the trading date, that is, the date on which the Company commits to acquire or sell the asset. Investments are written off when the rights to receive cash flows from the investments have been transferred and the Company has substantially transferred all the risks and benefits derived from their ownership.

Financial assets are classified in the following categories:

- Financial assets at fair value with changes in comprehensive income
- Financial assets at fair value with changes in income

Financial assets at amortized cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial acknowledgment.

The Company invests in low risk instruments that comply with the classification standards established in its investment policies. Thus, Mutual Investment Funds must have an AAfm / M1 rating (Quotas with very high protection against loss, associated with credit risks / installments with the lowest sensitivity to changes in economic conditions). Fixed term deposits and pacts contracted are instruments with N-1 classification (Instruments with the highest capacity to repay the capital and pay interest pursuant to the agreed terms and conditions).

The issuing institutions of these instruments correspond to banking companies or bank subsidiaries, with risk classification N-1 and their instruments have a risk rating of at least AA (with a very high capacity to pay capital and interest according to the agreed terms and conditions, which would not be significantly affected by eventual changes in the issuer, the industry to which it belongs or in the economy).

I. EFFECTIVE INTEREST RATE METHOD

The effective interest rate method corresponds to the method of calculating the amortized cost of a financial asset or liability and the allocation of interest revenues or expenses during the entire corresponding period. The effective interest rate corresponds to the rate that accurately discounts estimated future cash flows receivable over the expected life of the financial asset and makes the Net Present Value (NPV) equal to its nominal value.

II. LOANS AND ACCOUNTS RECEIVABLE

Trade debtors, loans and other accounts receivable are non-derivative financial assets payable in fixed or determinable periods and are not traded on an active market and are classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest rate method minus any loss for impairment, except for short-term accounts receivable, where the acknowledgement of interest would be immaterial.

Trade debtors and other accounts receivable

The Company continuously evaluates impairments affecting its financial assets. The amount is acknowledged under bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used, and the loss is acknowledged in the statement of comprehensive income under "other expenses." When an account receivable is not recoverable, it is recorded under provisions for accounts receivable.



Estimates are based on the following historic situation: considering recovery statistics, which indicate that after the eighth months of an unpaid invoice, the possibility of collection is marginal; in other words, the probability of recovering the billed amount is minimal.

F. Dividend policy

The dividend policy is to register at the end of each year, a minimum dividend of 30% as established in article 79 of Law 18,046 that governs limited liability companies and, as far as the financing conditions permit, an approval of a final dividend at the Ordinary Shareholders' Meeting.

G. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the closing of each fiscal year, as per the following parities:

CURRENCY	31-12-2018 \$	31-12-2017 \$
US dollar	694,77	614,75
Euro	794,75	739,15

Foreign currency transactions are converted to the functional currency using the exchange rates as of the transaction date. Foreign currency gains and losses resulting from the liquidation of these transactions and their conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of comprehensive results.

Different exchange rates are registered in the results of the fiscal year in which they have accrued.

H. Financial liabilities

Loans and similar loans are initially recorded at their fair value, net of the costs incurred in the transaction. Subsequently, they are valued at amortized cost, using the effective interest rate.

I. Provisions and contingent liabilities

Provisions are acknowledged when the Company has a present obligation that is a consequence of past events, and for which it is likely to use resources to settle the obligation and on which it can make a reasonable estimate of the amount of the obligation.

The quantification of the provisions is made considering the best available information on the event and its consequences and is re-estimated at the closing of each accounting closing. The provisions established are used to meet the specific risks for which they were originally acknowledged, and are reviewed in full or in part, when said risks disappear or decrease.

Contingent liabilities are all those possible obligations arising as a result of past events, whose future materialization and associated equity damage is estimated of low probability. In accordance with IFRS, the company does not recognize any provision for these items.

J. Employee benefits

The Company has 245 employees, as follows: 3 main executives, 98 professionals and 144 technicians and administrative staff.

Policies On Defined Benefit Plans

The workers of Análisis Ambientales S.A., are governed by the rules established in articles 159, 160 and 161 of the Labor Code.

K. INCOME TAX AND DEFERRED TAXES

The expense for income tax corresponds to the sum of the tax on earnings payable and the variation of assets and liabilities for deferred taxes

The income tax is determined based on the tax income of the period. The income tax payable by the Company is calculated using the tax rates that have been approved, or that are in the last approval process, on the closing date of the balance sheet.

Deferred taxes are acknowledged on the basis of the differences between the book values of the assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of the tax income and are accounted for in accordance with the liability method based on the balance sheet. Deferred tax liabilities are acknowledged for all taxable temporary differences, and deferred tax assets are acknowledged for all deductible temporary differences to the extent that it is probable that future tax benefits exist with which to offset such differences. Deferred tax assets or liabilities are not acknowledged if the temporary differences arise from the lower value or from the initial acknowledgment (except in a business combination) of other assets and liabilities in a transaction that does not affect the tax incomes or financial income.



The book value of deferred tax assets is reviewed at the date of each balance sheet and is reduced to the extent that it is no longer probable that sufficient available tax incomes are available to allow the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in force in the period in which the liability is settled or the asset is realized, based on the tax rates that have been approved, or are practically ending their approval process at the closing of the balance sheet fiscal year. The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise due to the manner in which the Company expects, at the reporting date, to recover or settle the book value of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

L. Current revenue

Policy for acknowledging current revenue

The Company determined its acknowledgment and measurement of revenues from ordinary activities, based on the principle that revenues are acknowledged for an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. This fundamental principle must be applied based on a 5-step model:

- (1) identifying the contract with the client;
- (2) identifying the performance obligations of the contract;
- (3) determining the price of the transaction;
- (4) allocating the transaction price to performance obligations; and
- (5) acknowledging income when (or as) performance obligations are being met.

Policy for acknowledging current revenue from sales of goods

Revenue from sales of goods is acknowledged once the risk and significant advantages resulting from the ownership of the goods have been transferred. The Company is no longer bound to the asset sold. The amount of revenue can be reliably measured. The company is likely to receive the economic benefits associated with the sale and the costs incurred in the transaction can also be reliably measured.

Policy for acknowledging current revenue from sales of services

Revenues from the sale of services are measured at fair value. The invoices are prepared based on the actual consumption or work performed of the consideration receivable, net of returns, commercial discounts and rebates. So the income is acknowledged when the risk is transferred to the buyer, the recovery is considered probable, and the associated costs and possible discounts for erroneous charges can be estimated reliably.

M. Environmental information

Environmental assets are those that are used durably in the Company's activity, whose main purpose is the minimization of adverse environmental impacts and the protection and improvement of the environment, including the reduction or elimination of future environmental contamination caused by the operations of the company.

These assets are valued, like any other asset, at acquisition cost. The Company amortizes these elements following the straight-line method, based on the estimated remaining useful life of the different elements.

N. Cash flow statements

Cash flow statements record the cash account activity during the fiscal year, which include Value Added Tax (VAT), determined by the direct method under the following criteria:

CASH AND CASH EQUIVALENT: Inflows and outflows of cash and equivalent financial assets. They are understood as being easily-liquidated short-term investments with a low value variation risk (maximum unrestricted term of 3 months from investment date).

OPERATING ACTIVITIES: Common activities in a regular business operation by the Company and its Subsidiaries, as well as other activities that have not been classified as investment or financing.

INVESTMENT ACTIVITIES: Acquisition, disposal or use by other means of long-term assets and other investments that have not been included in Cash and cash equivalent.

FINANCING ACTIVITIES: Activities that produce changes in the amount and composition of the net equity and liabilities that are not part of the regular activities.



Note 7 Disclosure Of Information About Related Entities

Balances and transactions with related entities

Transactions between the Company and its Subsidiaries are in line with market conditions.

Accounts receivable from related entities

TAXPAYER ID			COUNTRY OF	NATURE OF TRANSACTIONS WITH RELATED	TYPE OF	DEADLINES	CHADANTEES	CURRENT (TH\$)	
(RUT) N°	NAME OF RELATED PARTY	RELATIONSHIP	ORIGIN	PARTIES	CURRENCY	DEADLINES	GUARANTEES	DEC-18	DEC-17
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	360.049	190.228
96.809.310-K	Aguas Cordillera S.A.	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	67.031	106.760
89.221.000-4	Aguas Manquehue S.A.	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	47.845	29.491
96.579.800-5	ESSAL S.A.	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	407.207	222.352
96.945.210-3	Ecoriles S.A.	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	108.250	60.109
96.713.610-7	Suez Concesiones Chile S.A.	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	0	366
76.078.231-9	Emp. Dep. Agua Serv. Mapocho-Trebal Ltda.	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	4.232	8.138
76.148.998-4	Suez Medioambiente Chile S.A.	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	0	14.408
76.432.328-9	Gestión Hidrica Minera Ltda.	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	0	1.012
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	26.766	4.065
65.113.732-2	Corp. Chilena de Investigación del Agua	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	411	0
A85788065	Aqua Development Network S.A.	Related to controller	CL	Laboratory analysis and sampling service	CLP	30 Days	Without guarantee	1.619	0
Total accounts re	eceivable							1.023.410	636.929



RELATED PARTY	NATURE OF THE		E OF THE COUNTRY OF NATURE OF TRANSACTIONS WITH RELATED	TYPE OF			CURRENT (TH\$)		
TAXPAYER ID (RUT) N°	D NAME OF RELATED PARTY RELATIONSHIP ORIGIN	ORIGIN	ORIGIN PARTIES C		DEADLINES	DEADLINES	DEC-18	DEC-17	
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Payments Aqua Development Network S.A.	CLP	30 Days	Without guarantee	18.170	0
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan	CLP	30 Days	Without guarantee	679.000	0
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Interests	CLP	30 Days	Without guarantee	231.525	198.045
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Dividends	CLP	30 Days	Without guarantee	346.155	345.487
96.809.310-K	Aguas Cordillera S.A.	Related to controller	CL	Dividends	CLP	30 Days	Without guarantee	3.497	3.490
96.799.790-0	Servicios y Proyectos Ambientales S.A.	Related to controller	CL	Environmental monitoring services	CLP	30 Days	Without guarantee	0	3.377
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to controller	CL	Odor services	CLP	30 Days	Without guarantee	0	0
A85788065	Aqua Development Network S.A.	Related to controller	CL	Consulting services	CLP	30 Days	Without guarantee	18.575	0
Total accounts pa	ayable							1.296.922	550.399



Accounts payable to related companies - Non-current

RELATED PARTY TAXPAYER ID	NAME OF RELATED PARTY	NATURE OF THE	COUNTRY OF NATURE	NATURE OF THE COUNTRY OF	NATURE OF THE COUNTRY OF NATURE OF TRANSACTIONS WITH RELATED TYPE OF CURRENCY PARTIES TYPE OF CURRENCY	NATURE OF TRANSACTIONS WITH RELATED TYPE	TYPE OF CURRENCY	RELATED TYPE OF CURRENCY	DEADLINES	NON-CURRENT (TH\$)	
(RUT) N°	NAME OF RELATED FARTI	RELATIONSHIP ORIGIN PARTIES	TIFE OF CORRENCE	DEADLINES	DIC-18	DIC-17					
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Debt	CLP	Without guarantee	0	624.000			
Total accounts pa	ayable						0	624.000			

Transactions with related entities

				CURRENT (TH\$)					
RELATED PARTY TAXPAYER ID	NAME OF RELATED PARTY	NATURE OF THE RELATIONSHIP	COUNTRY OF ORIGIN	NATURE OF TRANSACTIONS WITH RELATED PARTIES	TYPE OF CURRENCY	31-12-18		31-12-17	
(RUT) N°				January Comments		AMOUNT	EFFECTS ON INCOME (DEBIT)/CREDIT	AMOUNT	EFFECTS ON INCOME (DEBIT)/CREDIT
61.808.000-1	Aguas Andinas S.A.	Controller	CL	Laboratory analysis and sampling contract	CLP	2.479.461	2.083.581	2.824.886	2.373.853
61.808.000-1	Aguas Andinas S.A.	Controller	CL	Payment of dividends	CLP	247.500	0	0	0
61.808.000-1	Aguas Andinas S.A.	Controller	CL	Taking of loans	CLP	2.485.000	-224.412	2.031.000	-198.046
61.808.000-1	Aguas Andinas S.A.	Controller	CL	Loan amortization	CLP	-2.430.000	0	-3.099.000	0
96.809.310-K	Aguas Cordillera S.A.	Related to controller	CL	Laboratory analysis and sampling contract	CLP	455.931	383.136	681.870	573.000
89.221.000-4	Aguas Manquehue S.A.	Related to controller	CL	Laboratory analysis and sampling contract	CLP	215.915	181.442	214.581	180.320
96.579.800-5	ESSAL S.A.	Related to controller	CL	Laboratory analysis and sampling contract	CLP	1.012.560	850.891	969.954	815.087
96.945.210-3	Ecoriles S.A.	Related to controller	CL	Laboratory analysis and sampling contract	CLP	469.745	394.744	463.343	389.364

Note: The defining criterion to report transactions with related parties is for amounts over Th\$ 100,000.



Consolidated Financial Statements As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

2018 TH\$ 2017 TH\$ ASSETS Current assets 2.975.902 1.838.309 Non-current assets 5.178.957 5.238.248 **Total assets** 7.076.557 8.154.859 LIABILITIES Current liabilities 2.489.676 1.700.455 Non-current liabilities 624.000 Equity 5.665.183 4.752.102 Total liabilities and equity 7.076.557 8.154.859

Cash Flow Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Net cash flows from operating activities	708.294	2.102.735
Net cash flows from investment activities	(481.078)	(300.158)
Net cash flows from financing activities	(195.000)	(1.766.742)
Net increase (decrease) in cash and cash equivalents	32.216	35.835
Initial balance of cash and cash equivalents	40.073	4.238
Final balance of cash and cash equivalents	104.505	40.073

Comprehensive Income Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Ordinary revenue	8.832.301	8.301.209
Operating cost	(7.166.509)	(6.706.861)
Other (losses) earnings	(87.108)	(1.772)
Financial income	(34.551)	(62.637)
Other different from operating	(778)	6.129
Income tax	(379.600)	(372.811)
Year's earnings	1.163.755	1.163.257

Change In Equity Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Issued capital	262.456	262.456
Other equity shareholdings	(21.450)	(21.450)
Accumulated earnings (losses)	5.424.176	4.511.096
Final equity balance	5.665.182	4.752.102



Ecoriles S.A.

Year ended December 31, 2018

General Background

Name

EcoRiles S.A.

Type of entity

Closely Held Corporation, is governed by the provisions of its Articles of Incorporation and by those legal provisions that are applicable.

Legal residence

Av. Walter Lihn 1868 - Santiago.

Telephone

(56-2) 569 22 29

RUT Taxpayer ID N°

96.828.120-8

Subscribed and paid capital

Th\$ 333,787

External auditors

Ernst & Young

RUT Taxpayer ID N°

77.802.430-6

Line of business

The purpose of the Company is the treatment of liquid waste, as well as any activity associated or linked to the treatment of wastewaters and residual waters, through the provision of technical consulting services and the development of training, design, construction, equipment marketing, maintenance services and the operation of all types of facilities.

Constituent documents

Ecoriles S.A., was incorporated via public deed dated December 15, 2000 before the notary public Mr. Juan Ricardo San Martín Urrejola and its extract was published in the Official Gazette of January 16, 2001.

Board of directors

Chairman

Guillermo Pickering De La Fuente

Board of directors

Laureano Cano Iniesta (Director of Aguas Andinas S.A.)

Narciso Berberana Saenz (CEO of Aguas Andinas S.A.)

General manager

Juan José Gross Rudloff

Parent company shareholding: 99.03846%

Proportion represented by the investment in the parent company's assets: Its investment in the company represents a proportion of 0.21%

Commercial relationship with the parent company

During the fiscal year ended December 31, 2018, the Company maintained a contract for the services of physical, chemical and biological analyzes of water and sludge, and the operation of laboratories. In the future it is expected to maintain similar business relationships.



Note 1 General Information

EcoRiles S.A. (hereinafter the "Company"), is a closed corporation, of indefinite duration. Its legal domicile is Avenida Walter Lihn N ° 1868, Santiago, Chile, Rut 96.945.210-3. The Company was incorporated by public deed dated December 15, 2000 before the notary Don Juan Ricardo San Martín Urrejola, and his excerpt was published in the Official Gazette on January 16, 2001. EcoRiles S.A. is a company providing liquid waste treatment services, as well as all activity associated or linked to the treatment of sewage and wastewater, through the provision of technical consultancies and development of training services, design, construction, marketing of equipment, maintenance and operation of all types of facilities. The direct controlling entity is Aguas Andinas S.A., a limited company whose controller is Sociedad General Aguas de Barcelona (Agbar), an entity based in Spain, one of the largest operators of health services at the world, which in turn is controlled by Suez Environnement (France), being controlled by ENGIE (France).

Note 2 Basis of Preparation and Accounting Policies

2.1 Preparation basis

The present financial statements correspond to the financial situation as of December 31, 2018 and 2017 and to the statements of income, of changes to net equity and cash flows for the fiscal years ended on such dates, which have been prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the comprehensive, explicit adoption of the referred IFRS without Reservations.

The Company complies with all the legal conditions of the environment in which it operates, the Company has normal operating conditions in each area in which it carries out its activities, its projections show a profitable operation and it has the capacity to access the financial system to finance its operations, which in the opinion of management determines its ability to continue as a fully operational company, as established by the IFRS standards under which these financial statements are issued.

Functional and presentation currency

The financial statements are presented in the currency of the main economic environment in which the Company operates (functional currency). For the purposes of the financial statements, the Company's income and financial position are state in Chilean pesos (rounded to the nearest thousand), which is the Company's functional currency and the currency for the presentation of the financial statements.

New accounting rules

The rules and interpretations, as well as the improvements and changes to the IFRS, which have been issued to enter into effect on the date of issue of these financial statements, are summarized herein below. The Company has applied these rules concluding that they did not significantly affect the financial statements.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 9, Financial instruments, Acknowledgement and measurement	Annual periods beginning on or after January 1, 2018
IFRS 15, Revenue from client contracts	Annual periods beginning on or after January 1, 2018
IFRIC 22, Foreign currency transactions and advance consideration	Annual periods beginning on or after January 1, 2018

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 1, Adoption of IFRS for the first time Elimination of interim exceptions first adopted by entities	Annual periods beginning on or after January 1, 2018
IFRS 2, Share-based payments - Classification and measurement of share-based transactions	Annual periods beginning on or after January 1, 2018
IFRS 4, Insurance contracts — Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Annual periods beginning on or after January 1, 2018
IAS 28, Investment in associates and joint ventures — Decision of measuring shareholding in associated and joint ventures at reasonable value with change in results.	Annual periods beginning on or after January 1, 2018
IAS 40, Investment property – Investment property transfers	Annual periods beginning on or after January 1, 2018

The standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued but not entered into effect the date of issue of these financial statements, are summarized below. The Company has not applied these standards before their required enforcement.



STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019
IFRIC 23, Treatment of uncertain fiscal positions	Annual periods beginning on or after January 1, 2019
Conceptual framework	Annual periods beginning on or after January 1, 2020
IFRS 17, Insurance contracts	Annual periods beginning on or after January 1, 2021

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 3, Business Combinations – Interests previously held in a joint operation.	Annual periods beginning on or after January 1, 2019
IFRS 9, Financial instruments – Payments with negative compensation.	Annual periods beginning on or after January 1, 2019
IFRS 11, Joint agreements – Interests previously held in a joint operation.	Annual periods beginning on or after January 1, 2019
IAS 12, Corporate revenue taxes — Tax consequences of payments related to FINANCIAL INSTRUMENTS classified as equity.	Annual periods beginning on or after January 1, 2019
IAS 23, Borrowing costs – Borrowing costs eligible to be capitalized.	Annual periods beginning on or after January 1, 2019
IAS 28, Investment in associates and joint ventures – Long-term investments in partnerships or joint ventures.	Annual periods beginning on or after January 1, 2019
IAS 19, Employee benefits – modification, reduction or settlement of the plan.	Annual periods beginning on or after January 1, 2019
IFRS 3, Business Combinations – Defining a business	Annual periods beginning on or after January 1, 2020
IAS 1, Presentation of financial statements and IAS 8, Investments in associated companies - Definition of material.	Annual periods beginning on or after January 1, 2020
IFRS 10 y IAS 28, Consolidated Financial Statements — Sale or contribution of assets between an investor and its partner or joint venture.	Pending

IFRS 9, "Financial instruments" In July 2014, the final version of IFRS 9 Instruments was issued Financial, bringing together all phases of the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement "for annual periods beginning on or after 1 January 2018, this standard includes new requirements based on principles for classification and measurement, impairment and hedge accounting, introduces a "more prospective" loss model expectations for impairment accounting and a substantially reformed approach to hedge accounting.

The Company carried out an evaluation of the credit loss policy of its commercial debtors (described in Note 2, letter E), concluding that this policy implicitly considers a model of expected loss according to the requirement of this standard. This evaluation is based on the available and sustainable credit risk information.

According to the above, the impairment loss determination model associated with credit risk will not be modified, there being no effects on the preparation and presentation of Financial statements.

The Administration of the Company estimates that the adoption of the Standards, Amendments and Interpretations, previously described, with the exception of IFRS 16, and that could apply to Aquas Andinas S.A. and Subsidiaries, are in the process of evaluation and it is estimated that to date they would not have a significant impact in the consolidated financial statements of the Group in the exercise of its first application. The Administration is periodically evaluating these implications.

The application of IFRS 16 "Leasing", in the year 2019 will have an initial estimated impact of Th Ch\$150.818 in consolidated assets and liabilities.

Responsibility for the information and calculations

The information contained in these financial statements is the responsibility of the Board of Directors of the Company, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. The Board of Directors in session dated March 15, 2019, approved these financial statements.

The financial statements of EcoRiles S.A. corresponding to fiscal year 2017, were approved by its Board of Directors at a meeting held on March 28, 2018.

In the preparation of the financial statements, estimates were applied such as:

- Useful life of fixed and intangible assets.
- Losses due to asset impairment
- Provisions for commitments acquired with third parties



Although these estimates and judgments were made based on the best information available on the date of issuance of the comparative financial statements, it is possible that events that may occur in the future require them to be modified (upwards or downwards) in future periods, which would be recorded prospectively at the time of the known variation, acknowledging the effects of such changes in the corresponding future financial statements.

2.2 Accounting policies

Below is a description of the main accounting policies implemented in the preparation of these consolidated financial statements.

A. Intangible assets other than goodwill

The Company recognizes an identifiable intangible asset when it can demonstrate that the future economic benefits that have been attributed to it are likely to flow to the entity and the cost can be properly valued.

I. INTANGIBLE ASSETS ACQUIRED SEPARATELY:

Intangible assets acquired separately are presented at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis using the estimated lifespans. The estimated lifespans and the amortization method are reviewed at the close of each balance sheet, accounting for the effect of any change in the estimate prospectively.

II. AMORTIZATION METHOD FOR INTANGIBLES:

Intangibles with defined lifespans

The amortization method applied by the Company reflects the pattern to which the future economic benefits of the asset are expected to be used by the entity. For this purpose, the Company uses the straight-line method of amortization.

Software

The estimated useful life for the software is 4 years, for those other assets with a defined useful life, the useful life period in which they are amortized corresponds to the periods defined in the contracts or rights that originate them.

Intangibles with indefinite useful life

Intangible assets of indefinite useful life correspond mainly to water rights secured indefinitely, as established in the procurement contracts.

Determining the useful life

The factors that must be considered for the estimation of the useful life are, among others, the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of products, changes in demand).
- Reactions expected by current or potential competitors.
- Natural factors, climactic factors and technological changes that affect the ability to generate benefits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the aforementioned factors.

B. Property, plant and equipment

The Company uses the cost method for the valuation of Property, Plant and Equipment. The historical cost includes expenses that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are acknowledged as a separate asset, only when it is probable that the future economic benefits associated with the elements of the fixed asset will flow to the Company and the cost of the element can be determined reliably. The value of the replaced component is written off. The rest of the repairs and maintenance are charged to the result (income) of the year in which they are incurred.

DEPRECIATION METHOD AND ESTIMATED USEFUL LIFE FOR PROPERTY, PLANT AND EQUIPMENT:

The depreciation method applied by the Company reflects the pattern according to which the assets are expected to be used by the entity during the period in which they generate economic benefits. For this purpose, the Company uses the straight-line method of depreciation over its technical useful life, which is based on studies prepared by independent experts (external specialist companies). The residual value and the useful life of the assets are reviewed and adjusted, if necessary, at each closing of the Balance sheet.

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



USEFUL LIVES:

The useful lives considered for purposes of calculating depreciation are based on technical studies prepared by external specialist companies, which are reviewed to the extent that there are precedents that allow us to consider that the useful life of an asset has been modified.

The allocation of the total useful life for the assets is made on the basis of several factors, including the nature of the equipment. Such factors generally include:

- 1. Nature of the component materials of the equipment or constructions.
- 2. Environment of the operating equipment.
- 3. Intensity of use.
- 4. Legal, regulatory or contractual limitations

The useful life range (in years) by type of Assets is as follows:

ÍTEM	USEFUL LIFE MINIMUM	USEFUL LIFE MAXIMUM
Buildings	25	80
Plant & equipment	5	50
Information technology equipment	4	4
Fixed installations & accessories	5	80

COST ESTIMATION POLICY FOR DISMANTLING, REMOVING OR REHABILITATING PROPERTY, PLANT AND **EQUIPMENT**:

Given the nature of the assets built into the Company and given that there are no contractual obligations or other constructive requirements, such as those mentioned by the IFRS, the concept of decommissioning costs is not applicable at the date of these financial statements.

ASSET SALES POLICY

The income generated from the sale of fixed assets is calculated by comparing the income obtained with their book value and they are recorded in the statement of comprehensive income.

C. Impairment of tangible and intangible assets except goodwill

At each closing date of the balance sheet, the Company reviews the carrying amounts of its tangible and intangible assets with a defined useful life to determine whether there are indicators that said assets have suffered an impairment loss. If such indicators exist, the recoverable value of the assets is estimated to determine the amount of the impairment loss (if any). When it is not possible to estimate

the recoverable amount of a particular asset, the Company estimates the recoverable value of the Cash Generating Unit to which the asset belongs.

Intangible assets with an indefinite useful life are subject to annual impairment tests and when there are indicators that the asset could have suffered an impairment before the end of that period.

The recoverable value is the greater amount between the fair value less the costs of sale and the value in use. For estimating value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market conditions of the value of money over time, as well as the specific risks associated to the asset.

When it is deemed that the recoverable value of an asset (or cash-generating unit) is less than its book value, the book value of that asset (or cash-generating unit) is adjusted to its recoverable value, immediately acknowledging a loss for deterioration income (income). When an impairment loss is reversed, the book value of the asset (or cash generating unit) is adjusted to the revised estimate of its recoverable value, provided that the adjusted book value does not exceed the book value that would have been determined if no loss for asset (or cash-generating unit) impairment had been acknowledged in previous fiscal years.

D. Leases

I. FINANCIAL LEASES

Leases are classified as financial leases when the terms of the lease substantially transfer all the risks and benefits of the property to the lessee. All other leases are classified as operating leases.

II. OPERATING LEASES

Operating lease payments are acknowledged as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative to reflect the temporary pattern in which the economic benefits of the leased asset are consumed. Contingent leases are acknowledged as expenses in the period in which they are incurred.

In the event that rental incentives are received in order to agree an operating lease, such incentives are acknowledged as a liability. The accumulated benefit for incentives is acknowledged linearly as a reduction of the lease expense, except when another systematic basis is more representative to reflect the temporary pattern in which the economic benefits of the leased asset are consumed.



III. IMPLICIT LEASES

The Company reviews its contracts to verify the possible existence of implicit leases, in accordance with IFRIC 4.

E. Financial assets

Acquisitions and disposals of financial instruments are acknowledged on the trading date, that is, the date on which the Company commits to acquire or sell the asset. Investments are written off when the rights to receive cash flows from the investments have been transferred and the Company has substantially transferred all the risks and benefits derived from their ownership.

Financial assets are classified in the following categories:

- Financial assets at fair value with changes in comprehensive income
- Financial assets at fair value with changes in income
- Financial assets at amortized cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial acknowledgment.

The Company invests in low risk instruments that comply with the classification standards established in its investment policies. Thus, Mutual Investment Funds must have an AAfm / M1 rating (Quotas with very high protection against loss, associated with credit risks / installments with the lowest sensitivity to changes in economic conditions). Fixed term deposits and pacts contracted are instruments with N-1 classification (Instruments with the highest capacity to repay the capital and pay interest pursuant to the agreed terms and conditions).

The issuing institutions of these instruments correspond to banking companies or bank subsidiaries, with risk classification N-1 and their instruments have a risk rating of at least AA (with a very high capacity to pay capital and interest according to the agreed terms and conditions, which would not be significantly affected by eventual changes in the issuer, the industry to which it belongs or in the economy).

I. EFFECTIVE INTEREST RATE METHOD

The effective interest rate method corresponds to the method of calculating the amortized cost of a financial asset or liability and the allocation of interest revenues or expenses during the entire corresponding period. The effective interest rate corresponds to the rate that accurately discounts estimated

future cash flows receivable over the expected life of the financial asset and makes the Net Present Value (NPV) equal to its nominal value.

II. FAIR VALUE WITH CHANGES IN ANOTHER COMPREHENSIVE RESULT

For the classification of an asset with fair value with effect on the other comprehensive income, must comply as a principle with the sale of financial assets for which it is expected to recover in a determined term the principal amount in addition to the interest if it corresponds.

III. FINANCIAL ASSETS AT REASONABLE VALUE WITH CHANGES IN RESULTS

Financial assets are presented at fair value through results when the financial asset is maintained for trading or designated as at fair value with changes in results.

Financial assets at fair value through profit or loss are valued at fair value and any resulting loss or gain is recognized in results. The net loss or gain recognized in results include any dividend or interest received on the financial asset.

IV. IOANS AND ACCOUNTS RECEIVABLE

Trade debtors, loans and other accounts receivable are non-derivative financial assets payable in fixed or determinable periods and are not traded on an active market and are classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest rate method minus any loss for impairment, except for short-term accounts receivable, where the acknowledgement of interest would be immaterial.

TRADE DEBTORS AND OTHER ACCOUNTS RECEIVABLE

Trade debtors correspond to the amounts billed for water consumption, sewage services, sewage treatment and other services and the accrued revenue from consumption between the date of the last meter reading (following an established monthly routine) and the financial statement closing date. These are recorded at net value of estimated bad debt or of debt with low collection probability.

The trade debtor policy is subject to the credit policy, which sets the payment conditions and also the different scenarios for settling accounts with defaulter clients.



POLICY OF IMPAIRMENT OF COMMERCIAL DEBTORS AND OTHER ACCOUNTS RECEIVABLE

The Company continuously evaluates impairments affecting its financial assets. The amount is acknowledged under bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used, and the loss is acknowledged in the statement of comprehensive income under "other expenses." When an account receivable is not recoverable, it is recorded under provisions for accounts receivable.

The estimates are based on the age of the debts, and historical recovery, according to It is detailed below: Clients with debts over 120 days are provisioned 100% of the overdue debt. The documents receivable are provisioned 100% on the overdue debt.

F. Inventories

Materials, spare parts and inputs are valued at acquisition cost, which does not exceed their net sell-off value. The costing method is the weighted average cost. Semiannually, an estimate is made of deterioration of those materials that are damaged, that are partially or totally obsolete, or without rotation during the last 12 months and whose market price has fallen by more than 20%.

G. Dividend policy

The dividend policy is to register at the closing of each year a minimum dividend of 30% of the earnings, as established in the Corporations Act (Ley de Sociedades Anónimas), and as long as the financing conditions permit, to approve a definitive dividend in the Ordinary Shareholders' Meeting.

H. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the closing of each fiscal year, as per the following parities:

CURRENCY	31-12-2018 \$	31-12-2017 \$
US dollar	694,77	614,75
Euro	794,75	739,15

Foreign currency transactions are converted to the functional currency using the exchange rates as of the transaction date. Foreign currency gains and losses resulting from the liquidation of these transactions

and their conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of comprehensive income.

Different exchange rates are registered in the income of the fiscal year in which they have accrued.

I. Financial liabilities

Loans and similar loans are initially recorded at their fair value, net of the costs incurred in the transaction. Subsequently, they are valued at amortized cost, using the effective interest rate.

J. Provisions and contingent liabilities

Provisions are acknowledged when the Company has a present obligation that is a consequence of past events, and for which it is likely to use resources to settle the obligation and on which it can make a reasonable estimate of the amount of the obligation.

The quantification of the provisions is made considering the best available information on the event and its consequences and is re-estimated at the closing of each accounting closing. The provisions established are used to meet the specific risks for which they were originally acknowledged, and are reviewed in full or in part, when said risks disappear or decrease.

Contingent liabilities are all those possible obligations arising as a result of past events, whose future materialization and associated equity damage is estimated of low probability. In accordance with IFRS, the company does not recognize any provision for these items.

K. Employee benefits

The Company has 212 employees, as follows: 3 main executives, 40 professionals, and 169 technicians and administrative staff.

POLICIES ON DEFINED BENEFIT PLANS

The workers of EcoRiles S.A., are governed by the rules established in articles 159, 160 and 161 of the Labor Code.

L. Income tax and deferred taxes

The expense for income tax corresponds to the sum of the tax on earnings payable and the variation of assets and liabilities for deferred taxes.



The income tax is determined based on the tax income of the period. The income tax payable by the Company is calculated using the tax rates that have been approved, or that are in the last approval process, on the closing date of the balance sheet.

Deferred taxes are acknowledged on the basis of the differences between the book values of the assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of the tax income and are accounted for in accordance with the liability method based on the balance sheet. Deferred tax liabilities are acknowledged for all taxable temporary differences, and deferred tax assets are acknowledged for all deductible temporary differences to the extent that it is probable that future tax benefits exist with which to offset such differences. Deferred tax assets or liabilities are not acknowledged if the temporary differences arise from the lower value or from the initial acknowledgment (except in a business combination) of other assets and liabilities in a transaction that does not affect the tax incomes or financial income.

The book value of deferred tax assets is reviewed at the date of each balance sheet and is reduced to the extent that it is no longer probable that sufficient available tax incomes are available to allow the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in force in the period in which the liability is settled or the asset is realized, based on the tax rates that have been approved, or are practically ending their approval process at the closing of the balance sheet fiscal year. The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise due to the manner in which the Company expects, at the reporting date, to recover or settle the book value of its assets and liabilities. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

M. Current revenue

POLICY FOR ACKNOWLEDGING CURRENT REVENUE

The Company determined its recognition and measurement of revenue from ordinary activities, based on on the principle that income is recognized for an amount that reflects the consideration to which the entity expects to have the right in exchange to transfer goods or services to a client. This fundamental principle must be supplied based on a five-step model:

- (1) identification of the contract with the client;
- (2) identification of performance obligations of the contract;
- (3) determination of the price of the transaction;
- (4) allocation of the transaction price to performance obligations; and
- (5) recognition of income when (or as) the performance obligations are met.

POLICY FOR ACKNOWLEDGING ORDINARY INCOME FOR SALES OF SERVICES

Revenues from the sale of services are measured at fair value. The billings are made based on the work performed on the consideration receivable, net of refunds, commercial discounts

and rebates. So the income is recognized when the risk is transferred to the buyer, the recovery is considered probable, the associated costs and possible discounts for erroneous collections they can be estimated reliably.

POLICY FOR ACKNOWLEDGING ORDINARY INCOME FOR SALE OF GOODS

If there is any sale of elements of property, plant and equipment, the income will be recognized when it is feasible to value reliably.

N. Environmental information

In order to reduce its impact on the environment, the Company works on improving the use of resources available to produce and deliver the service (reduce energy use, and improve the waste management). This action allows you to meet its 2015-2020 objectives becoming a sustainable company. During the year 2007, the certification of all the processes under the ISO 14001 standard, which is maintained to date. The Assets are valued, at acquisition cost, and are amortized following the method linear, depending on the years of estimated remaining useful life of the different elements.

O. Cash flow statements

Cash flow statements record the cash account activity during the fiscal year, which include Value Added Tax (VAT), determined by the direct method under the following criteria:

CASH AND CASH EQUIVALENT: Represent cash inflows and outflows of equivalent financial assets, meaning low-risk highly-liquid value investments (with expiration of under 3 months from the date of investment without restrictions).

OPERATING ACTIVITIES: Represent typical activities of the normal operation of the business of the company, as well as other activities not classified as investment or financing.

INVESTMENT ACTIVITIES: Represent activities of acquisition, sale or disposition by other means of longterm assets and other investments not included in cash and cash equivalents.

FINANCING ACTIVITIES: Represent activities that produce changes in the amount and composition of the net equity and liabilities that are not part of the regular activities.



Note 7 DISCLOSURE OF INFORMATION ABOUT RELATED ENTITIES

Balances and transactions with related entities

Transactions between the Company and its Subsidiaries are in line with market conditions.

Accounts receivable from related entities

RUT TAXPAYER ID	NAME OF DELATED DADTY	NATURE OF THE	COUNTRY OF	NATURE OF THE TRANSACTIONS WITH	TYPE OF	DEADUNES	CUADANTEE	CURRENT (тн сн\$)
N° OF RELATED PARTY	NAME OF RELATED PARTY	RELATIONSHIP	ORIGIN	RELATED PARTIES	CURRENCY	DEADLINES	GUARANTEES	43.465	43.100
61.808.000-1	Aguas Andinas S.A.	Controller	CL	Loans granted	CLP	30 Days	Without guarantees	0	230.000
61.808.000-1	Aguas Andinas S.A.	Controller	CL	Loan interest	CLP	30 Days	Without guarantees	0	1.531
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Lease guarantee	CLP	30 Days	Without guarantees	3.338	3.135
96.809.310-K	Aguas Cordillera S.A.	Related to the controller	CL	San Antonio project	CLP	30 Days	Without guarantees	121.990	187.080
76.148.998-4	Suez Medio Ambiente	Related to the controller	CL	Plants' operating income	CLP	30 Days	Without guarantees	0	33.628
A85788065	Aqua Development Network	Related to the controller	CL	Difference in transfer	CLP	30 Days	Without guarantees	2.146	0
Total accounts rec	ceivable							127.474	455.374



Accounts payable to related entities - Current

RUT TAXPAYER ID N° OF RELATED	NAME OF RELATED PARTY	NATURE OF THE	COUNTRY OF	COUNTRY OF NATURE OF THE TRANSACTIONS WITH TYPE		DEADLINES	GUARANTEES	CURRENT	(тн сн\$)
PARTY	NAME OF RELATED PARTY	RELATIONSHIP	ORIGIN	RELATED PARTIES	RELATED PARTIES CURRENCY DEADLINES		GUARANTEES	43.465	43.100
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Other payments to EE-RR	CLP	30 Days	Without guarantees	-10.084	-260
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Excess organic discharge to the network	CLP	30 Days	Without guarantees	-229.268	-158.427
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Dividends payable	CLP	30 Days	Without guarantees	-530.680	-499.255
96.809.310-K	Aguas Cordillera S.A.	Related to the controller	CL	Dividends payable	CLP	30 Days	Without guarantees	-5.152	-4.847
96.967.550-1	Análisis Ambientales S.A.	Related to the controller	CL	Chemical and bacteriological analysis services	CLP	30 Days	Without guarantees	-108.250	-60.109
A85788065	Aqua Development Network	Related to the controller	CL	Consulting services	CLP	30 Days	Without guarantees	-19.293	0
96.828.120-8	Gestión y Servicios S.A.	Related to the controller	CL	Purchase of supplies	CLP	30 Days	Without guarantees	-167.754	-157.507
Total accounts pay	able							-1.070.481	-880.405

Transactions with related entities

							CURRE	NT (TH\$)	
RUT TAXPAYER ID N° OF RELATED PARTY	NAME OF RELATED PARTY	NATURE OF THE RELATIONSHIP	COUNTRY OF ORIGIN	NATURE OF THE TRANSACTIONS WITH RELATED PARTIES	TYPE OF CURRENCY	31-1	2-2018	31-1	2-2017
						AMOUNT	EFFECTS ON INCOME	AMOUNT	EFFECTS ON INCOME
96.809.310-K	Aguas Cordillera S.A.	Related to the controller	CL	San Antonio project	CLP	109.263	27.232	287.262	287.262
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Excess organic load to the network	CLP	822.493	742.322	870.722	804.327
96.967.550-1	Análisis Ambientales S.A.	Related to the controller	CL	Laboratory analysis	CLP	469.901	-393.288	463.343	-389.364
96.828.120-8	Gestión y Servicios S.A.	Related to the controller	CL	Purchase of chemical supplies	CLP	1.658.390	-1.393.605	1.729.695	-1.453.526
61.808.000-5	Aguas Andinas S.A.	Related to the controller	CL	Dividend Paid	CLP	1.436.058	0	1.706.077	0

El criterio de materialidad para informar las transacciones con entidades relacionadas, es de montos superiores a M\$100.000.



Financial Situation Statements As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

ACTIVOS	2018 TH CH\$	2017 TH CH\$
Current assets	5.438.938	4.718.568
Non-current assets	531.601	501.160
Total assets	5.970.539	5.219.728
LIABILITIES		
Current liabilities	2.550.466	2.101.177
Non-current liabilities	-	-
Equity	3.420.073	3.118.551
Total liabilities and equity	5.970.539	5.219.728

Cash Flow Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH CH\$	2017 TH CH\$
Ordinary revenue	13.324.400	13.389.212
Operating cost	(10.912.670)	(11.176.764)
Financial income	9.827	14.105
Other different from operating	(3.930)	4.895
Income Tax	-634.375	(551.107)
Year's earnings	1.783.252	1.680.341

Comprehensive Income Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH CH\$	2017 TH CH\$
Net cash flows from operating activities	1.151.923	1.054.308
Net cash flows from investment activities	1.233.728	(416.297)
Net cash flows from financing activities	(2.540.000)	(1.722.641)
Net increase (decrease) in cash and cash equivalents	(154.349)	(1.084.630)
Initial balance of cash and cash equivalents	383.121	1.467.751
Final balance of cash and cash equivalents	228.772	383.121

Statement Of Equity Changes As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH CH\$	2017 TH CH\$
Issued capital	333.787	333.787
Other equity shareholdings	(27.279)	(27.279)
Accumulated earnings (losses)	3.113.565	2.812.043
Final equity balance	3.420.073	3.118.551



Gestión y Servicios S.A.

General Background

Name

Gestión y Servicios S.A.

Type of entity

Closely Held Corporation, is governed by the provisions of its Articles of Incorporation and by those legal provisions that are applicable.

Legal residence

Av. Presidente Balmaceda N° 1398

Telephone

(56 2) 569 23 42

RUT Taxpayer ID N°

96.828.120-8

Subscribed and paid capital

Th\$ 506,908

External auditors

Ernst & Young

RUT Taxpayer ID N°

77.802.430-6

Line of Business

The object of the Company is the urbanization, purchase and sale of sanitary materials, sale of biogas, construction and consultancies specialty jobs.

Constituent Documents

The Company was incorporated as a public limited company under the name of Aguas del Maipo S.A., by public deed dated June 6 of 1997, granted in the notary of Santiago de don Patricio Zaldivar Mackenna, later reformed the statutes according to consists of the deed dated November 10, 2000, in the Notary of Don Patricio Zaldivar Mackenna, changing his reason Social a Gestión y Servicios S.A.

Board of directors

Chairman

Guillermo Pickering De La Fuente

Board members

Laureano Cano Inesta

Narciso Berberana Saenz (CEO Aguas Andinas S.A.)

Ivan Yarur Sairafi (Key Executive in Aguas Andinas S.A.)

Camilo Larraín Sánchez (Key Executive in Aguas Andinas S.A.)

CEO

Juan José Gross Rudloff

Parent company shareholding: 97,84783%

Proportion represented by the investment in the parent company's assets: Its investment in the company represents a proportion of 0,20%

Commercial relationship with the parent company

During the financial year ended December 31, 2018, the Company maintained contracts for the purchase and sale of materials and leases with its Parent Company. In the future it is expected to maintain similar business relationships.



Note 1 General Information

Gestión y Servicios S.A. (hereinafter the "Company") is a closed corporation. Its legal address is Avenida Presidente Balmaceda N ° 1398, Santiago, Chile and its Tax ID is 96,828,120-8.

The Company was incorporated by public deed dated June 6, 1997, through the Notary of Santiago, by Mr. Patricio Zaldivar Mackenna under the corporate name Aguas del Majpo S.A., subsequently reformed the statutes as recorded in the deed dated November 10, 2000, at the Notary Public of Don Patricio Zaldivar Mackenna, changing its corporate name to Gestión y Servicios S.A.

Gestión y Servicios is a closed corporation and is not registered in the Securities Registry of the Superintendency of Securities and Insurance. Its corporate purpose is the urbanization, purchase and sale of sanitary materials, construction and consultancy work of specialties.

Gestión y Servicios S.A. is a marketer of materials and other services related to the sanitary sector. The direct controlling entity is Aguas Andinas S.A., a limited company whose controller final is Sociedad General Aguas de Barcelona S.A. (Agbar), an entity based in Spain, one of the largest operators of health services worldwide, which in turn is controlled by Suez Environnement (France), whose main shareholder is ENGIE (France).

Note 2 Basis Of Preparation And Accounting Policies

2.1 Preparation basis

The present financial statements correspond to the financial situation as of December 31, 2018 and 2017 and to the statements of income, of changes to net equity and cash flows for the fiscal years ended on such dates, which have been prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the comprehensive, explicit adoption of the referred IFRS without Reservations.

The Company complies with all the legal conditions of the environment in which it operates, the Company has normal operating conditions in each area in which it carries out its activities, its projections show a profitable operation and it has the capacity to access the financial system to finance its operations, which in the opinion of management determines its ability to continue as a fully operational company, as established by the IFRS standards under which these financial statements are issued.

Functional and presentation currency

The financial statements are presented in the currency of the main economic environment in which the Company operates (functional currency). For the purposes of the financial statements, the Company's income and financial position are state in Chilean pesos (rounded to the nearest thousand), which is the Company's functional currency and the currency for the presentation of the financial statements.

New accounting rules

The rules and interpretations, as well as the improvements and changes to the IFRS, which have been issued to enter into effect on the date of issue of these financial statements, are summarized herein below. The Company has applied these rules concluding that they did not significantly affect the financial statements.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 9, Financial instruments, Acknowledgement and measurement	Annual periods beginning on or after January 1, 2018
IFRS 15, Revenue from client contracts	Annual periods beginning on or after January 1, 2018
IFRIC 22, Foreign currency transactions and advance consideration	Annual periods beginning on or after January 1, 2018

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 1, Adoption of IFRS for the first time Elimination of interim exceptions first adopted by entities	Annual periods beginning on or after January 1, 2018
IFRS 2, Share-based payments - Classification and measurement of share-based transactions	Annual periods beginning on or after January 1, 2018
IFRS 4, Insurance contracts — Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Annual periods beginning on or after January 1, 2018
IAS 28, Investment in associates and joint ventures — Decision of measuring shareholding in associated and joint ventures at reasonable value with change in results.	Annual periods beginning on or after January 1, 2018
IAS 40, Investment property – Investment property transfers	Annual periods beginning on or after January 1, 2018

The standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued but not entered into effect the date of issue of these financial statements, are summarized below. The Company has not applied these standards before their required enforcement.



STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019
IFRIC 23, Treatment of uncertain fiscal positions	Annual periods beginning on or after January 1, 2019
Conceptual framework	Annual periods beginning on or after January 1, 2020
IFRS 17, Insurance contracts	Annual periods beginning on or after January 1, 2021

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 3, Business Combinations – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IFRS 9, Financial instruments – Payments with negative compensation	Annual periods beginning on or after January 1, 2019
IFRS 11, Joint agreements – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IAS 12, Corporate revenue taxes — Tax consequences of payments related to FINANCIAL INSTRUMENTS classified as equity.	Annual periods beginning on or after January 1, 2019
IAS 23, Borrowing costs – Borrowing costs eligible to be capitalized	Annual periods beginning on or after January 1, 2019
IAS 28, Investment in associates and joint ventures – Long-term investments in partnerships or joint ventures.	Annual periods beginning on or after January 1, 2019
IAS 19, Employee benefits – modification, reduction or settlement of the plan	Annual periods beginning on or after January 1, 2019
IFRS 3, Business Combinations – Defining a business	Annual periods beginning on or after January 1, 2020
IAS 1, Presentation of financial statements and IAS 8, Investments in associated companies - Definition of material	Annual periods beginning on or after January 1, 2020
IFRS 10 y IAS 28, Consolidated Financial Statements — Sale or contribution of assets between an investor and its partner or joint venture	Pending
'	

Accounting Policy Note IFRS 9 and IFRS 15 in the Financial Statements as of December 31, 2018 IFRS 9, "Financial instruments" In July 2014, the final version of IFRS 9 Instruments was issued Financial, bringing together all phases of the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement "for annual periods beginning on or after 1 January 2018, this standard includes new requirements based on principles for classification and measurement, impairment and hedge

accounting, introduces a "more prospective" loss model expectations for impairment accounting and a substantially reformed approach to hedge accounting.

The Company carried out an evaluation of the credit loss policy of its commercial debtors (described in Note 2, letter E), concluding that this policy implicitly considers a model of expected loss according to the requirement of this standard. This evaluation is based on the available and sustainable credit risk information.

According to the above, the impairment loss determination model associated with credit risk will not be modified, there being no effects on the preparation and presentation of Financial statements.

The Administration of the Company estimates that the adoption of the Standards, Amendments and Interpretations, previously described, with the exception of IFRS 16, and that could apply to Aguas Andinas S.A. and Subsidiaries, are in the process of evaluation and it is estimated that to date they would not have a significant impact in the consolidated financial statements of the Group in the exercise of its first application. The Administration is periodically evaluating these implications.

The application of IFRS 16 "Leasing", in the year 2019 will have an initial estimated impact of Th Ch\$150,818 in consolidated assets and liabilities.

Responsibility for information and estimates made

The information contained in these financial statements is the responsibility of the Board of Directors of the Company, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. The Board of Directors in session dated March 15, 2019, approved these financial statements.

The financial statements of EcoRiles S.A. corresponding to fiscal year 2017, were approved by its Board of Directors at a meeting held on March 28, 2018.

In the preparation of the financial statements, estimates were applied such as:

- Useful life of fixed and intangible assets.
- Losses because of asset impairment.
- · Assumptions (hypotheses) used in the actuarial calculation of benefits for termination of employee contracts.



- Provisions for commitments acquired with third parties.
- Risks arising from litigation

Although these estimates and judgments were made based on the best information available on the date of issuance of the comparative financial statements, it is possible that events that may occur in the future require them to be modified (upwards or downwards) in future periods, which would be recorded prospectively at the time of the known variation, acknowledging the effects of such changes in the corresponding future financial statements.

2.2 Accounting policies

Below is a description of the main accounting policies implemented in the preparation of these consolidated financial statements.

A. Intangible assets other than goodwill

The Company recognizes an identifiable intangible asset when it can demonstrate that the future economic benefits that have been attributed to it are likely to flow to the entity and the cost can be properly valued.

I. INTANGIBLE ASSETS ACQUIRED SEPARATELY:

Intangible assets acquired separately are presented at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis using the estimated lifespans. The estimated lifespans and the amortization method are reviewed at the close of each balance sheet, accounting for the effect of any change in the estimate prospectively.

II. AMORTIZATION METHOD FOR INTANGIBLES:

Intangibles with defined lifespans

The amortization method applied by the Company reflects the pattern to which the future economic benefits of the asset are expected to be used by the entity. For this purpose, the Company uses the straight-line method of amortization.

Software

The estimated useful life for the software is 4 years, for those other assets with a defined useful life, the useful life period in which they are amortized corresponds to the periods defined in the contracts or rights that originate them.

Intangibles with indefinite useful life

The intangibles of indefinite useful life correspond mainly to water rights, which were obtained as indefinite, as established in the procurement contracts and the rights obtained from the General Water Authority, under the Ministry of Public Works.

Determining the useful life

The factors that must be considered for the estimation of the useful life are, among others, the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of products, changes in demand).
- Reactions expected by current or potential competitors.
- Natural factors, climactic factors and technological changes that affect the ability to generate benefits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the aforementioned factors.

B. Property, plant and equipment

The Company uses the cost method for the valuation of Property, Plant and Equipment. The historical cost includes expenses that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are acknowledged as a separate asset, only when it is probable that the future economic benefits associated with the elements of the fixed asset will flow to the Company and the cost of the element can be determined reliably. The value of the replaced component is written off. The rest of the repairs and maintenance are charged to the result (income) of the year in which they are incurred.

DEPRECIATION METHOD AND ESTIMATED USEFUL LIFE FOR PROPERTY, PLANT AND EQUIPMENT:

The depreciation method applied by the Company reflects the pattern according to which the assets are expected to be used by the entity during the period in which they generate economic benefits. For this purpose, the Company uses the straight-line method of depreciation over its technical useful life, which is based on studies prepared by independent experts (external specialist companies). The residual value and the useful life of the assets are reviewed and adjusted, if necessary, at each closing of the Balance sheet.

When the value of an asset is higher than its estimated recoverable amount, its value is reduced immediately to its recoverable amount (Note 11).



USEFUL LIVES:

The useful lives considered for purposes of calculating depreciation are based on technical studies prepared by external specialist companies, which are reviewed to the extent that there are precedents that allow us to consider that the useful life of an asset has been modified.

The allocation of the total useful life for the assets is made on the basis of several factors, including the nature of the equipment. Such factors generally include:

- 1. Nature of the component materials of the equipment or constructions.
- 2. Environment of the operating equipment.
- 3. Intensity of use.
- 4. Legal, regulatory or contractual limitations.

The useful life range (in years) by type of assets is as follows:

ITEM	USEFUL LIFE MAXIMUM	USEFUL LIFE MINIMUM
Plant and equipment	7	20
Information technology equipment	4	4
Fixed installations හ accessories	10	10
Motor vehicles	7	7

COST ESTIMATION POLICY FOR DISMANTLING, REMOVING OR REHABILITATING PROPERTY, PLANT AND **EQUIPMENT:**

Given the nature of the assets built into the Company and given that there are no contractual obligations or other constructive requirements, such as those mentioned by the IFRS, the concept of decommissioning costs is not applicable at the date of these financial statements.

ASSET SALES POLICY

The income generated from the sale of fixed assets is calculated by comparing the income obtained with their book value and they are recorded in the statement of comprehensive income.

C. Impairment of tangible and intangible assets except goodwill

At each closing date of the balance sheet, the Company reviews the carrying amounts of its tangible and intangible assets with a defined useful life to determine whether there are indicators that said assets have suffered an impairment loss. If such indicators exist, the recoverable value of the assets is estimated to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of a particular asset, the Company estimates the recoverable value of the Cash Generating Unit to which the asset belongs.

Intangible assets with an indefinite useful life are subject to annual impairment tests and when there are indicators that the asset could have suffered an impairment before the end of that period.

The recoverable value is the greater amount between the fair value less the costs of sale and the value in use. For estimating value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market conditions of the value of money over time, as well as the specific risks associated to the asset.

When it is deemed that the recoverable value of an asset (or cash-generating unit) is less than its book value, the book value of that asset (or cash-generating unit) is adjusted to its recoverable value, immediately acknowledging a loss for deterioration income (income). When an impairment loss is reversed, the book value of the asset (or cash generating unit) is adjusted to the revised estimate of its recoverable value, provided that the adjusted book value does not exceed the book value that would have been determined if no loss for asset (or cash-generating unit) impairment had been acknowledged in previous fiscal years.

D. Leases

I. FINANCIAL LEASES

Leases are classified as financial leases when the terms of the lease substantially transfer all the risks and benefits of the property to the lessee. All other leases are classified as operating leases.

II. OPFRATING I FASES

Operating lease payments are acknowledged as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative to reflect the temporary pattern in which the economic benefits of the leased asset are consumed. Contingent leases are acknowledged as expenses in the period in which they are incurred.

In the event that rental incentives are received in order to agree an operating lease, such incentives are acknowledged as a liability. The accumulated benefit for incentives is acknowledged linearly as a reduction of the lease expense, except when another systematic basis is more representative to reflect the temporary pattern in which the economic benefits of the leased asset are consumed.

III. IMPLICIT LEASES

The Company reviews its contracts to verify the possible existence of implicit leases, in accordance with IFRIC 4.



E. Financial assets

Acquisitions and disposals of financial instruments are acknowledged on the trading date, that is, the date on which the Company commits to acquire or sell the asset. Investments are written off when the rights to receive cash flows from the investments have been transferred and the Company has substantially transferred all the risks and benefits derived from their ownership.

Financial assets are classified in the following categories:

- Financial assets at fair value with changes in comprehensive income
- Financial assets at fair value with changes in income
- Financial assets at amortized cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial acknowledgment.

The Company invests in low risk instruments that comply with the classification standards established in its investment policies. Thus, Mutual Investment Funds must have an AAfm / M1 rating (Quotas with very high protection against loss, associated with credit risks / installments with the lowest sensitivity to changes in economic conditions). Fixed term deposits and pacts contracted are instruments with N-1 classification (Instruments with the highest capacity to repay the capital and pay interest pursuant to the agreed terms and conditions).

The issuing institutions of these instruments correspond to banking companies or bank subsidiaries, with risk classification N-1 and their instruments have a risk rating of at least AA (with a very high capacity to pay capital and interest according to the agreed terms and conditions, which would not be significantly affected by eventual changes in the issuer, the industry to which it belongs or in the economy).

I. EFFECTIVE INTEREST RATE METHOD

The effective interest rate method corresponds to the method of calculating the amortized cost of a financial asset or liability and the allocation of interest revenues or expenses during the entire corresponding period. The effective interest rate corresponds to the rate that accurately discounts estimated future cash flows receivable over the expected life of the financial asset and makes the Net Present Value (NPV) equal to its nominal value.

II. LOANS AND ACCOUNTS RECEIVABLE

Commercial debtors, loans and other accounts receivable are non-derivative financial assets payable in fixed or determinable periods and are not traded on an active market and are classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest rate method minus any loss for impairment, except for short-term accounts receivable, where the acknowledgement of interest would be immaterial.

II. FAIR VALUE WITH CHANGES IN ANOTHER COMPREHENSIVE RESULT

For the classification of an asset with fair value with effect on the other comprehensive income, must comply as a principle with the sale of financial assets for which it is expected to recover in a determined term the principal amount in addition to the interest if it corresponds.

III. FINANCIAL ASSETS AT REASONABLE VALUE WITH CHANGES IN RESULTS

Financial assets are presented at fair value through results when the financial asset is maintained for trading or designated as at fair value with changes in results.

Financial assets at fair value through profit or loss are valued at fair value and any resulting loss or gain is recognized in results. The net loss or gain recognized in results include any dividend or interest received on the financial asset.

IV. FINANCIAL ASSETS AT AMORTIZED COST

Commercial debtors and other accounts receivable

Commercial debtors correspond to the amounts billed for water consumption, sewage services, sewage treatment and other services and the accrued revenue from consumption between the date of the last meter reading (following an established monthly routine) and the financial statement closing date. These are recorded at net value of estimated bad debt or of debt with low collection probability.

The trade debtor policy is subject to the credit policy, which sets the payment conditions and also the different scenarios for settling accounts with delinquent clients.

Policy of impairment of commercial debtors and other accounts receivable

The Company continuously evaluates impairments affecting its financial assets. The amount is acknowledged under bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used, and the loss is acknowledged in the statement of comprehensive income under "other expenses." When an account receivable is not recoverable, it is recorded under provisions for accounts receivable based on the expected credit loss model as established in IFRS 9.

F. Inventories

Materials, spare parts and inputs are valued at acquisition cost, which does not exceed their net se-Il-off value. The costing method is the weighted average cost. Semiannually, an estimate is made of deterioration of those materials that are damaged, that are partially or totally obsolete, or without rotation during the last 12 months and whose market price has fallen by more than 20%.



G. Dividend policy

The dividend policy of the Company and as established in article 79 of Law 18,046 that governs public limited companies, is to distribute at least 30% of the net earnings (profits) of each year. In the event that these dividends do not exist or are lower than the minimum established in the Law, the respective provision shall be made.

In addition to this and prior authorization from the ordinary shareholders' meeting, the remaining 70% may be distributed as an additional dividend, provided that it remains at the current level of capitalization of the Company and is compatible with the investment policies.

H. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the closing of each fiscal year, as per the following parities:

CURRENCY	31-12-2018 \$	31-12-2017 \$
US dollar	694,77	614,75
Euro	794,75	739,15

Foreign currency transactions are converted to the functional currency using the exchange rates as of the transaction date. Foreign currency gains and losses resulting from the liquidation of these transactions and their conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of comprehensive income.

Exchange Rate Differences are registered in the income of the fiscal year in which they have accrued.

I. Financial liabilities

Loans and similar loans are initially recorded at their fair value, net of the costs incurred in the transaction. Subsequently, they are valued at amortized cost, using the effective interest rate.

J. Provisions and contingent liabilities

Provisions are acknowledged when the Company has a present obligation that is a consequence of past events, and for which it is likely to use resources to settle the obligation and on which it can make a reasonable estimate of the amount of the obligation.

The quantification of the provisions is made considering the best available information on the event and its consequences and is re-estimated at the closing of each accounting closing. The provisions established are used to meet the specific risks for which they were originally acknowledged, and are reviewed in full or in part, when said risks disappear or decrease.

Contingent liabilities are all those possible obligations arising as a result of past events, whose future materialization and associated equity damage is estimated of low probability. In accordance with IFRS, the company does not recognize any provision for these items, although, as required by the same norm, should they exist they are broken down under note 12.

K. Employee benefits

The Company has 34 employees, as follows: 1 main executive, 17 professionals, and 16 distributed between technicians, administrative staff and operators.

POLICIES ON DEFINED BENEFIT PLANS

The workers of Gestión y Servicios S.A., are governed by the rules established in articles 159, 160 and 161 of the Labor Code.

Only 1 worker, transferred from the parent company in 2002, registers indemnification at current value and advance payment on account of said indemnification as of such that date. Since 2003, it has been recorded at its actuarial value, determined by using the method of the projected credit units.

L. Income taxes and deferred taxes

The expense for income tax corresponds to the sum of the tax on earnings payable and the variation of assets and liabilities for deferred taxes.

The income tax is determined based on the tax income of the period. The income tax payable by the Company is calculated using the tax rates that have been approved, or that are in the last approval process, on the closing date of the balance sheet.

Deferred taxes are acknowledged on the basis of the differences between the book values of the assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of the tax income and are accounted for in accordance with the liability method based on the balance sheet. Deferred tax liabilities are acknowledged for all taxable temporary differences, and deferred tax assets are acknowledged for all deductible temporary differences to the extent that it is probable that future tax benefits exist with which to offset such differences. Deferred tax assets or liabilities are not



acknowledged if the temporary differences arise from the lower value or from the initial acknowledgement (except in a business combination) of other assets and liabilities in a transaction that does not affect the tax incomes or financial income

The book value of deferred tax assets is reviewed at the date of each balance sheet and is reduced to the extent that it is no longer probable that sufficient available tax incomes are available to allow the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in force in the period in which the liability is settled or the asset is realized, based on the tax rates that have been approved, or are practically ending their approval process at the closing of the balance sheet fiscal year. The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise due to the manner in which the Company expects, at the reporting date, to recover or settle the book value of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

M. Current revenue

POLICY FOR ACKNOWLEDGING CURRENT REVENUE

The Company determined its acknowledgment and measurement of revenues from ordinary activities, based on the principle that revenues are acknowledged for an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. This fundamental principle must be applied based on a 5-step model:

- (1) identifying the contract with the client;
- (2) identifying the performance obligations of the contract;
- (3) determining the price of the transaction;
- (4) allocating the transaction price to performance obligations; and
- (5) acknowledging income when (or as) performance obligations are being met.

POLICY FOR ACKNOWLEDGING CURRENT REVENUE FROM SALES OF GOODS

Revenue from sales of goods is acknowledged once the risk and significant advantages resulting from the ownership of the goods have been transferred. The Company is no longer bound to the asset sold. The amount of revenue can be reliably measured. The company is likely to receive the economic benefits associated with the sale and the costs incurred in the transaction can also be reliably measured

POLICY FOR ACKNOWLEDGING CURRENT REVENUES FROM SERVICE SALES

Revenue from sales of services is measured at fair value. Billing is carried out on the basis of actual consumption or work carried out on the consideration receivable, net returns, trade discounts and rebates, so the revenue is recorded when it is transferred to the client and recovery is considered probable. In addition, the associated costs and possible discounts for erroneous billings can be reliably estimated. Billing and eventual provisions are made based on completed work.

N. Environmental information

Environmental assets are those that are used durably in the Company's activity, whose main purpose is the minimization of adverse environmental impacts and the protection and improvement of the environment, including the reduction or elimination of future environmental contamination caused by the operations of the company.

These assets are valued, like any other asset, at acquisition cost. The Company amortizes these elements following the straight-line method, based on the estimated remaining useful life of the different elements.

O. Cash flow statements

Cash flow statements record the cash account activity during the fiscal year, which include Value Added Tax (VAT), determined by the direct method under the following criteria:

CASH AND CASH EQUIVALENT: Represent cash inflows and outflows of equivalent financial assets, meaning low-risk highly-liquid value investments (with expiration of under 3 months from the date of investment without restrictions).

OPERATING ACTIVITIES: Represent typical activities of the normal operation of the business of the company, as well as other activities not classified as investment or financing.

INVESTMENT ACTIVITIES: Represent activities of acquisition, sale or disposition by other means of longterm assets and other investments not included in cash and cash equivalents.

FINANCING ACTIVITIES: Represent activities that produce changes in the amount and composition of the net equity and liabilities that are not part of the regular activities.



Note 7 DISCLOSURE OF INFORMATION ABOUT RELATED ENTITIES

Balances and transactions with related entities

Transactions between the Company and its Subsidiaries are in line with market conditions.

Accounts receivable from related entities

TAXPAYER ID	NAME OF RELATED PARTY	NATURE OF THE	COUNTRY OF	NATURE OF TRANSACTIONS WITH RELATED	TYPE OF	MATURITY	CHADANTEEC	CURREN	T (TH\$)
(RUT) N°	NAME OF RELATED PARTY	RELATIONSHIP	ORIGIN	PARTIES	CURRENCY	MATURIT	GUARANTEES	DEC. 18	DEC. 17
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan	CLP	30 days	Guarantees	0	665.779
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Property lease	CLP	30 days	Without guarantees	516	502
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Sale of materials	CLP	30 days	Without guarantees	23.665	524
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Meter verification contract	CLP	30 days	Without guarantees	1.462	1.149
61.808.000-5	Aguas Andinas S.A.	Controller	CL	ENTEL Workers agreement	CLP	30 days	Without guarantees	15.282	0
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Retention due to Collectors Renewal Contract	CLP	30 days	Without guarantees	137.465	137.465
A85788065	Aqua Development Network	Related to controller	CL	Talent Management	CLP	30 days	Without guarantees	315	0
96.809.310-K	Aguas Cordillera S.A.	Related to controller	CL	Sale of materials	CLP	30 days	Without guarantees	235	85
96.809.310-K	Aguas Cordillera S.A.	Related to controller	CL	Meter verification contract	CLP	30 days	Without guarantees	0	136
89.221.000-4	Aguas Manquehue S.A.	Related to controller	CL	Meter verification contract	CLP	30 days	Without guarantees	64	0
96.945.210-3	Eco Riles S.A.	Related to controller	CL	Sale of chemical supplies	CLP	30 days	Without guarantees	167.753	157.507
76.080.553-K	Suez Advanced Solutions	Related to controller	CL	Sale of materials	CLP	30 days	Without guarantees	25.964	15.287
Total accounts re	eceivable							372.721	978.434



RELATED PARTY		NATURE OF THE	COUNTRY OF	NATURE OF TRANSACTIONS WITH RELATED	TYPE OF			CURREN'	(TH\$)
TAXPAYER ID (RUT) N°	NAME OF RELATED PARTY	RELATIONSHIP	ORIGIN	PARTIES	CURRENCY	MATURITY	GUARANTEES	DEC. 18	DEC. 17
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Lease	CLP	30 days	Without guarantees	30.032	0
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Purchase of materials	CLP	30 days	Without guarantees	18.170	3.919
61.808.000-6	Aguas Andinas S.A.	Controller	CL	Interim dividend	CLP	30 days	Without guarantees	77.196	180.424
76.080.553-K	Suez Advanced Solutions	Related to controller	CL	Sale of materials	CLP	30 days	Without guarantees	8.182	241.984
96.809.310-K	Aguas Cordillera S.A.	Related to controller	CL	Interim dividend	CLP	30 days	Without guarantees	1.698	3.969
A-85788065	Aqua Development Network	Related to controller	CL	Training	CLP	30 days	Without guarantees	3.842	0
Accounts payabl	e							139.120	430.296

Transactions with related entities

							CURRE	NT (TH\$)	
RUT TAXPAYER ID N° OF RELATED PARTY	NOMBRE DE PARTE RELACIONADA	NATURE OF THE RELATIONSHIP	COUNTRY OF ORIGIN	NATURE OF TRANSACTIONS WITH RELATED PARTIES	TYPE OF CURRENCY	31-12-2018 AMOUNT	31-12-2018 EFFECTS ON INCOME	31-12-2017 AMOUNT	31-12-2017 EFFECTS ON INCOME
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Dividend	CLP	489.239			
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan granted	CLP	820.000	7.542	2.490.000	30.779
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan collection	CLP	1.455.000		1.825.000	
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan	CLP	500.000	-262		
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan paid	CLP	500.000			
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Lease	CLP	118.727	-104.237		
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Purchase of materials	CLP	27.195	-22.853	40.909	-34.377
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Sale of materials	CLP	32.178	27.041	110.039	92.470
96.945.210-3	Ecoriles S.A.		CL	Sale of Chemical inputs	CLP	1.179.760	991.346	1.729.695	1.453.526
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Leak Detection and Repair	CLP	547.789	460.327		
76.080.553-K	Aqualogy Solutions Chile LTDA.	Related to controller	CL	Sale of materials	CLP	153.647	129.115	68.147	57.267
76.080.553-K	Aqualogy Solutions Chile LTDA.	Related to controller	CL	Purchase of materials	CLP	1.240.512	-720.778	2.299.384	-1.043.716



Financial Situation Statements As of December 31, 2018 and December 31, 2017

(Thousand Ch\$)

ASSETS	2018 TH CH\$	2017 TH CH\$
Current assets	5.898.957	6.325.828
Non-current assets	770.995	780.187
Total assets	6.669.952	5.219.728
LIABILITIES		
Current liabilities	3.379.347	3.687.532
Non-current liabilities	45.513	41.863
Equity	3.245.092	3.376.620
Total liabilities and equity	6.669.952	7.106.015

Cash Flow Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH CH\$	2017 TH CH\$
Net cash flows from operating activities	123.808	403.826
Net cash flows from investment activities	618.477	2.062.476
Net cash flows from financing activities	-500.000	-2.720.000
Net increase (decrease) in cash and cash equivalents	242.285	-253.698
Initial balance of cash and cash equivalents	708.049	961.747
Final balance of cash and cash equivalents	950.334	708.049

Comprehensive Income Statement As of December 31, 2018 and December 31, 2017

(Thousand Ch\$)

	2018 TH CH\$	2017 TH CH\$
Ordinary revenue	8.646.294	8.363.693
Operating cost	-8.279.949	-7.928.958
Financial income	72.000	30.533
Other different from operating	-142.858	339.270
Income tax	-32.515	-189.894
Year's earnings	262.972	614.644

Statement Of Equity Changes As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH CH\$	2017 TH CH\$
Issued capital	506.908	506.908
Other equity shareholdings	-41.428	-41.428
Accumulated earnings (losses)	2.779.612	2.911.140
Final equity balance	3.245.092	3.376.620



Iberaguas Ltda. **and affiliate**

Antecedentes Generales

Name

Inversiones v Limitada.

Type of entity

Limited Investment Company subject to the provisions of the Civil Code, the Commercial Code, and the Law N° 3.918.

Legal address

Avda. Presidente Balmaceda Nº 1398, Santiago, Chile

Telephone

(56-2) 569 2382

RUT

TAXPAYER ID Nº 96.897.320-7

Subscribed and paid capital

Th\$ 49,090,900

External auditors

EY Chile

RUT. Taxpayer ID N°

77.802.430-6

Line of Business

The Company's line of business is to invest and participate in sanitary business projects, especially in firms and companies whose line of business is to provide public utility services for the production and distribution of potable water, the collection and disposal of sewage and any other services related to said activities.

Constituent Documents

Repertoire.

The Company was legally incorporated via public deed dated May 20, 1999 at the notary public's office of Mr. Aliro Veloso Muñoz. Its stock capital amounts to Th \$49,090,900. An extract of its bylaws was published in the Official Gazette of May 27, 1999 and registered in the Registry of Commerce, on sheet 19,028 N° 15,038 of the year 1999 of the Santiago Real Estate Registrar.

At a meeting of partners of Iberaguas S.A., dated August 9,1999 it was agreed to transform Iberaguas S.A. into a Limited Liability Company, named Inversiones Iberaguas Ltda. On July 10, 2008 Aguas Andinas S.A. and Aguas Cordillera S.A. acquired the corporate investment rights of Inversiones Iberaguas Ltda. of 99.999999% and 0.000002%, respectively, whose public deed was registered at the notary public's office of Mr. Raúl Undurraga Laso.

Management Representatives

Chairman of Aguas Andinas S.A.

Guillermo Pickering de la Fuente

Key Executive of Aguas Andinas S.A.

Ivan Yarur Sairafi

Percentage shareholding of parent company

Aguas Andinas S.A.: 99.99998% direct Aguas Cordillera S.A.: 0.000002% indirect

Commercial relationship with the parent company

During the fiscal year ended on December 31, 2017, the Company maintained business relationships with the Parent Company and related companies, mainly those related to laboratory and consulting services and to the delivery of computer services and supplies of materials, all of which adhere to market conditions. It is expected that in the future commercial relations of a similar nature will be maintained.



Nota 1 General Overview

Inversiones Iberaquas Limitada (hereinafter the "Company") and its Subsidiaries are part of the Aquas Andinas Group (hereinafter the "Group"). Its legal address is Avenida Presidente Balmaceda 1398, Santiago, Chile and its RUT Taxpayer ID Number is 96.809.310-K.

The Company was legally incorporated via public deed dated May 20, 1999, at the notary public's office of Mr. Aliro Veloso Muñoz. Its capital amounts to Th \$ 49,090,900. An excerpt from the bylaws was published in the Official Gazette of May 27, 1999 and was registered in the Registry of Commerce on sheet 19,028, N° 15,038 of the year 1999 of the Santiago Real Estate Registrar.

At a meeting of partners of Iberaguas S.A., dated August 9, 1999 it was agreed to transform Iberaguas S.A. into a Limited Liability Company, called Inversiones Iberaguas Ltda.

On July 10, 2008, Aguas Andinas S.A. and Aguas Cordillera S.A. acquired the corporate rights of Inversiones Iberaguas Ltda. of 99.999999% and 0.000002%, respectively, the corresponding public deed was registered in the notary public's office of Mr. Raúl Undurraga Laso.

The Company's corporate purpose, in accordance with article four of its Articles of Incorporation, is investment and participation in sanitary service businesses, especially in firms and companies whose purpose is the delivery of public utility services for the production and distribution of drinking water, wastewater collection and disposal and any other delivery related to said activities

The Company is the parent company of Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL S.A.), whose line of business is the provision of sanitary services, which includes the construction and operation of public services designed to produce and distribute potable water and collect and dispose of wastewater. Its current concession area is distributed in the different areas of Región de los Lagos and Región de los Ríos, with the exception of the city of Valdivia.

ESSAL S.A., is registered in the Securities Registry of the Superintendence of Securities and Insurance (hereinafter "Financial Market Commission"), under N° 524. As a company operating in the sanitary sector, it is regulated by the Sanitary Services Superintendence, pursuant to Law N° 18.902 of 1989 and Executive Decrees N° 382 and N° 70, both of the year 1988.

The controlling entity is Aguas Andinas S.A., the largest sanitary services operator in Chile; which, in turn, is controlled by Inversiones Aquas Metropolitanas S.A. (IAM S.A.), which is controlled by Suez Environment (France), whose main shareholder is ENGIE (France).

Nota 2 Preparation basis and accounting policies

2.1 Preparation basis

These consolidated financial statements are the consolidated financial position statements as of December 31, 2018 and December 31, 2017 and the consolidated comprehensive statements of changes in net equity and cash flows for fiscal years ended on December 31, 2018 and December 31, 2017. They have been prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the comprehensive, explicit adoption of the referred IFRS without reservations.

Inversiones Iberaguas Ltda, complies with the legal environmental conditions in which it carries out its operations, in particular the sanitary subsidiaries with respect to the regulations of the sanitary sector. The Company and its Subsidiary have normal operating conditions in each area in which they carry out their activities, their projections show a profitable operation and they have the capacity to access the financial system to finance their operations, which in the opinion of Management determines their capacity to continue as a viable company, as established by the accounting standards under which these consolidated financial statements are issued.

Functional and presentation currency

The consolidated financial statements are presented in the currency of the main economic environment in which the Company and its Subsidiary (functional currency) operate. For the purposes of these financial statements, their income and financial position are stated in Chilean pesos, which is the functional currency of the Company and its Subsidiary and the presentation currency of these consolidated financial statements.

New accounting rules

The rules and interpretations, as well as the improvements and changes to IFRS, which have been issued to enter into effect the date of issue of these financial statements, are summarized below. The Company has applied these rules and concluded that they did not have an impact on the financial statements.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT		
IFRS 9, Financial instruments, Acknowledgement and measurement	Annual periods beginning on or after January 1, 2018		
IFRS 15, Revenue from client contracts	Annual periods beginning on or after January 1, 2018		
IFRIC 22, Foreign currency transactions and advance consideration	Annual periods beginning on or after January 1, 2018		



AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 1, Adoption of IFRS for the first time Elimination of interim exceptions first adopted by entities	Annual periods beginning on or after January 1, 2018
IFRS 2, Share-based payments - Classification and measurement of share-based transactions	Annual periods beginning on or after January 1, 2018
IFRS 4, Insurance contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Annual periods beginning on or after January 1, 2018
IAS 28, Investment in associates and joint ventures — Decision of measuring shareholding in associated and joint ventures at reasonable value with change in income.	Annual periods beginning on or after January 1, 2018
IAS 40, Investment property – Investment property transfers	Annual periods beginning on or after January 1, 2018

The standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued but not entered into effect the date of issue of these financial statements, are summarized below. The Company has not applied these standards before their enforcement.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019
IFRIC 23, Treatment of uncertain fiscal positions	Annual periods beginning on or after January 1, 2019
Conceptual framework	Annual periods beginning on or after January 1, 2020
IFRS 17, Insurance contracts	Annual periods beginning on or after January 1, 2021

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 3, Business Combinations – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IFRS 9, Financial instruments – Payments with negative compensation	Annual periods beginning on or after January 1, 2019
IFRS 11, Joint agreements – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IAS 12, Corporate revenue taxes — Tax consequences of payments related to FINANCIAL INSTRUMENTS classified as equity.	Annual periods beginning on or after January 1, 2019
IAS 23, Borrowing costs – Borrowing costs eligible to be capitalized	Annual periods beginning on or after January 1, 2019

IAS 28, Investment in associates and joint ventures – Long-term investments in partnerships or joint ventures.	Annual periods beginning on or after January 1, 2019
IAS 19, Employee benefits – modification, reduction or settlement of the plan	Annual periods beginning on or after January 1, 2019
IFRS 3, Business Combinations – Defining a business	Annual periods beginning on or after January 1, 2020
IAS 1, Presentation of financial statements and IAS 8, Investments in associated companies - Definition of material	Annual periods beginning on or after January 1, 2020
IFRS 10 y IAS 28, Consolidated Financial Statements — Sale or contribution of assets between an investor and its partner or joint venture	Pending

IFRS 9, "Financial Instruments". In July 2014, the final version of IFRS 9 Instruments was issued Financial, bringing together all phases of the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement "for annual periods beginning on or after 1 January 2018, this standard includes new requirements based on principles for classification and measurement, impairment and hedge accounting, introduces a "more prospective" loss model expectations for impairment accounting and a substantially reformed approach to hedge accounting.

The Company carried out an evaluation of the credit loss policy of its commercial debtors (described in Note 2, letter E), concluding that this policy implicitly considers a model of expected loss according to the requirement of this standard. This evaluation is based on the available and sustainable credit risk information.

According to the above, the impairment loss determination model associated with credit risk will not be modified, there being no effects on the preparation and presentation of Financial statements.

The Administration of the Company estimates that the adoption of the Standards, Amendments and Interpretations, previously described, with the exception of IFRS 16, and that could apply to Aquas Andinas S.A. and Subsidiaries, are in the process of evaluation and it is estimated that to date they would not have a significant impact in the consolidated financial statements of the Group in the exercise of its first application. The Administration is periodically evaluating these implications.



Responsibility for information and estimates made

The information contained in these consolidated financial statements is the responsibility of the Company's Management, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. Management, in session dated March 26, 2019, approved these consolidated financial statements.

The consolidated financial statements of the Company and its Subsidiary for the year 2017 were approved by its Administration in session held on March 26, 2018.

In the preparation of the consolidated financial statements estimates were applied, such as:

- Useful life of fixed and intangible assets.
- Losses due to asset impairment.
- Assumptions used in the actuarial calculation of termination benefits for employee contracts.
- Assumptions used to calculate the fair value of financial instruments.
- Income from supplies pending billing.
- Provisions for commitments acquired with third parties.
- Risks arising from current litigation

Although these estimates and judgments were made based on the best information available on the date of issuance of these consolidated financial statements, it is possible that events that may occur in the future require them to be modified (upwards or downwards) in the next periods, which would be recorded prospectively, at the time the change is known, acknowledging the effects of such changes in the corresponding future consolidated financial statements.

2.2 Accounting policies

Below is a description of the main accounting policies implemented in the preparation of these consolidated financial statements.

A. Consolidation bases

LThe consolidated financial statements include the financial statements of the Company and its Subsidiary. Subsidiaries are those entities over which the company has the power to direct the relevant activities, it is entitled to variable returns from its participation and the ability to use that power to influence the amounts of the investor's returns. The subsidiary is consolidated as of the date on which the control is transferred, and it is excluded from the consolidation on the date on which the same ceases.

In the consolidation process, all transactions, balances, losses and gains between the Group's entities are eliminated.

The Company and its Subsidiary show uniformity in the policies applied.

The subsidiary included in the consolidated financial statements Inversiones Iberaguas Ltda. is the following:

TAX IDENTIFICATION NUMBER	COMPANY	DIRECT	INDIRECT	TOTAL	DIRECT	INDIRECT	TOTAL
	NAME	%	%	2018 %	%	%	2017
96.579.800-5	Empresa de Servicios Sanitarios de los Lagos S.A. (Essal)		0.00000	51.00000	51.00000	0.00000	51.00000

B. Operative segments

IFRS 8 establishes the rules for reporting about operating segments and disclosures related to products and services. Operating segments are defined as components of an entity for which there is separate financial information, which is regularly reviewed by Management for making decisions about the resources that should be assigned to the segments and evaluating their performance.

The participation in the sanitary service represents more than 90%, therefore, it does not have relevant importance in other business segments.

C. Intangible assets other than goodwill

The Company recognizes an intangible asset as being identifiable as long as it proves to be likely to bring about future economic benefits that will flow to the entity and its cost can be reliably valued.

I. INTANGIBLE ASSETS ACQUIRED SEPARATELY:

Intangible assets acquired separately are presented at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis using the estimated useful lives. The estimated useful lives and the amortization method are reviewed at the close of each balance sheet, accounting for the effect of any change in the estimate prospectively.

II. AMORTIZATION METHOD FOR INTANGIBLE ASSETS WITH DEFINED USEFUL LIVES

Intangibles with defined lifespans

The amortization method employed by the Company reflects the pattern for which the future economic benefits of the asset are expected to be used by the entity. The Company therefore uses the straight-line depreciation method.



Software

The estimated useful life of software is 4 years. For any other asset with a defined useful life, the useful life for amortization is the fiscal year defined in the contracts or copyrights.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are water rights and easements granted for an indefinite fiscal year, as established in the acquisition contracts and the rights granted by the Water Authority of the Ministry of Public Works.

Determination of useful life

Some of the factors that should be considered, among others, to estimate useful lives are:

- Legal, regulatory or contractual restrictions.
- Predictable life of the business or industry.
- Economic factors (product obsolescence, changes in demand).
- Expected reactions from current or potential competitors.
- Natural or climactic factors and technological changes that affect the capacity to generate earnings.

Over time, useful life may require modifications due to changes in the estimates as a result of changes in the assumptions about the above-mentioned factors.

D. Goodwill

Goodwill (lower value of investments or goodwill) generated in the business combination represents the excess of the cost of acquisition over the company's share of the fair value of the assets and liabilities, including the identifiable contingent liabilities of a subsidiary on the date of acquisition.

The valuation of the acquired assets and liabilities is made provisionally on the date of taking control of the Company, being reviewed within a maximum period of one year from the date of acquisition. Until the fair value of the assets and liabilities is definitively determined, the difference between the acquisition price and the book value of the acquired Company is recorded provisionally as goodwill.

In the event that the final determination of the goodwill is made in the financial statements of the year following the acquisition of the participation, the items of the previous year presented for comparative purposes are modified to incorporate the value of the assets and liabilities acquired and the final capital gain from the date of acquisition of the participation.

The goodwill generated before the date of our transition to IFRS, this is January 1, 2008, is maintained by the net value recorded at that date, while the value generated afterwards is recorded according to

the acquisition method. Goodwill is not amortized; instead, at the end of each accounting period, it is estimated whether there has been any impairment that reduces its recoverable value to an amount lower than the net cost recorded, where appropriate, adjusting the adjustment accordingly, for impairment, as required by IAS 36.

E. Property, plant and equipment

The Company uses the cost method for the valuation of Property, Plant and Equipment. The historical cost includes expenses that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are acknowledged as a separate asset, only when it is probable that the future economic benefits associated with the elements of the fixed asset will flow to the Company and the cost of the element can be determined reliably. The value of the replaced component is written off. The rest of the repairs and maintenance are charged to the result (income) of the year in which they are incurred.

DEPRECIATION METHOD AND ESTIMATED USEFUL LIFE FOR PROPERTY, PLANT AND EQUIPMENT:

The depreciation method applied by the Company and its Subsidiary reflects the pattern according to which the assets are expected to be used by the entity during the period in which they generate economic benefits. For this purpose, the Company uses the straight-line method of depreciation over its technical useful life, which is based on studies prepared by independent experts (external specialist companies). The residual value and the useful life of the assets are reviewed and adjusted, if necessary, at each closing of the Balance sheet.

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

USEFUL LIVES

The useful lives considered for purposes of calculating depreciation are based on technical studies prepared by external specialist companies, which are reviewed to the extent that there are precedents that allow us to consider that the useful life of an asset has been modified.

The allocation of the total useful life for the assets is made on the basis of several factors, including the nature of the equipment. Such factors generally include:

- 1. Nature of the component materials of the equipment or constructions.
- 2. Environment of the operating equipment.



- 3. Intensity of use.
- 4. Legal, regulatory or contractual limitations

The useful life range (in years) by type of Assets is as follows:

ITEM	USEFUL LIFE (YEARS) MINIMUM	USEFUL LIFE (YEARS) MAXIMUM
Buildings	25	80
Fixed installations & accessories	5	80
Plant and equipment	5	50
Computer equipment	4	4
Motor vehicles	7	10
Improvements of leased goods	5	5
Other property, plant and equipment	5	80

COST ESTIMATION POLICY FOR DISMANTLING, REMOVING OR REHABILITATING PROPERTY, PLANT AND **EQUIPMENT:**

Given the nature of the assets built into the Company and given that there are no contractual obligations or other constructive requirements, such as those mentioned by the IFRS, the concept of decommissioning costs is not applicable at the date of these financial statements.

ASSET SALES POLICY

The income generated from the sale of fixed assets is calculated by comparing the income obtained with their book value and they are recorded in the statement of comprehensive income.

F. Impairment of tangible and intangible assets except goodwill

At each closing date of the Consolidated Balance Sheet, the Company and its Subsidiary review the book values of its tangible and intangible assets with a defined useful life to determine whether there are indicators that said assets have suffered an impairment loss. If such indicators exist, the recoverable value of the assets are estimated to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of a particular asset, the company and its subsidiary estimate the recoverable value of the Cash Generating Unit (CGU) to which the asset belongs.

Intangible assets with indefinite useful lives are subject to annual impairment tests and also when there are indicators that the asset could have suffered an impairment before the end of that period.

The recoverable value is the greater amount between the fair value less the costs of sale and the value in use. For estimating the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market conditions of the value of money over time, as well as the specific risks associated to the asset.

When it is estimated that the recoverable amount of an asset (or cash-generating unit) is less than its book value, the book value of that asset (or cash-generating unit) is adjusted to its recoverable amount, immediately acknowledging in earnings (profits) or losses a loss for deterioration. When an impairment loss is reversed, the book value of the asset (or the cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided that the book value so adjusted does not exceed the book value that would have been determined had no asset (or cash-generating unit) impairment loss been acknowledged in previous fiscal years.

G. Leases

I. FINANCIAL LEASES

Leases are classified as financial leases when the conditions of the lease substantially transfer all the ownership risks and benefits to the lessee. All other leases are classified as operating leases.

II. OPERATING LEASES

Operating lease payments are acknowledged as a straight-line expense over the term of the lease, except when another systematic basis is more representative for reflecting the time pattern in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses over the fiscal year in which they are incurred.

Should lease incentives be received in order to agree an operating lease, such incentives are acknowledged as a liability. The accumulated benefit of incentives is shown on a straight-line basis as a deduction from the leasing expense, except when another systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed.

III. IMPLICIT LEASES

The Company and its Subsidiary review their contracts to verify the possible existence of implicit leases, in accordance with IFRIC 4.

H. Financial assets

Acquisitions and disposals of financial instruments are acknowledged on the trading date, that is, the date on which the Company commits to acquire or sell the asset. Investments are written off when



the rights to receive cash flows from the investments have been transferred and the Company has transferred substantially all the risks and benefits derived from their ownership.

Financial assets are classified in the following categories:

- Financial assets at fair value with changes in income.
- Investments held until maturity.
- Loans and accounts receivable.
- Financial assets available for sale

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial acknowledgment.

The Company . and its Subsidiary invest in low risk instruments that comply with the classification standards established in its investment policies. Thus, mutual investment funds must have an AAfm / M1 classification (installments well hedged against loss, associated with credit risks / installments with the lowest sensitivity to changes in economic conditions Fixed term deposits and pacts contracted are instruments with N-1 classification (instruments with the highest capital and interest payment capacity pursuant to agreed terms and conditions).

The issuing institutions of these instruments correspond to banking companies or bank subsidiaries, with a risk classification of N-1 and whose securities have a risk rating of at least AA (with a very high capital and interest payment capacity pursuant to agreed terms and conditions, which would not be significantly affected by eventual changes of the issuer or the industry to which it belongs or by the economy).

I. EFFECTIVE INTEREST RATE METHOD

The effective interest rate method is the method for calculating the amortized cost of a financial asset or liability and of the assignment of interest revenue or expense over the whole fiscal year. The effective interest rate is the rate that exactly discounts the estimated future cash flows receivable over the expected life of the financial asset and equals the Net Present Value (NPV) to its nominal value.

II. FAIR VALUE WITH CHANGES IN ANOTHER COMPREHENSIVE RESULT

For the classification of an asset with fair value with effect on the other comprehensive income, must comply as a principle with the sale of financial assets for which it is expected to recover in a determined term the principal amount in addition to the interest if it corresponds.

III. LOANS AND ACCOUNTS RECEIVABLE

Trade debtors, loans and other accounts receivable are non-derivative financial assets payable in fixed or determinable periods and are not traded on an active market and are classified as loans and

accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest rate method minus any loss for impairment, except for short-term accounts receivable, where the acknowledgement of interest would be immaterial.

Trade debtors and other accounts receivable

Trade debtors correspond to the amounts billed for water consumption, sewage services, sewage treatment and other services and the accrued revenue from consumption between the date of the last meter reading (following an established monthly routine) and the financial statement closing date. These are recorded at net value of estimated bad debt or of debt with low collection probability.

The trade debtor policy is subject to the credit policy, which sets the payment conditions and also the different scenarios for settling accounts with delinquent clients.

Impairment policy for commercial debtors and other accounts receivable

The Company and its Subsidiary continuously evaluate impairments affecting their financial assets. The amount is acknowledged under bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used, and the loss is acknowledged in the statement of comprehensive income under "other expenses." When an account receivable is not recoverable, it is recorded under provisions for accounts receivable.

Estimates are based on the following historic situation: considering recovery statistics, which indicate that after the eighth months of an unpaid invoice, the possibility of collection is marginal; in other words, the probability of recovering of the amount billed is minimal.

Clients with debts pf over 8 balances are provisioned 100% of the overdue debt.

Debts for consumption transformed into payment agreements are provisioned at 100% of the agreed balance. Documents receivable with delinquent debt are provisioned 100%.

I. Inventories

Materials, spare parts and supplies are presented valued at their acquisition cost, which does not exceed the net sale value. The costing method corresponds to the weighted average cost. Annually, the valuation of those stocks without rotation during the last twelve months is carried out, and it is recorded at market value if it is lower.

J. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the closing of each fiscal year, as per the following parities:



CURRENCY	12-31-2018 \$	12-31-2017 \$
US dollar	694.77	614.75
Euro	794.75	739.15

Foreign currency transactions are converted to the functional currency using the exchange rates as of the transaction date. Foreign currency gains and losses resulting from the liquidation of these transactions and their conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of comprehensive results.

Different exchange rates are registered in the results of the fiscal year in which they have accrued.

K. Financial liabilities

Loans and similar operations are initially recorded at their fair value, net of the costs incurred in the transaction. Subsequently, they are valued at amortized cost, using the effective interest rate, except for those operations for which hedge contracts are signed.

IMPLICIT DERIVATIVES. The Company evaluates the existence of embedded derivatives in contracts and financial instruments to determine if their characteristics and risks are closely related to the main contract, provided that the whole set is not being accounted for at fair value. If they are not closely related, they are recorded separately, accounting for changes in value directly in the consolidated statement of income.

L. Provisions and contingent liabilities

The Company and its Subsidiary record a provision when there is a present obligation that is a consequence of past events and its liquidation will involve an outflow of resources, for an amount and/ or within a period that is not known with certainty but can be estimated with reasonable reliability.

The quantification of provisions is made taking into consideration the best information available on the event and its consequences, it is re-estimated at the end of each accounting close. The provisions established are used to meet the specific risks for which they were originally acknowledged, and are reviewed, in full or in part, when said risks disappear or decrease.

Contingent liabilities are all those possible obligations arising as a result of past events, whose future materialization and associated equity damage is estimated of low probability. In accordance with IFRS, the Company and its Subsidiary do not acknowledge any provision for these items, although, as required by the same standard, they are detailed, if any, in Note 14.

M. Employee benefits

The severance pay obligation, which is expected to accrue to workers who retire from the subsidiary, is recorded at actuarial value, determined using the projected credit unit method. Actuarial gains and losses on indemnities deriving from changes in estimates of turnover rates, mortality, salary increases or discount rates, are determined in accordance with the provisions of IAS 19, under Other comprehensive income, directly affecting equity, which is subsequently reclassified to accumulated results.

Employees who are part of the collective bargaining agreement in force or are assimilated to it at the date of the financial statements, are made an actuarial value calculation. In such cases there is a ceiling of 6 months for calculation purposes. In the other cases, it is governed by what the provisions of the Labor Code; namely; they have no right to compensation except for dismissal and with a maximum of 11 months.

The advances granted to personnel charged to these funds are presented after deducting current obligations. They will be charged in the final settlement in a reshaped form, in accordance with the provisions of the aforementioned agreements.

N. Revenue tax and deferred taxes

The income tax expense corresponds to the sum of the income taxes payable and the variation of deferred tax assets and liabilities.

The income tax payable is determined based on the tax result for the year. The income tax payable is calculated using the tax rates that have been approved, or that are in the last approval process, on the closing date of the balance sheet.

Deferred taxes are acknowledged on the basis of the differences between the book values of the assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of the tax income and are accounted for in accordance with the liability method based on the balance sheet. Deferred tax liabilities are acknowledged for all taxable temporary differences, and deferred tax assets are acknowledged for all deductible temporary differences to the extent that it is probable that future tax benefits exist with which to offset such differences. Deferred tax assets or liabilities are not acknowledged if the temporary differences arise from the lower value or from the initial acknowledgement (except in a business combination) of other assets and liabilities in a transaction that does not affect the tax income or financial income.

The book value of deferred tax assets is reviewed at the date of each balance sheet and is reduced to the extent that it is no longer probable that sufficient available tax results are available to allow the recovery of all or part of the asset.



Deferred tax assets and liabilities are measured at the tax rates expected to be in force in the period in which the liability is settled or the asset is realized, based on the tax rates that have been approved or that are expected to be applied. according to the official announcements of tax type, at the end of the period of the balance sheet. The measurement of deferred tax assets and liabilities reflects the tax consequences that would occur due to the manner in which the Company and its Subsidiary expect, as of the reporting date, to recover or settle the book value of their assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

O. Ordinary revenue

POLICY FOR ACKNOWLEDGING CURRENT REVENUE

Revenues arising from all normal operations and other events are recorded at their fair value of the payment received or receivable considering payment terms, rebates and credit notes. The amount of income can be measured with confidence.

POLICY FOR ACKNOWLEDGING CURRENT REVENUE FROM THE SALE OF SERVICES

Revenue from sales of services is measured at fair value. Billing is carried out on the basis of actual consumption or work carried out on the consideration receivable, net returns, trade discounts and rebates, so the revenue is recorded when it is transferred to the client and recovery is considered probable. In addition, the associated costs and possible discounts for erroneous billings can be reliably estimated.

The service area of the Company and its Subsidiary is divided into billing groups, which determines dates for readings and subsequent billing. This process is developed based on a monthly calendar, which generates that at the close of each month there are unread consumptions, and therefore, not billed. For income recognition purposes, the company and its subsidiary makes an estimate of unbilled consumption.

For some groups, information is available on the basis of consumptions read and the corresponding rate is applied to it. For other groups, we do not have the reading data as of the monthly closing date, therefore we proceed to estimate based on the physical data of the previous month valued at the current rate.

Any difference that occurs between the current and estimated consumption is corrected the following month.

The transfer of risks and benefits occurs according to real consumption and monthly provision is made on the consumption measured and not invoiced in the month, measurement that is made based on previous billing.

METHOD USED FOR DETERMINING THE SERVICE TERMINATION STATUS

The delivery of health services is verified through the measurement of consumption, in accordance with the provisions of the associated legal regulations.

Income from agreements with developers is recorded as ordinary income to the extent that certain conditions stipulated in each contract are met, which ensure that the associated economic benefit will flow to the Company and its Subsidiary.

POLICY FOR ACKNOWLEDGING CURRENT REVENUE FROM THE SALE OF GOODS

Ordinary income from the sale of goods is recognized once the risk and significant advantages deriving from the property of the goods have been transferred, the Company has no relationship with the sold good, the amount of income can be measured reliably, it is probable that the Company receives the economic benefits associated with the sale and the costs incurred in the operation are also measured reliably.

P. Environmental information

Environmental assets are those that are used durably in the activity of the Company and its Subsidiary, whose main purpose is the minimization of adverse environmental impacts and the protection and improvement of the environment, including the reduction or elimination of future contamination of the operations of the Company and Subsidiary.

These assets are valued, like any other asset, at acquisition cost.

The Company and Subsidiary amortize these elements following the straight-line method, based on the estimated remaining useful life of the different elements.

Q. Cash flow statements

The cash flow statement includes the cash movements made during the year, which include the Value Added Tax (IVA), determined by the direct method and with the following criteria.

CASH AND CASH EQUIVALENT: Represent cash inflows and outflows of equivalent financial assets, meaning low-risk highly-liquid value investments (with expiration of under 3 months from the date of investment without restrictions).

OPERATING ACTIVITIES: Represent typical activities of the normal operation of the business of the company, as well as other activities not classified as investment or financing

INVESTMENT ACTIVITIES: Represent activities of acquisition, sale or disposition by other means of long-term assets and other investments not included in cash and cash equivalents.

FINANCING ACTIVITIES: Represent activities that produce changes in the amount and composition of the net equity and liabilities that are not part of the regular activities.



L. Reclassifications

For comparative purposes, as of December 31, 2018, the following reclassifications were made to Current Assets, Current Liabilities and Cash Flow Statements:

RECLASSIFICATIONS	INCREASE / DECREASE TH\$
Current assets	
Cash and cash equivalent	11,671
CURRENT LIABILITIES	
Commercial accounts and other accounts payable	47,663
Accounts payable to related entities	-45,274
Other non-financial liabilities	6,280
Statements of direct cash flows	
Other payments for operating activities	-8,671
Payment of withdrawals by the reporting entity	-838,386

Note 8 Information to be disclosed about related entities

Ildentification of bond with the controller

RUT TAXPAYER ID N°	NAME OF COMPANY	DIRECT %	INDIRECT %	TOTAL 2018 %	DIRECT %	INDIRECT %	TOTAL 2017
61808000-5	Aguas Andinas S.A.	99.999998	0.0000000	0.99999998	0.99999998	0.000000000	99.999998



Balances and transactions with related entities

The transactions between the Parent Company and its Subsidiary adhere to market conditions.

Accounts payable to related entities

TAX ID N° RELATED PARTY	NAME OF RELATED PARTY	NATURE OF THE RELATIONSHIP	COUNTRY OF ORIGIN	NATURE OF TRANSACTIONS WITH RELATED PARTIES	TYPE OF CURRENCY	DEADLINE	GUARANTEES	12-31-2018 TH\$	12-31-2017 TH\$
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Dividends payable	CLP	30 Days	Without guarantees	89,379	101,359
61.808.000-5	Aguas Andinas S.A.	Controller	CL	SAP services contract - ASP mode	CLP	30 Days	Contract performance bond of UF 750	165,539	147,222
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Payment of EY invoices and patents	CLP	30 Days	Contract performance bond	0	3,693
96.967.550-1	Análisis Ambientales S.A.	Related to controller	CL	Laboratory services contract	CLP	30 Days	Contract performance bond of Th\$ 30,000	407,208	222,352
/6 (1X() 553=K	Suez Advanced Solutions Chile Ltda.	Related to controller	CL	Geographic system execution contract	CLP	30 Days	Contract performance bond of UF 887	0	22,177
/h (1×1) 553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	CL	AP meters supply contract	CLP	30 Days	Contract performance bond of Th\$ 61,629	0	139,268
/6 I/IX UUX=/I	Suez Medioambiente Chile S.A	Related to controller	CL	Delivery of Scada platform	CLP	30 Days	Contract performance bond	28,459	7,115
0-Е	Aqua Development	Related to controller	Es	Talent mgmt.	CLP	30 Days	Contract performance bond of Th\$ 8,650	30,499	7,891
Total accounts pay	able							721,084	651,077



Transactions with related entities

Transactions with related entities originate in Chile and are transacted in pesos.

					CURRENT	r (TH\$)	
TAX ID N° RELATED PARTY	NAME OF RELATED PARTY	NATURE OF THE RELATIONSHIP	NATURE OF THE TRANSACTIONS WITH RELATED PARTIES		31-2018 TH\$		31-2018 TH\$
PARIT				AMOUNT	EFFECTS ON INCOME (DEBIT)/CREDIT	AMOUNT	EFFECTS ON INCOME (DEBIT)/CREDIT
61.808.000-5	Aguas Andinas S.A.	Controller	SAP services on ASP mode	223,561	-223,561	73,164	-73,164
61.808.000-5	Aguas Andinas S.A.	Controller	Contract Consulting Implementation Computer Services for Billing	0	0	20,716	-170,260
61.808.000-5	Aguas Andinas S.A.	Controller	Dividend payment	306,473	0	329,937	0
61.808.000-5	Aguas Andinas S.A.	Controller	Tariffs	0	0	67,161	0
96.828.120-8	Gestión y Servicios S.A.	Related to controller	Purchase of vactor trucks	0	0	116,282	0
96.967.550-1	Análisis Ambientales S.A.	Related to controller	Laboratory services	852,144	-852,144	829,766	-829,766
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Supply of meters	60,084	0	412,914	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to controller	Telemetry	65,773	0	53,814	0
0-E	Aqua Development Network S.A.	Related to controller	Talent mgmt.	0	0	159,461	-159,461

The materiality criterion for reporting transactions with related entities is of amounts greater than Th \$ 100,000 accumulated.



Balance Sheets As of December 31, 2018 and December 31, 2017

(Thousand Ch\$)

ASSETS	2018 TH\$	2017 TH\$
Current asset	22,088,977	31,853,371
Non-current assets	194,103,064	183,107,507
Total assets	216,192,041	214,960,878

LIABILITIES	2018 TH\$	2017 TH\$
Current liabilities	20,128,277	15,403,741
Non-current liabilities	92,060,682	94,198,693
Equity	104,003,082	105,358,444
Total liabilities and equity	216,192,041	214,960,878

Cash Flow Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Cash flows net of operating activities	24,788,797	18,200,338
Cash flows net of investing activities	-18,859,388	-14,156,895
Cash flows net of financing activities	-16,554,306	8,483,844
Net Increase (decrease) in cash or cash equivalent	-10,624,897	12,527,287
Initial balance of cash and cash equivalent	12,756,692	229,405
Final balance of cash and cash equivalent	2,131,795	12,756,692

Comprehensive Income Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Current revenue	58,268,739	54,926,019
Operating cost	-38,706,590	-34,781,825
Financial income	-2,848,907	-2,972,488
Other than operating	-1,873,452	-781,254
Income tax	-4,020,066	-4,188,086
Minority shareholdings	-5,320,149	-5,991,297
Earnings attributable to the property owner of the controller	18.308.227	6,211,069

Statement Of Equity Changes As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Issued capital	49,090,900	49,090,900
Other equity shareholdings	0	15,234,660
Accumulated earnings (losses)	17,917,881	3,501,202
Non-controlling shareholdings	36,994,301	37,531,682
Final equity balance	104,003,082	105,358,444



Aguas Cordillera S.A. and Affiliates

General Background

Name

Aguas Cordillera S.A.

Type of entity

Open stock company (corporation)

Legal residence

Avenida Presidente Balmaceda Nº 1398, Santiago Chile

Telephone

(56 2) 569 2500

RUT Taxpayer ID N°

96.809.310-K

Post Office Box

1818 Santiago- centro

Line of business

Collection, purification, distribution of drinking water and disposal of sewage.

Subscribed and paid capital

Th\$ 153.608.183

External auditors

EY Chile

RUT Taxpayer ID N°

77.802.430-6

Line Of Business

The Company and its subsidiary Aguas Manquehue SA, have as their corporate purpose, as established in the second article of its Articles of Association, the provision of sanitary services, which includes the construction and development of public services aimed at producing and distributing drinking water and collecting and disposing of wastewater. Its current area of concession is distributed in the municipalities of Vitacura, Las Condes, Lo Barnechea, Colina and Lampa.

Constituent Documents

The company was incorporated on April 22, 1996, via public deed granted at the Santiago Notary Public's office of René Benavente Cash, an excerpt of the bylaws was registered in the Registry of Commerce of the Santiago Real Estate Registrar of that year, on sheet 14,143, Nº 8,258 and ratified on sheet 11,059, Nº 8,996 both of the year 1996, published in the Official Gazette dated May 4,1996, ratified on May 9, 1996.

The Company is registered in the Special Registry of reporting entities of the Financial Market Commission under with N° 170. As a health sector company, it is fiscally supervised by the Superintendence of Sanitary Services, pursuant to Law No. 18.902 and DFL N°. 382 and N°. 70, both of the year 1988.

Board Of Directors

Chairman

Guillermo Pickering De La Fuente

Board members

Victor de la Barra Fuenzalida (Vice-president)

Sonia Leonor Tschorne Berestesky

Loreto Silva Rojas

Laureano Cano Iniesta

General manager

Narcís Berberana

Percentage share parent company 99.99003% direct-

Proportion representing the investment in the assets of the parent company: The investment in the Company represents the proportion of 17,02%.

Commercial Relationship With The Parent Company

During the fiscal year ended December 31, 2018, the Company maintained contracts for the interconnection of potable water and wastewater, leases, purchase and sales of materials with its matrix, which are paid within a maximum period of 30 days. In the future it is expected to maintain similar business relationships.



Note 1 Overview

Aguas Cordillera S.A. (hereinafter the "Company") and its Subsidiaries are part of the Aguas Andinas Group (hereinafter the "Group"). Its legal address is Avenida Presidente Balmaceda 1398, Santiago, Chile and its RUT Taxpayer ID Number is 96.809.310-K.

Aguas Cordillera S.A. was incorporated as an open joint stock company by public deed on April 22, 1996 in Santiago, before Notary Public Mr. Rene Benavente Cash. An excerpt of the by-laws was published in the Official gazette on June 4, 1996, and ratified on May 9 of that same year, remaining registered in the Registrar of Commerce on sheet 14.143, N° 8.258 and ratified on sheet 11.059, N°8.996 both of the year 1996 of the Santiago Registrar of Lands.

The Company and its subsidiary Aquas Manquehue S.A. have as their corporate purpose, as established in the second article of its Bylaws, the provision of sanitary services, which includes the construction and operation of public services aimed at producing and distributing potable water and collecting and disposing sewage. Its current concession area is distributed around the communes (municipalities) of Vitacura, Las Condes, Lo Barnechea, Colina and Lampa.

The Aguas Cordillera S.A. and its subsidiary Aguas Manquehue S.A. are registered in the Special Registry of Reporting Entities of the Superintendence of Securities and Insurance under No. 170 and No. 2, respectively. As companies of the sanitary sector they are supervised by the Superintendence of Sanitary Services, in accordance with Law N ° 18.902 and Statutory Decrees N ° 382 and N ° 70, both of the year 1988.

For the purposes of the preparation of the consolidated financial statements, it is understood that a group exists when the parent company has one or more subsidiary entities, being those over which the parent company has control either directly or indirectly. The accounting policies applied in the preparation of the consolidated financial statements of the Group are detailed in Note 2.2.

The direct controlling entity is Inversiones Aguas Metropolitanas S.A. ("IAM"), a joint stock corporation controlled by Sociedad General Aguas de Barcelona S.A. ("Agbar"), based in Spain and one of the largest worldwide sanitation services operators, which in turn is controlled by Suez (France), being ENGIE (France) its main shareholder.

Note 2 Preparation Basis And Accounting Policies

2.1 Preparation basis

These consolidated financial statements are the consolidated financial position statements as of December 31, 2018 and December 31, 2017 and the consolidated comprehensive statements of changes in net equity and cash flows for fiscal years ended on December 31, 2018 and December 31, 2017. They have been prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the comprehensive, explicit adoption of the referred IFRS without reservations.

The Group complies with the legal conditions of the environment in which it operates, in particular with respect to the regulations of the healthcare sector. Aguas Cordillera and its subsidiary have normal operating conditions in each area in which they carry out their activities, their projections show a profitable operation and they have the capacity to access the financial system to finance their operations, which in the opinion of management determines its capacity to continue as a viable ongoing enterprise, as established by the accounting standards under which these consolidated financial statements are issued.

Functional and presentation currency

The financial statements of the Company and its are presented in the currency of the main economic environment in which the companies operate (functional currency). For the purposes of the consolidated financial statements, the income and financial position of each Group company are stated in Chilean pesos (rounded to the nearest thousand), which is the functional currency of the Companies and the presentation currency for the consolidated financial statements.

New accounting rules

The rules and interpretations, as well as the improvements and changes to IFRS, which have been issued to enter into effect the date of issue of these financial statements, are summarized below. The Company has applied these rules and concluded that they did not have an impact on the financial statements.



STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 9, Financial instruments, Acknowledgement and measurement	Annual periods beginning on or after January 1, 2018
IFRS 15, Revenue from client contracts	Annual periods beginning on or after January 1, 2018
IFRIC 22, Foreign currency transactions and advance consideration	Annual periods beginning on or after January 1, 2018

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 1, Adoption of IFRS for the first time Elimination of interim exceptions first adopted by entities	Annual periods beginning on or after January 1, 2018
IFRS 2, Share-based payments - Classification and measurement of share-based transactions	Annual periods beginning on or after January 1, 2018
IFRS 4, Insurance contracts — Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Annual periods beginning on or after January 1, 2018
IAS 28, Investment in associates and joint ventures — Decision of measuring shareholding in associated and joint ventures at reasonable value with change in income.	Annual periods beginning on or after January 1, 2018
IAS 40, Investment property – Investment property transfers	Annual periods beginning on or after January 1, 2018

The standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued but not entered into effect the date of issue of these financial statements, are summarized below. The Company has not applied these standards before their enforcement.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019
IFRIC 23, Treatment of uncertain fiscal positions	Annual periods beginning on or after January 1, 2019
Conceptual framework	Annual periods beginning on or after January 1, 2020
IFRS 17, Insurance contracts	Annual periods beginning on or after January 1, 2021

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 3, Business Combinations – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IFRS 9, Financial instruments – Payments with negative compensation	Annual periods beginning on or after January 1, 2019
IFRS 11, Joint agreements – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IAS 12, Corporate revenue taxes — Tax consequences of payments related to FINANCIAL INSTRUMENTS classified as equity.	Annual periods beginning on or after January 1, 2019
IAS 23, Borrowing costs – Borrowing costs eligible to be capitalized	Annual periods beginning on or after January 1, 2019
IAS 28, Investment in associates and joint ventures — Long-term investments in partnerships or joint ventures.	Annual periods beginning on or after January 1, 2019
IAS 19, Employee benefits – modification, reduction or settlement of the plan	Annual periods beginning on or after January 1, 2019
IFRS 3, Business Combinations – Defining a business	Annual periods beginning on or after January 1, 2020
IAS 1, Presentation of financial statements and IAS 8, Investments in associated companies - Definition of material	Annual periods beginning on or after January 1, 2020
IFRS 10 y IAS 28, Consolidated Financial Statements — Sale or contribution of assets between an investor and its partner or joint venture	Pending

IFRS 9, "Financial Instruments" of which the final version was issued in July 2014. Establishes the principles for financial reporting of financial assets and also financial liabilities in such a way, that useful and relevant information for assessing the amounts, timing and uncertainty of an entity's future cash flows is displayed to users of financial statements.

It introduces a "more prospective" model of expected credit losses for impairment accounting and a substantially reformed approach to hedge accounting. Companies shall also have the option to apply the accounting for gains and losses from changes in fair value related to "own credit risk" for financial liabilities designated at fair value through profit or loss in advance, without applying the IFRS 9 other requirements. Its application has been mandatory since 1 January 2018 and its early adoption was allowed.

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade debtors, either on a 12-month or lifetime basis.



as of December 31, 2018, the Company evaluated the credit loss policy of its commercial debtors (described in Note 1 letter H), concluding that this policy implicitly considers an expected loss model, as this standard requires. This assessment is based on available and sustainable credit risk information.

In accordance with the aforementioned, the model for determining impairment losses associated with credit risk will not be modified, and there will be no effects on the preparation and submission of the Company's financial statements as of December 31, 2018.

Responsibility for information and estimates made

The information contained in these consolidated financial statements is the responsibility of the Board of Directors of the Company, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. The Board of Directors, in session dated March 26, 2019, approved these consolidated financial statements.

The consolidated financial statements of Aguas Cordillera S.A. and a Subsidiary for the year 2017 were approved by its Board of Directors held on March 26, 2018.

In the preparation of the financial statements, estimates were used such as:

- Useful life of fixed and intangible assets.
- Losses due to asset impairment.
- Assumptions used in the actuarial calculation of termination benefits for employee contracts.
- Assumptions used to calculate the fair value of financial instruments.
- Income from supplies pending billing.
- Provisions for commitments acquired with third parties.
- Risks arising from current litigation.

Although these estimates and judgments were made based on the best information available on the date of issuance of these consolidated financial statements, it is possible that events that may occur in the future require them to be modified (upwards or downwards) in the next periods, which would be recorded prospectively, at the time the change is known, acknowledging the effects of such changes in the corresponding future consolidated financial statements.

2.2 Accounting policies

Below is a description of the main accounting policies implemented in the preparation of these consolidated financial statements.

A. Consolidation basis

The consolidated financial statements include the financial statements of the Company and its Subsidiary. Subsidiaries are those entities over which the company has the power to direct the relevant activities, it is entitled to variable returns from its participation and the ability to use that power to influence the amounts of the investor's returns. The subsidiaries are consolidated as of the date on which the control is transferred and are excluded from the consolidation on the date on which the same ceases. In the consolidation process, all transactions, balances, losses and gains between the Group's entities are eliminated. The Company and its Subsidiary show uniformity in the policies applied.

The Companies included in the consolidated financial statements of Aquas Cordillera S.A. are the following:

TAX IDENTIFICATION NUMBER	COMPANY NAME	DIRECT %	INDIRECT %	TOTAL 2018 %	DIRECT %	INDIRECT %	TOTAL 2017 %
89.221.000-4	Aguas Manquehue S.A.	99.99957	0.00000	99.99957	99.99957	0.00000	99.99957
96.945.210-3	EcoRiles S.A.	0.96154	0.00000	0.96154	0.96154	0.00000	0.96154
96.828.120-8	Gestión y Servicios S.A.	2.15217	0.00000	2.15217	2.15217	0.00000	2.15217
96.967.550-1	Análisis Ambientales S.A.	1.00000	0.00000	1.00000	1.00000	0.00000	1.00000
76.190.084-6	Aguas del Maipo S.A.	8.37904	8.97100	17.35004	8.37904	8.97100	17.35004
96.897.320-7	Iberaguas	0.00002	0.00000	0.00002	0.00002	0.00000	0.00002

Aguas Cordillera S.A. consolidates only with Aguas Manguehue S.A., in the other companies it has direct and/or indirect non-controlling participation.

B. Intangible assets other than goodwill

The Company recognizes an intangible asset as being identifiable as long as it proves to be likely to bring about future economic benefits that will flow to the entity and its cost can be reliably valued.

I. INTANGIBLE ASSETS ACQUIRED SEPARATELY:

Intangible assets acquired separately are presented at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis using the estimated useful lives.



The estimated useful lives and the amortization method are reviewed at the close of each balance sheet. accounting for the effect of any change in the estimate prospectively.

II. AMORTIZATION METHOD FOR INTANGIBLE ASSETS WITH DEFINED USEFUL LIVES

Intangibles with defined lifespans

The amortization method employed by the Company reflects the pattern for which the future economic benefits of the asset are expected to be used by the entity. The Company therefore uses the straight-line depreciation method.

Software

The estimated useful life of software is 4 years. For any other asset with a defined useful life, the useful life for amortization is the fiscal year defined in the contracts or copyrights.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are water rights and easements granted for an indefinite fiscal year, as established in the acquisition contracts and the rights granted by the Water Authority of the Ministry of Public Works.

Determination of useful life

Some of the factors that should be considered, among others, to estimate useful lives are:

- Legal, regulatory or contractual restrictions.
- Predictable life of the business or industry.
- Economic factors (product obsolescence, changes in demand).
- Expected reactions from current or potential competitors.
- Natural or climactic factors and technological changes that affect the capacity to generate earnings. Over time, useful life may require modifications due to changes in the estimates as a result of changes in the assumptions about the above-mentioned factors.

C. PROPERTY, PLANT AND EQUIPMENT

The Company uses the cost method for the valuation of Property, Plant and Equipment. The historical cost includes expenses that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are acknowledged as a separate asset, only when it is probable that the future economic benefits associated with the elements of the fixed

asset will flow to the Company and the cost of the element can be determined reliably. The value of the replaced component is written off. The rest of the repairs and maintenance are charged to the result (income) of the year in which they are incurred.

DEPRECIATION METHOD AND ESTIMATED USEFUL LIFE FOR PROPERTY, PLANT AND EQUIPMENT:

The depreciation method applied by the Company and its Subsidiary reflects the pattern according to which the assets are expected to be used by the entity during the period in which they generate economic benefits. For this purpose, the Company uses the straight-line method of depreciation over its technical useful life, which is based on studies prepared by independent experts (external specialist companies). The residual value and the useful life of the assets are reviewed and adjusted, if necessary, at each closing of the Balance sheet. When the value of an asset is higher than its estimated recoverable amount, its value is reduced immediately to its recoverable amount.

USEFUL LIVES

The useful lives considered for purposes of calculating depreciation are based on technical studies prepared by external specialist companies, which are reviewed to the extent that there are precedents that allow us to consider that the useful life of an asset has been modified.

The allocation of the total useful life for the assets is made on the basis of several factors, including the nature of the equipment. Such factors generally include:

- 1. Nature of the component materials of the equipment or constructions.
- 2. Environment of the operating equipment.
- 3. Intensity of use.
- 4. Legal, regulatory or contractual limitations

The useful life range (in years) by type of Assets is as follows:

ITEM	USEFUL LIFE (YEARS) MINIMUM	USEFUL LIFE (YEARS) MAXIMUM
Buildings	25	80
Fixed installations & accessories	5	80
Plant and equipment	5	50
Computer equipment	4	4
Motor vehicles	7	10
Improvements of leased goods	5	5
Other property, plant and equipment	5	80



COST ESTIMATION POLICY FOR DISMANTLING, REMOVING OR REHABILITATING PROPERTY, PLANT AND EQUIPMENT:

Given the nature of the assets built into the Company and given that there are no contractual obligations or other constructive requirements, such as those mentioned by the IFRS, the concept of decommissioning costs is not applicable at the date of these financial statements.

ASSET SALES POLICY

The income generated from the sale of fixed assets is calculated by comparing the income obtained with their book value and they are recorded in the statement of comprehensive income.

D. Impairment of tangible and intangible assets except goodwill

At each closing date of the Consolidated Balance Sheet, the Company and its Subsidiary review the book values of its tangible and intangible assets with a defined useful life to determine whether there are indicators that said assets have suffered an impairment loss. If such indicators exist, the recoverable value of the assets are estimated to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of a particular asset, the company and its subsidiary estimate the recoverable value of the Cash Generating Unit (CGU) to which the asset belongs. Intangible assets with indefinite useful lives are subject to annual impairment tests and also when there are indicators that the asset could have suffered an impairment before the end of that period.

The recoverable value is the greater amount between the fair value less the costs of sale and the value in use. For estimating the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market conditions of the value of money over time, as well as the specific risks associated to the asset.

When it is estimated that the recoverable amount of an asset (or cash-generating unit) is less than its book value, the book value of that asset (or cash-generating unit) is adjusted to its recoverable amount, immediately acknowledging in earnings (profits) or losses a loss for deterioration. When an impairment loss is reversed, the book value of the asset (or the cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided that the book value so adjusted does not exceed the book value that would have been determined had no asset (or cash-generating unit) impairment loss been acknowledged in previous fiscal years.

E. Leases

I. FINANCIAL LEASES

Leases are classified as financial leases when the conditions of the lease substantially transfer all the ownership risks and benefits to the lessee. All other leases are classified as operating leases.

II. OPERATING LEASES

Operating lease payments are acknowledged as a straight-line expense over the term of the lease, except when another systematic basis is more representative for reflecting the time pattern in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses over the fiscal year in which they are incurred.

Should lease incentives be received in order to agree an operating lease, such incentives are acknowledged as a liability. The accumulated benefit of incentives is shown on a straight-line basis as a deduction from the leasing expense, except when another systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed.

III. IMPLICIT LEASES

The Company and its Subsidiary review their contracts to verify the possible existence of implicit leases, in accordance with IFRIC 4.

F. Financial assets

Acquisitions and disposals of financial instruments are acknowledged on the trading date, that is, the date on which the Company commits to acquire or sell the asset. Investments are written off when the rights to receive cash flows from the investments have been transferred and the Company has transferred substantially all the risks and benefits derived from their ownership.

Financial assets are classified in the following categories:

- Financial assets at fair value with changes in income.
- Financial assets at fair value with changes in comprehensive income.
- Financial assets at amortized cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial acknowledgment.

Aguas Cordillera S.A. and its Subsidiary invest in low risk instruments that comply with the classification standards established in its investment policies. Thus, mutual investment funds must have an AAfm / M1 classification (installments well hedged against loss, associated with credit risks / installments with the lowest sensitivity to changes in economic conditions). Fixed term deposits and pacts contracted are instruments with N-1 classification (instruments with the highest capital and interest payment capacity pursuant to agreed terms and conditions). The issuing institutions of these instruments correspond to banking companies or bank subsidiaries, with a risk classification of N-1 and whose securities have a risk rating of at least AA (with a very high capital and interest payment capacity pursuant to agreed terms and conditions, which would not be significantly affected by eventual changes of the issuer or the industry to which it belongs or by the economy).



I. EFFECTIVE INTEREST RATE METHOD

The effective interest rate method is the method for calculating the amortized cost of a financial asset or liability and of the assignment of interest revenue or expense over the whole fiscal year. The effective interest rate is the rate that exactly discounts the estimated future cash flows receivable over the expected life of the financial asset and equals the Net Present Value (NPV) to its nominal value.

II. FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES IN RESULTS

Financial assets are shown at fair value through results when the asset is held for trading or is designated as fair value with changes in results.

Financial assets at fair value with changes in results are valued at fair value and any resulting loss or gain is acknowledged in the results. The net loss or gain acknowledged in the results includes any dividend or interest received over the financial asset.

The subsidiary Aguas del Manguehue S.A. holds shares of Sociedad Eléctrica Puntilla SA, which have been valued at their fair value as of their date of acquisition, as established in IFRS 9. Their subsequent measurement will be made at cost because there is no active market, as provided in the same standard.

III. FINANCIAL ASSETS AT AMORTIZED COST

Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets payable in fixed or determinable periods and are not traded on an active market and are classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest rate method minus any loss for impairment, except for short-term accounts receivable, where the acknowledgement of interest would be immaterial.

Trade debtors and other accounts receivable

Trade debtors correspond to the amounts billed for water consumption, sewage services, sewage treatment and other services and the accrued revenue from consumption between the date of the last meter reading (following an established monthly routine) and the financial statement closing date. These are recorded at net value of estimated bad debt or of debt with low collection probability.

The trade debtor policy is subject to the credit policy, which sets the payment conditions and also the different scenarios for settling accounts with delinquent clients.

Policy of impairment of commercial debtors and other accounts receivable

The Company continuously evaluates impairments affecting its financial assets. The amount is acknowledged

under bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used, and the loss is acknowledged in the statement of comprehensive results under "other expenses." When an account receivable is not recoverable, it is recorded under provisions for accounts receivable. Estimates are based on the following historic situation: considering recovery statistics, which indicate that after the eighth months of an unpaid invoice, the possibility of collection is marginal; in other

For Aguas Cordillera S.A. and Aguas Manguehue S.A. the debt of customers with more than 8 balances is provisioned at 100%.

For Aguas Cordillera S.A. and Aguas Manguehue SA, the debts for consumption transformed into payment agreements, are provisioned at 100% of the agreed balance.

The documents receivable with delinquent debt are provisioned at 100%.

words, the probability of recovering of the amount billed is minimal.

G. Inventories

Materials, spare parts and inputs are valued at acquisition cost, which does not exceed their net se-II-off value. The costing method is the weighted average cost. Semiannually, an estimate is made of deterioration of those materials that are damaged, that are partially or totally obsolete, or without rotation during the last 12 months and whose market price has fallen by more than 20%.

H. Dividend policy

The company's dividend policy, as ratified by the Ordinary Shareholders' meeting held on April 20, 2017, is to maintain the distribution of 50% of the net earnings (profits) of the corresponding year as dividend distribution policy; namely, 30% as mandatory dividend and 20% as additional dividend. The minimum dividend established by the Corporations Act, equivalent to 30% of the earnings (profits) of the year, will be entered at the end of each fiscal year. In the event that provisional dividends do not exist, or are less than the 30% indicated, the corresponding provision shall be entered.

I. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the closing of each fiscal year, as per the following parities:

CURRENCY	12-31-18 \$	31-12-2017 \$
US dollar	694.77	614.75
Euro	794.75	739.15



Foreign currency transactions are converted to the functional currency using the exchange rates as of the transaction date. Foreign currency gains and losses resulting from the liquidation of these transactions and their conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of comprehensive results.

Different exchange rates are registered in the results of the fiscal year in which they have accrued.

J. Financial liabilities

Loans and similar operations are initially recorded at their fair value, net of the costs incurred in the transaction. Subsequently, they are valued at amortized cost, using the effective interest rate, except for those operations for which hedge contracts are signed.

IMPLICIT DERIVATIVES

Aguas Cordillera S.A. and its Subsidiary, evaluate the existence of embedded derivatives in contracts and financial instruments to determine if their characteristics and risks are closely related to the main contract, provided that the whole set is not being accounted for at fair value. If they are not closely related, they are recorded separately, accounting for changes in value directly in the consolidated statement of income.

K. Provisions and contingent liabilities

Provisions are acknowledged when Aguas Cordillera S.A. and its Subsidiary, have a present obligation that is a consequence of past events, and for which they are likely to use resources to settle the obligation and on which they can make a reasonable estimate of the amount of the obligation. The quantification of provisions is made considering the best information available on the event and its consequences and is re-estimated at the closing of each accounting period. The provisions constituted are used to meet the specific risks for which they were originally acknowledged, reviewing them totally or partially, when said risks disappear or decrease Contingent liabilities are all those possible obligations arising as a result of past events, whose future materialization and associated equity damage is estimated to be of low probability. In accordance with IFRS, Aguas Cordillera S.A. and Subsidiary, does not acknowledge any provision for these items, although, as required, should they exist they are shown in detail under note No. 13.

L. Employee benefits

The obligation for compensation for years of service, which is expected to accrue to workers who retire in Aquas Cordillera S.A. and Aquas Manquehue S.A., is recorded at actuarial value, determined using the projected credit unit method. Actuarial gains and losses on compensation arising from changes in estimates or changes in turnover rates, mortality, early retirement due to layoffs, salary increases, inflation or discount rate, are determined in accordance with NIC. 19, in other comprehensive income, directly affecting Equity, which is subsequently reclassified to retained earnings.

The compensation for years of service of the Company and Subsidiary is governed by the provisions of the Labor Code, except for the amount of compensation for any event accumulated as of December 31, 2002 and the payment for dismissal of 1 salary without any amount or age limit, for those workers who are part of the current bargaining agreements and for those to whom this benefit was extended via their individual contract of employment. The total amount accumulated as of that date is adjusted quarterly according to the variation of the consumer price index. Likewise, the aforementioned collective agreements establish that workers who retire in Aguas Cordillera S.A. and Aguas Manquehue S.A., continue accruing this benefit beyond December 2002.

Any advances granted to personnel on account of these funds are shown deducting current obligations. They will be imputed in the final settlement in a readjusted form, in accordance with the provisions of the aforementioned agreements.

M. Revenue tax and deferred taxes

The income tax expense corresponds to the sum of the income taxes payable and the variation of deferred tax assets and liabilities.

The income tax payable is determined based on the tax result for the year. The income tax payable by Aguas Cordillera S.A. and Subsidiary, it is calculated using the tax rates that have been approved, or that are in the last approval process, on the closing date of the balance sheet.

Deferred taxes are acknowledged on the basis of the differences between the book values of the assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of the tax income and are accounted for in accordance with the liability method based on the balance sheet. Deferred tax liabilities are acknowledged for all taxable temporary differences, and deferred tax assets are acknowledged for all deductible temporary differences to the extent that it is probable that future tax benefits exist with which to offset such differences. Deferred tax assets or liabilities are not acknowledged if the temporary differences arise from the lower value or from the initial acknowledgement (except in a business combination) of other assets and liabilities in a transaction that does not affect the tax income or financial income.

The book value of deferred tax assets is reviewed at the date of each balance sheet and is reduced to the extent that it is no longer probable that sufficient available tax results are available to allow the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in force in the period in which the liability is settled or the asset is realized, based on the tax rates that have been approved or that are expected to be applied. according to the official announcements of tax type, at the end of the period of the balance sheet. The measurement of deferred tax assets and liabilities reflects the tax consequences that would occur due to the manner in which Aguas Cordillera S.A. and Subsidiary expect, as of the reporting date, to recover or settle the book value of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.



N. Ordinary revenue

POLICY FOR ACKNOWLEDGING CURRENT REVENUE

Revenues arising from all normal operations and other events are recorded at their fair value of the payment received or receivable considering payment terms, rebates and credit notes. The amount of income can be measured with confidence.

POLICY FOR ACKNOWLEDGING CURRENT REVENUE FROM THE SALE OF GOODS

Revenue arising from any normal operation and other events at the fair value of the payment received or receivable is recorded considering the terms of payment, rebates and credit notes, and provided that the amount of revenue can be measured reliably.

POLICY FOR ACKNOWLEDGING CURRENT REVENUE FROM THE SALE OF SERVICES

Revenue from sales of services is measured at fair value. Billing is carried out on the basis of actual consumption or work carried out on the consideration receivable, net returns, trade discounts and rebates, so the revenue is recorded when it is transferred to the client and recovery is considered probable. In addition, the associated costs and possible discounts for erroneous billings can be reliably estimated. The service area of the Company and its Subsidiary is divided into billing groups, which determines dates for readings and subsequent billing. This process is developed based on a monthly calendar, which generates that at the close of each month there are unread consumptions, and therefore, not billed. For the billing groups whose information is based on consumption actually read, the corresponding rate will be applied. In those cases in which the Company or its Subsidiary does not have all of the consumption readings, the best estimate of the income pending to be invoiced will be made, this is based on the physical data of the previous month valued at the current rate, considering in both cases (billing or estimate) normal rate or overconsumption as the case might be. The transfer of risks and benefits vary according to the company's business. For the Sanitary Services companies, the provision of services and all their associated charges are made according to actual consumption and a monthly provision is made on the consumptions made and not billed based on previous billings.

METHOD USED FOR DETERMINING THE SERVICE TERMINATION STATUS

The delivery of health services is verified through the measurement of consumption, in accordance with the provisions of the associated legal regulations.

Income from agreements with developers is recorded as ordinary income to the extent that certain conditions stipulated in each contract are met, which ensure that the associated economic benefit will flow to the Company.

O. Earnings per share

Basic earnings per share are calculated as the ratio between the earnings (loss) attributable to the

holders of Net Equity of the Controller and the average weighted number of common shares in circulation during the periods ending December 31, 2018 and 2017.

During the fiscal years ending December 31, 2018 and 2017, the Group has carried out no operation with a potential diluting effect that supposes that diluted earnings per share are any different to basic earnings per share.

P. Environmental information

Environmental assets are those constantly used in the business of the Company and subsidiaries. Their main objective is to minimize adverse environmental impacts and ensure the protection and improvement of the environment, including the reduction or elimination of any future contamination as a result of the operations conducted by Aguas Andinas S.A. and its subsidiaries.

These assets, like any other asset, are valued at cost. The Company and its subsidiaries amortize these items on a straight-line basis as a function of the estimated remaining years of useful lives for the different items.

Q. Statement of consolidated cash flows

Cash flow statements record the cash account activity during the fiscal year, which include Value Added Tax (VAT), determined by the direct method under the following criteria:

CASH AND CASH EQUIVALENT: Inflows and outflows of cash and equivalent financial assets. They are understood as being easily-liquidated short-term investments with a low value variation risk (maximum unrestricted term of 3 months from investment date).

OPERATING ACTIVITIES: Common activities in a regular business operation by the Aguas Cordillera S.A. and its Subsidiary, as well as other activities that have not been classified as investment or financing.

INVESTMENT ACTIVITIES: Acquisition, disposal or use by other means of long-term assets and other investments that have not been included in Cash and cash equivalent.

FINANCING ACTIVITIES: Activities that produce changes in the amount and composition of the net equity and liabilities that are not part of the regular activities.

R. Construction contracts

For construction contracts, Aguas Cordillera uses the "percentage-of-completion method" for acknowledging revenues and expenses referring to a contract being fulfilled. By this method, the revenues under the contract are compared with the related costs incurred according to the degree of progress achieved, which results in the amount of the ordinary revenue, expenses and earnings attributable to the completed portion of the contract.

Contract costs are acknowledged when incurred. When the result of a construction contract can be reliably estimated, and the contract is likely to be profitable, contract revenues are acknowledged over the term of the contract. When the contract costs are likely to exceed the total revenues, the expected loss is immediately acknowledged as an expense incurred in the fiscal year. When the result



of a construction contract cannot be estimated reliably enough, contract revenues are acknowledged only to the limit of the contract costs incurred that are likely to be recovered.

Aguas Cordillera S.A. and Subsidiary show the gross amount owed by customers for the work of all the contracts in progress as an asset for which the costs incurred plus acknowledged earnings (minus acknowledged losses) exceed the partial invoicing. Partial invoicing unpaid by customers and the withholdings are included in "Trade debtors and other accounts receivable".

Aguas Cordillera S.A. and Subsidiary show the gross amount due to customers for the work of all contracts in progress as a liability for which the partial invoicing exceeds the costs incurred plus acknowledged earnings (minus acknowledged losses).

S. Capitalized financing costs

POLICY ON INTEREST-BEARING LOANS:

Loan costs directly attributable to the acquisition, construction or production of assets that meet the conditions for their qualification are capitalized, forming part of the cost of such assets.

POLICY ON INTEREST-COST CAPITALIZATION:

Interests paid or accrued on debt used to finance qualified assets are capitalized, as stipulated in IAS 23, which states that when the Entity acquires debt to finance investments, the interest on that debt should be deducted from the financial expense and incorporated to the construction project being financed up to the total amount of such interests, applying the respective rate to the disbursements to the financial statement submission date.

Note 3 Equity Attributable To The Controller's Property Owners

The capital of the Company amounts to Th\$ 153,608,183 and is divided into 50,127 registered shares with no par value. There are neither owned nor preferred shares in the portfolio.

The Company manages its capital in order to ensure permanent and expeditious access to financial markets, which allows it to materialize its own growth, solvency and profitability objectives.

There have been no changes in the objectives or policies of capital management in the reported years. In the year ended December 31, 2018 it was agreed to pay dividends as follows:

• At the Ordinary Shareholders' Meeting held on April 23, 2018, it was agreed to distribute 100% of the net earnings of fiscal year 2018, which amounted to \$18,890,049,935, equivalent to an interim dividend of \$ 376,843.8154 per share. The payment of the final dividend No. 23 was due from May 23, 2018.

In the year ended December 31, 2017 dividend payment was agreed according to the following:

• At the Ordinary Shareholders' Meeting held on April 20, 2017, it was agreed to distribute 100% of the net earnings for the year 2016, plus \$ 355 corresponding to cumulative distributable earnings and discounting the interim dividend paid in January 2017. Based on the foregoing, the Company's dividend N° 22 amounted to Th\$ 23,025,085, equivalent to \$ 459,334.9891 per share. The payment became due as of May 19, 2017.

Provision for minimum dividend

In accordance with the provisions of the policy described in note 2.2, letter H, the Company recorded a provision for a minimum dividend as of December 31, 2018 of Th\$ 5,492,468. As of December 31, 2017, a provision was made for a minimum dividend of Th\$ 5,667,015.

Accumulated earnings

The amounts recorded for revaluation of land and intangible assets and other adjustments upon the first adoption of the IFRS are included as accumulated earnings and are subject to distribution restrictions, as they first have to be recognized as realized, through their use or sale, as established in IFRS 1, IAS 16 and Circular No. 456 of June 20, 2008 of the Superintendence of Securities and Insurance. Also included is the amount corresponding to the actuarial gains and losses determined since 2009, as a result of variations in the obligations for defined benefit plans. The total balance of accumulated earnings as of December 31, 2018 and December 31, 2017 amounted to Th\$110.291.544 and Th\$111.011.152, respectively.

Additionally, as of December 31, 2018 and 2017, modifications were made to the calculation parameters in actuarial gains and losses on indemnities, which generated an entry in accumulated income for an amount of Th\$ -312.333 and Th\$140,436 respectively.

Other equity shareholdings

The amount entered in other shareholdings corresponds to the monetary correction of the paid-in capital of the year 2008, year of transition, pursuant to the provisions of Circular Letter No. 456 of the Superintendence of Securities and Insurance and the effects of business combinations of companies under common control (merger with subsidiaries in 2007 and 2008). The balance as of December 31, 2018 and 2017 amounts to Th \$ 61,060,426.

Note 8 Disclosure Of Information About Related Entities

A. Balances and transactions with related entities

Transactions between the Company and its Subsidiary are in line with market conditions. These transactions have been deleted in the consolidation process and are not broken down in this note.



Accounts receivable from related entities

Accounts receivable from related entities are originated in Chile. The transaction currency is Chilean Pesos and the maturity dates are 30 days.

TAX IDENTIFICATION NUMBER RELATED PARTY	NAME OF RELATED PARTY	RELATIONSHIP	NATURE OF TRANSACTION WITH RELATED PARTIES	GUARANTEES	12-31-2018 TH\$	12-31-2017 TH\$
61.808.000-5	Aguas Andinas S.A.	Controller	Collections, sale of materials, rental guarantees, contract for interconnection of potable water and wastewater without interest, loan in pesos in the short term	Without guarantees	166,823	125,361
61.808.000-5	Aguas Andinas S.A.	Controller	Lease guarantee	Without guarantees	5,423	5,272
76.190.084-6	Aguas del Maipo S.A.	Related to controller	Dividend provision	Without guarantees	0	34,860
96.828.120-8	Gestión y Servicios S.A.	Related to controller	Dividend provision	Without guarantees	1,698	3,968
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Bid bases	Without guarantees	0	7
96.967.550-1	Análisis Ambientales S.A.	Related to controller	Dividend provision	Without guarantees	3,497	3,490
96.945.210-3	EcoRiles S.A.	Related to controller	Dividend provision	Without guarantees	5,152-	4,847
65.113.732-2	Corporación Chilena de Investigación del Agua SPA.	Related to controller	Lease	Without guarantees	1,393	0
N.A.	Aqua Development Network S.A.	Related to controller	Comprehensive talent mgmt. contract	Without guarantees	1,913	0
Totals					185,899	177,805



Accounts payable to related entities

Accounts payable to related entities are originated in Chile, the currency type of transactions is in pesos.

RUT TAXPAYER ID N° RELATED PARTY	NAME OF RELATED PARTY	NATURE OF THE RELATIONSHIP	NATURE OF TRANSACTIONS WITH RELATED PARTIES	DEADLINES	GUARANTEES	31-12-2015 TH\$	31-12-2014 TH\$	31-12-18 TH\$	31-12-17 TH\$
61.808.000-5	Aguas Andinas S.A.	Controller	Sewage interconnections, potable water interconnections, interest-free collections and Lease of interest-free real estate, short-term peso loans.	30 days	Without guarantees			4.433.711	5.274.946
61.808.000-5	Aguas Andinas S.A.	Controller	Loans and interest receivable	30 days	Without guarantees			12.855.316	4.497.094
61.808.000-5	Aguas Andinas S.A.	Controller	Dividend payable to Aguas Andinas S.A.	30 days	Without guarantees			5.491.921	5.666.454
79.046.628-K	Asterión S.A.	Related to controller	Service contract for process reengineering and implementation of new information systems for customer service	30 days	Contract performance bond of Th\$845,149			0	11.229
96.828.120-8	Gestión y Servicios S.A.	Related to controller	Sale of materials	30 days	Without guarantees			5.230	85
96.828.120-8	Gestión y Servicios S.A.	Related to controller	Meter verification contract	30 days	Without guarantees				136
96.945.210-3	Ecoriles S.A.	Related to controller	San Antonio project	30 days	Without guarantees			121.990	187.080
96.967.550-1	Analisis Ambientales S.A.	Related to controller	Laboratory analyses and sampling services	30 days	Without guarantees			114.857	136.251
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Virtual platform, Siebel	30 days	Without guarantees			4.446	8.955
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Director Común	Chamisero plant, Batuco canal	30 days	Without guarantees			0	10.000
Sin Rut	Aqua Development Network S.A.	Related to controller	Comprehensive talent mgmt. contract	30 days	Without guarantees			33.112	1.319
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	San Antonio arsenic plant	30 days	Contract performance bond of \$24,264			0	1.786.747
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Chamisero plant	30 days	Contract performance bond of UF 66.809,74			5.765.245	7.129.098
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Service contract for process reengineering and implementation of new information systems for customer service	30 days	Contract performance bond of Th\$845,149			39.158	0
Totals						0	0	28.864.986	24.709.394



Transactions with related entities

Transactions with related entities are originated in Chile, the currency type of the transactions is in pesos.

ONS WITH TYPE O CURREN	519	42 2040		
CORREN	CI	-12-2018	31-	12-2017
	AMOUNT	EFFECTS ON INCOME (DEBIT)/CREDIT	AMOUNT	EFFECTS ON INCOME (DEBIT)/CREDIT
er connections CLP	15.687.798	-15.687.798	15.501.477	-15.501.477
es CLP	790.695	-790.695	896.450	-896.450
eengineering information CLP service	101.696	-101.696	80.519	-80.519
CLP	0	0	0	0
t CLP	2.199.887	0	6.302.180	-58.306
plant CLP	-536.968	0	1.710.756	-11.600
ect CLP	109.263	-109.263	287.262	287.262
CLP	1.895.000	0	20.244.623	0
CLP	-1.895.000	0	-15.777.623	0
ken) CLP	34.391.223	0	20.244.623	0
CLP	-26.409.000	0	-15.777.623	0
ts CLP	-18.888.179	0	-32.021.900	0
on CLP	13.942	0	16.564	0
on CLP	10.761	0	0	0
	CLP CLP cen) CLP CLP ts CLP	CLP 1.895.000 CLP -1.895.000 ten) CLP 34.391.223 CLP -26.409.000 tts CLP -18.888.179 n CLP 13.942	CLP 1.895.000 0 CLP -1.895.000 0 sen) CLP 34.391.223 0 CLP -26.409.000 0 ts CLP -18.888.179 0 n CLP 13.942 0	CLP 1.895.000 0 20.244.623 CLP -1.895.000 0 -15.777.623 ten) CLP 34.391.223 0 20.244.623 CLP -26.409.000 0 -15.777.623 ts CLP -18.888.179 0 -32.021.900 n CLP 13.942 0 16.564

The materiality criterion for reporting transactions with related entities is of amounts over M \$ 100,000.



Financial Situation Statements As of December 31, 2018 and December 31, 2017

(Thousand Ch\$)

ASSETS	2018 TH\$	2017 TH\$
Current assets	18.232.503	18.111.056
Non-current assets	307.740.353	303.296.984
Total assets	325.972.856	321.408.040

LIABILITIES	2018 TH\$	2017 TH\$
Current liabilities	50.626.750	43.711.165
Non-current liabilities	72.510.487	74.137.734
Equity	202.839.301	203.558.909
Minority shareholdings	-3.682	232
Total liabilities and equity	325.972.856	321.408.040

Cash Flow Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Cash flows from (used in) operating activities	25.922.007	10.620.784
Cash flows from (used in) investment activities	-14.234.522	-9.981.002
Cash flows from (used in) financing activities	-11.927.983	-34.608.187
Net increase (decrease) in cash and cash equivalent	-240.498	-33.968.405
Cash and cash equivalent at the beginning of the period	976.151	34.944.556
Cash and cash equivalent at the end of the period	735.653	976.151

Comprehensive Income Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch)

2018 TH\$ 2017 TH\$ 69.421.060 Current revenues 63.924.489 Operating cost -42.520.091 -39.427.384 Financial income -1.668.679 -818.611 Income other than operating -2.028.154 616.105 Income tax -4.895.894 -5.404.534 Minority shareholding -15 -14 Earnings attributable to the property owners of the controller 18.308.227 18.890.051

Statement Of Equity Changes As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Issued capital	153.608.183	153.608.183
Other equity shareholdings	-61.060.426	-61.060.426
Accumulated earnings (losses)	110.291.544	111.011.152
Non-controlling shareholdings	-3.682	232
Total equity	202.839.547	203.559.141



Aguas del Maipo S.A.

General background

Name

Aguas del Maipo S.A

Type of entity

Closed corporation

Legal address

Avenida Presidente Balmaceda Nº 1398, Santiago Chile

Telephone

(56-2) 569 2118

Fax

(56-2) 569 2309

RUT Taxpayer ID N°

76.190.084-6

Line of business

The development and exploitation of any energy project derived from the use and use of facilities and natural assets of sanitary water companies.

Subscribed and paid capital

Th\$ 7,971,221

External auditors

EY Chile

RUT Taxpayer ID N°

77.802.430-6

Line of business

The purpose of the Company is to perform all types of activities related to water rights, the development and exploitation of any energy project derived from the use and usufruct of facilities and natural assets of water companies, their products and/or byproducts, including electric cogeneration, biogas generation and hydroelectricity.

Constituent documents

The company was incorporated on April 1, 2011, through public deed granted in the Notary of Santiago de Don Ivan Torrealba Acevedo, an excerpt from the bylaws was registered in the Registry of Commerce of the Santiago Real Estate Registry that year, to fojas 19364 Nº 14746 of the registry of Commerce of Santiago corresponding to the year 2011.

Board of directors

Chairman

Guillermo Pickering De La Fuente (Chairman of Aguas Andinas S.A.)

Board members

Sandra Andreu Pezareix

Eugenio Rodriguez Mingo

Ivan Yarur Sairafi

CEO

Manuel Baurier

Direct participation percentage 82.64996% Proportion representing the investment in the assets of the parent. Investment in society represents the proportion of 0.47%.

Commercial relationship with the parent company.

Durante el ejercicio comercial terminado al 31 de diciembre de 2018, la Sociedad mantuvo contratos por suministro de biogás y arriendos con su Matriz, las cuales se ajustan a condiciones de mercado. En el futuro se espera mantener similares relaciones comerciales.



Note 1 Overview

Aguas del Maipo S.A. (hereinafter the "Company") is a closed Public Limited Company. Your legal address It is Avenida Presidente Balmaceda N ° 1398, Santiago, Chile and its Unique Tax Paper is 76.190.084-6. Aquas del Maipo S.A. was incorporated as a public limited company by public deed on April 1 of 2011 in Santiago, before the Notary Public Mr. Iván Torrealba Acevedo.

In June 2012, the Company's share capital was increased by issuing 7,517,296 new shares payment actions. These shares were subscribed and paid by the Aguas Andinas SA Companies, Aguas Cordillera S.A. and Aguas Manquehue S.A. through the contribution in domain to the Society, of the shares of the public limited company denominated Eléctrica Puntilla S.A.

In August 2012, the Extraordinary Shareholders' Meeting agreed to the merger by incorporation of the Society Management and Services Dos S.A. contributing its total assets, liabilities and equity to Aquas del Maipo S.A., becoming the legal continuation of the absorbed company. The Company aims to carry out all kinds of activities related to exploitation rights of water, the development and exploitation of any energy project derived from the use and use of facilities and natural assets of health companies, their products and/or byproducts, including electric cogeneration, the generation of biogas and hydroelectricity.

The direct controlling entity is Aguas Andinas S.A., a limited company whose controller is Sociedad General Aguas de Barcelona S.A. (Agbar), entity based in Spain, one of the largest operators of health services worldwide, which in turn is controlled by Suez Environnement (France), being ENGIE (France), its main shareholder.

Note 2 Preparation Bases And Accounting Policies

2.1 Preparation bases

The present financial statements correspond to the financial situation as of December 31, 2018 and 2017 and to the statements of income, of changes to net equity and cash flows for the fiscal years ended on such dates, which have been prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the comprehensive, explicit adoption of the referred IFRS without Reservations.

The Company complies with all the legal conditions of the environment in which it operates, mainly in the generation of biogas, it shows normal operating conditions in each area in which it carries out its activities, its projections show a profitable operation and it has the capacity to access the financial system to finance its operations, which in the opinion of management determines its ability to continue as a fully operational company, as established by the IFRS standards under which these financial statements are issued.

Functional and presentation currency

The financial statements are presented in the currency of the main economic environment in which the Company operates (functional currency). As established in IAS 21, the financial statements are presented in Chilean pesos, which is the functional currency of the Company and the presentation currency for the financial statements.

New accounting rules

The rules and interpretations, as well as the improvements and changes to the IFRS, which have been issued to enter into effect on the date of issue of these financial statements, are summarized herein below. The Company has applied these rules concluding that they did not significantly affect the financial statements.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 9, Financial instruments, Acknowledgement and measurement	Annual periods beginning on or after January 1, 2018
IFRS 15, Revenue from client contracts	Annual periods beginning on or after January 1, 2018
IFRIC 22, Foreign currency transactions and advance consideration	Annual periods beginning on or after January 1, 2018
AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 1, Adoption of IFRS for the first time Elimination of interim exceptions first adopted by entities	Annual periods beginning on or after January 1, 2018
IFRS 2, Share-based payments - Classification and measurement of share-based transactions	Annual periods beginning on or after January 1, 2018
IFRS 4, Insurance contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Annual periods beginning on or after January 1, 2018
IAS 28, Investment in associates and joint ventures — Decision of measuring shareholding in associated and joint ventures at reasonable value with change in results.	Annual periods beginning on or after January 1, 2018
IAS 40, Investment property – Investment property transfers	Annual periods beginning on or after January 1, 2018

The standards and interpretations, as well as the improvements and amendments to IFRS, that have been issued but have not yet entered into force as of the date of these financial statements, are detailed below. The Company has not applied these standards in advance.



STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019
IFRIC 23, Treatment of uncertain fiscal positions	Annual periods beginning on or after January 1, 2019
Conceptual framework	Annual periods beginning on or after January 1, 2020
IFRS 17, Insurance contracts	Annual periods beginning on or after January 1, 2021

ENMIENDAS	DATE OF MANDATORY ENFORCEMENT
IFRS 3, Business Combinations – Interests previously held in a joint operation.	Annual periods beginning on or after January 1, 2019
IFRS 9, Financial instruments – Payments with negative compensation.	Annual periods beginning on or after January 1, 2019
IFRS 11, Joint agreements – Interests previously held in a joint operation.	Annual periods beginning on or after January 1, 2019
IAS 12, Corporate revenue taxes — Tax consequences of payments related to FINANCIAL INSTRUMENTS classified as equity.	Annual periods beginning on or after January 1, 2019
IAS 23, Borrowing costs – Borrowing costs eligible to be capitalized.	Annual periods beginning on or after January 1, 2019
IAS 28, Investment in associates and joint ventures – Long-term investments in partnerships or joint ventures.	Annual periods beginning on or after January 1, 2019
IAS 19, Employee benefits – modification, reduction or settlement of the plan.	Annual periods beginning on or after January 1, 2019
IFRS 3, Business Combinations – Defining a business	Annual periods beginning on or after January 1, 2020
IAS 1, Presentation of financial statements and IAS 8, Investments in associated companies - Definition of material.	Annual periods beginning on or after January 1, 2020
IFRS 10 y IAS 28, Consolidated Financial Statements — Sale or contribution of assets between an investor and its partner or joint venture.	Pending

The management of the Company is analyzing the possible impact of the regulations and amendments, described above, in the financial statements. However, those whose entry into validity is in annual periods beginning on January 1, 2019, have been analyzed and it is estimated that they will not have relevant effects in the preparation and presentation of future financial statements.

IFRS 9 "Financial Instruments". In July 2014, the final version of IFRS 9 Financial Instruments was issued, bringing together all phases of the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, this standard includes new requirements based on principles for classification and measurement, impairment and hedge accounting, introduces a "more prospective" loss model expectations for impairment accounting and a substantially reformed approach to hedge accounting.

The Company carried out an evaluation of the credit loss policy of its commercial debtors (described in Note 2, letter H), concluding that this policy implicitly considers a model of expected loss according to the requirement of this standard.

This evaluation is based on the available and sustainable credit risk information. According to the above, the impairment loss determination associated with credit risk model will not be modified, there being no effects on the preparation and presentation of the consolidated financial statements.

The Administration of the Company estimates that the adoption of the Standards, Amendments and Interpretations, described above, with the exception of IFRS 16, and that could apply to Aquas del Maipo S.A. are in the process of evaluation and it is estimated that to date they would not have a significant impact in the consolidated financial statements of the Group in the exercise of its first application. The administration periodically is evaluating these implications.

The application of IFRS 16 "Leasing" in the year 2019 will have no impact on assets and liabilities.

Responsibility for information and estimates made

The information contained in these financial statements is the responsibility of the Board of Directors of the Company, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) and of the Superintendence of Securities and Insurance (hereinafter the "Financial Market Commission"). The Board of Directors, in session dated March 20, 2019, approved these financial statements.

The financial statements of the Company for the year 2017 were approved by its Board of Directors held on March 28, 2018.

In the preparation of the financial statements, estimates have been used such as:

- Useful life of fixed and intangible assets
- Valuation of assets
- Losses due to asset impairment
- Provisions for commitments acquired with third parties.

Although these estimates and judgments were made based on the best information available at the date of issuance of these financial statements, it is possible that events that may occur in the future require them to be modified (upwards or downwards) in future periods, which would be recorded prospectively, at the time when such changes are known, acknowledging the effects of said changes in the corresponding future financial statements.



2.2 Accounting policy

The main accounting policies adopted in the preparation of these financial statements are described below.

A. Intangible assets other than goodwill

The Company acknowledges an identifiable intangible asset when it can demonstrate that the future economic benefits that have been attributed to it are likely to flow to the entity and the cost can be properly valued. The basis for acknowledging and measuring is the cost method.

I. INTANGIBLE ASSETS ACQUIRED SEPARATELY:

Intangible assets acquired separately are presented at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis using the estimated lifespans. The estimated lifespans and the amortization method are reviewed at the close of each balance sheet, accounting for the effect of any change in the estimate prospectively.

II AMORTIZATION METHOD FOR INTANGIBLES:

Intangibles with defined lifespans

The amortization method applied by the Company reflects the pattern to which the future economic benefits of the asset are expected to be used by the entity. For this purpose, the Company uses the straight-line method of amortization.

Software

The estimated useful life for the software is 4 years, for those other assets with a defined useful life, the useful life period in which they are amortized corresponds to the periods defined in the contracts or rights that originate them.

Intangibles with indefinite useful life

Intangible assets of indefinite useful life correspond to water rights secured indefinitely, as established in the procurement contracts.

Determining the useful life

The factors that must be considered for the estimation of the useful life are, among others, the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.

- Economic factors (obsolescence of products, changes in demand).
- Reactions expected by current or potential competitors.
- Natural factors, climactic factors and technological changes that affect the ability to generate benefits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the aforementioned factors.

B. Property, plant and equipment

The Company uses the cost method for the valuation of Property, Plant and Equipment. The historical cost includes expenses that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are acknowledged as a separate asset, only when it is probable that the future economic benefits associated with the elements of the fixed asset will flow to the Company and the cost of the element can be determined reliably. The value of the replaced component is written off. The rest of the repairs and maintenance are charged to the result (income) of the year in which they are incurred.

DEPRECIATION METHOD AND ESTIMATED USEFUL LIFE FOR PROPERTY, PLANT AND EQUIPMENT:

The depreciation method applied by the Company reflects the pattern according to which the assets are expected to be used by the entity during the period in which they generate economic benefits. For this purpose, the Company uses the straight-line method of depreciation over its technical useful life, which is based on studies prepared by independent experts (external specialist companies). The residual value and the useful life of the assets are reviewed and adjusted, if necessary, at each closing of the Balance sheet.

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

USEFUL LIVES:

The useful lives considered for purposes of calculating depreciation are based on technical studies prepared by external specialist companies, which are reviewed to the extent that there are precedents that allow us to consider that the useful life of an asset has been modified.

The allocation of the total useful life for the assets is made on the basis of several factors, including the nature of the equipment. Such factors generally include:

1. Nature of the component materials of the equipment or constructions.



- 2. Environment of the operating equipment.
- 3. Intensity of use.
- 4. Legal, regulatory or contractual limitations

The useful life range (in years) by type of Assets is as follows:

ÍTEM	USEFUL LIFE (YEARS) MINIMUM	USEFUL LIFE (YEARS) MAXIMUM
Buildings	5	50
Plant & equipment	4	4
Information technology equipment	5	80
Fixed installations & accessories	5	80

Cost estimation policy for dismantling, removing or rehabilitating property, plant and equipment:

Given the nature of the assets built into the Company and given that there are no contractual obligations or other constructive requirements, such as those mentioned by the IFRS, the concept of decommissioning costs is not applicable at the date of these financial statements.

ASSET SALES POLICY

The income generated from the sale of fixed assets is calculated by comparing the income obtained with their book value and they are recorded in the statement of comprehensive income.

C. Impairment of tangible and intangible assets except goodwill

At each closing date of the Statement of Financial Position, the Company reviews the book values of its tangible and intangible assets with a defined useful life to determine if there are indicators that these assets have suffered an impairment loss. If such indicators exist, the value is estimated recoverable from the assets to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of a particular asset, the Company estimates the value recoverable from the Cash Generating Unit to which the asset belongs. Intangible assets with indefinite useful lives are subject to annual impairment tests and when there are indicators that the tangible asset could have suffered a deterioration in its value, before end that period. The recoverable value is the greater amount between the fair value less the costs of sale and, the value In use. For the estimation of the value in use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects both the conditions current market value of money over time as well as the

specific risks associated with the asset. When it is estimated that the recoverable value of an asset (or cash generating unit) is lower that its book value, the book value of that asset (or cash generating unit) is adjusted to its value recoverable immediately recognizing an impairment loss in profit or loss. When it is reversed an impairment loss, the book value of the asset (or the cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided that the book value adjusted does not exceed the value book that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in previous years.

D. Leases

I. FINANCIAI I FASES

Leases are classified as financial leases when the terms of the lease substantially transfer all the risks and benefits of the property to the lessee. All other leases are classified as operating leases.

II. OPERATING LEASES

Operating lease payments are acknowledged as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative to reflect the temporary pattern in which the economic benefits of the leased asset are consumed. Contingent leases are acknowledged as expenses in the period in which they are incurred.

In the event that rental incentives are received in order to agree an operating lease, such incentives are acknowledged as a liability. The accumulated benefit for incentives is acknowledged linearly as a reduction of the lease expense, except when another systematic basis is more representative to reflect the temporary pattern in which the economic benefits of the leased asset are consumed.

III. IMPLICIT LEASES

The Company reviews its contracts to verify the possible existence of implicit leases, in accordance with IFRIC 4.

E. Financial assets

Acquisitions and disposals of financial instruments are acknowledged on the trading date, that is, the date on which the Group commits to acquire or sell the asset. Investments are written off when the rights to receive cash flows from the investments have been transferred and the Group has substantially transferred all the risks and benefits derived from their ownership.

Financial assets are classified in the following categories:



- Financial assets at fair value with changes in comprehensive income
- Financial assets at fair value with changes in income
- Financial assets at amortized cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial acknowledgment.

Aguas del Maipo S.A. invests in low risk securities, that comply with the classification standards established in its investment policies. Thus, Mutual Investment Funds must have an AAfm / M1 rating (Quotas with very high protection against loss, associated with credit risks / installments with the lowest sensitivity to changes in economic conditions). Fixed term deposits and pacts contracted are instruments with N-1 classification (Instruments with the highest capacity to repay the capital and pay interest pursuant to the agreed terms and conditions).

The issuing institutions of these instruments correspond to banking companies or bank subsidiaries, with risk classification N-1 and their instruments have a risk rating of at least AA (with a very high capacity to pay capital and interest according to the agreed terms and conditions, which would not be significantly affected by eventual changes in the issuer, the industry to which it belongs or in the economy).

I. EFFECTIVE INTEREST RATE METHOD

The effective interest rate method corresponds to the method of calculating the amortized cost of a financial asset or liability and the allocation of interest revenues or expenses during the entire corresponding period. The effective interest rate corresponds to the rate that accurately discounts estimated future cash flows receivable over the expected life of the financial asset and makes the Net Present Value (NPV) equal to its nominal value.

II. FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES IN RESULTS

Financial assets are presented at fair value through income results when the financial asset is held for trading or designated at fair value with changes in income results.

Financial assets at fair value with changes in income results are valued at fair value and any resulting loss or gain is acknowledged in income results. The net loss or gain acknowledged in income results includes any dividend or interest received on account of the financial asset.

Aguas del Maipo S.A. holds shares of Sociedad Eléctrica Puntilla SA, which have been valued at their fair value at the acquisition date, as established in IAS No. 39. Its subsequent measurement will be carried out at cost because there is no active market, according to the provisions of the same rule

III. LOANS AND ACCOUNTS RECEIVABLE

Trade debtors, loans and other accounts receivable are non-derivative financial assets payable in fixed or determinable periods and are not traded on an active market and are classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest rate method minus any loss for impairment, except for short-term accounts receivable, where the acknowledgement of interest would be immaterial.

COMMERCIAL DEBTORS AND OTHER ACCOUNTS RECEIVABLE

Commercial debtors and other accounts receivable are initially recognized at their fair value, these are recorded at net value of the uncollectible or low debtor estimates probability of collection.

F. Policy of impairment of commercial debtors and other accounts receivable

The Company continuously evaluates impairments affecting its financial assets. The amount is acknowledged under bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used, and the loss is acknowledged in the statement of comprehensive income under "other expenses." When an account receivable is not recoverable, it is recorded under provisions for accounts receivable based on the expected credit loss model as established in IFRS 9.

Estimates are based on the following historic situation: considering recovery statistics, which indicate that after the eighth months of an unpaid invoice, the possibility of collection is marginal; in other words, the probability of recovering the billed amount is minimal.

Clients with debts over 120 days are provisioned 100% of the overdue debt.

The documents receivable with overdue debt are provisioned 100%.

G. Dividend policy

The dividend policy of the Company and as established in article 79 of Law 18,046 that governs Corporations, is to distribute at least 30% of the net profits of each year. In the event that these dividends do not exist or are lower than the minimum established in the Law, the respective provision will be made.

In addition to this and prior authorization from the Ordinary Shareholders' Meeting, the remaining 70% may be distributed as an additional dividend, provided that the current capitalization level of the Company is maintained and remains compatible with its investment policies.



H. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the closing of each fiscal year, as per the following parities

CURRENCY	12-31-2018 \$	12-31-2017 \$
US dollar	694,77	614,75
Euro	794,75	739,15

Foreign currency transactions are converted to the functional currency using the exchange rates as of the transaction date. Foreign currency gains and losses resulting from the liquidation of these transactions and their conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of comprehensive income. Different exchange rates are registered in the income of the fiscal year in which they have accrued.

I. Financial liabilities

Loans and similar loans are initially recorded at their fair value, net of the costs incurred in the transaction. Subsequently, they are valued at amortized cost, using the effective interest rate.

J. Provisions and contingent liabilities

Provisions are acknowledged when the Company has a present obligation that is a consequence of past events, and for which it is likely to use resources to settle the obligation and on which it can make a reasonable estimate of the amount of the obligation.

The quantification of the provisions is made considering the best available information on the event and its consequences and is re-estimated at the closing of each accounting closing. The provisions established are used to meet the specific risks for which they were originally acknowledged, and are reviewed in full or in part, when said risks disappear or decrease.

Contingent liabilities are all those possible obligations arising as a result of past events, whose future materialization and associated equity damage is estimated of low probability. In accordance with IFRS, the company does not recognize any provision for these items

K. Income tax and deferred taxes

The expense for income tax corresponds to the sum of the tax on earnings payable and the variation of assets and liabilities for deferred taxes.

The income tax is determined based on the tax income of the period. The income tax payable by the Company is calculated using the tax rates that have been approved, or that are in the last approval process, on the closing date of the balance sheet.

Deferred taxes are acknowledged on the basis of the differences between the book values of the assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of the tax income and are accounted for in accordance with the liability method based on the balance sheet. Deferred tax liabilities are acknowledged for all taxable temporary differences, and deferred tax assets are acknowledged for all deductible temporary differences to the extent that it is probable that future tax benefits exist with which to offset such differences. Deferred tax assets or liabilities are not acknowledged if the temporary differences arise from the lower value or from the initial acknowledgment (except in a business combination) of other assets and liabilities in a transaction that does not affect the tax incomes or financial income.

The book value of deferred tax assets is reviewed at the date of each balance sheet and is reduced to the extent that it is no longer probable that sufficient available tax incomes are available to allow the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in force in the period in which the liability is settled or the asset is realized, based on the tax rates that have been approved, or are practically ending their approval process at the closing of the balance sheet fiscal year. The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise due to the manner in which the Company expects, at the reporting date, to recover or settle the book value of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

L. Current revenue

POLICY FOR ACKNOWLEDGING CURRENT REVENUE

The Company determined its acknowledgment and measurement of revenues from ordinary activities, based on the principle that revenues are acknowledged for an amount that reflects



the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. This fundamental principle must be applied based on a 5-step model:

- (1) identifying the contract with the client;
- (2) identifying the performance obligations of the contract;
- (3) determining the price of the transaction;
- (4) allocating the transaction price to performance obligations; and
- (5) acknowledging income when (or as) performance obligations are being met.

POLICY FOR ACKNOWLEDGING CURRENT REVENUE FROM SALES OF GOODS

Revenue from sales of goods is acknowledged once the risk and significant advantages resulting from the ownership of the goods have been transferred. The Company is no longer bound to the asset sold. The amount of revenue can be reliably measured. The company is likely to receive the economic benefits associated with the sale and the costs incurred in the transaction can also be reliably measured.

POLICY FOR ACKNOWLEDGING CURRENT REVENUE FROM THE SALE OF SERVICES

Revenue from sales of services is measured at fair value. Billing is carried out on the basis of actual consumption or work carried out on the consideration receivable, net returns, trade discounts and rebates, so the revenue is recorded when it is transferred to the client and recovery is considered probable. In addition, the associated costs and possible discounts for erroneous billings can be reliably estimated.

M.Environmental information

In order to reduce its impact on the environment, the Company endeavors to improve the use it gives to the resources available to produce and deliver the service (reduce energy use and improve waste management). This action allows it to meet its 2015-2020 objectives, becoming a sustainable company. During 2007, the Company secured certification for all its processes under the ISO 14001 standard, which is maintained to this date, allowing work in the water cycle process under these standards.

These assets, like any other asset, are valued at cost. The Company and its subsidiaries amortize these items on a straight-line basis as a function of the estimated remaining years of useful lives for the different items.

N. Cash flow statements

The statement of cash flows includes the cash movements made during the period, which are determined by the following criteria:

CASH AND CASH EQUIVALENT: Represent cash inflows and outflows of equivalent financial assets, meaning low-risk highly-liquid value investments (with expiration of under 3 months from the date of investment without restrictions).

OPERATING ACTIVITIES: Represent typical activities of the normal operation of the business of the company, as well as other activities not classified as investment or financing.

INVESTMENT ACTIVITIES: Represent activities of acquisition, sale or disposition by other means of long-term assets and other investments not included in cash and cash equivalents.

FINANCING ACTIVITIES: Represent activities that produce changes in the amount and composition of the net equity and liabilities that are not part of the regular activities.

Note 7 Information to be disclosed about related entities

Balances and transactions with related entities

Accounts receivable from related entities originate in Chile, the currency of the transactions is Chilean pesos, and maturity dates are of 30 days.



TAX ID N° RELATED PARTY	NAME OF RELATED PARTY	NATURE OF THE RELATIONSHIP	NATURE OF THE TRANSACTIONS WITH RELATED PARTIES	DEADLINES	GUARANTEES	12-31-2018 M\$	12-31-2017 M\$
61.808.000-5	Aguas Andinas S.A.	Controller	Office lease guarantee La Farfana plant	30 days	Without guarantees	662	643
A85788065	Aqua Development Network S.A.	Related to controller	Integrated talent mgmt. contract	30 days	Without guarantees	411	0
Totales						1.073	643

Accounts payable to related companies

Accounts payable to related entities originate in Chile and are transacted in pesos.

TAX ID N° RELATED PARTY	NAME OF RELATED PARTY	NATURE OF THE RELATIONSHIP	NATURE OF THE TRANSACTIONS WITH RELATED PARTIES	DEADLINES	GUARANTEES	12-31-2018 M\$	12-31-2017 M\$
96.713.610-7	Agbar Chile S.A.	Related to controller	Development and execution of change mgmt. system	30 days	Without guarantees	0	0
61.808.000-5	Aguas Andinas S.A.	Controller	Complementary insurance payment, land lease	30 days	Without guarantees	400,966	0
61.808.000-5	Aguas Andinas S.A.	Controller	Biogas supply	30 days	Without guarantees	21,085	103,853
61.808.000-5	Aguas Andinas S.A.	Controller	Minimum dividend provision	30 days	Without guarantees	0	166,063
96.809.310-K	Aguas Cordillera S.A	Related to controller	Minimum dividend provision	30 days	Without guarantees	0	16,835
89.221.000-4	Aguas Manquehue S.A.	Related to controller	Minimum dividend provision	30 days	Without guarantees	0	18,025
A85788065	Aqua Development Network S.A.	Related to controller	Integrated talent mgmt. contract	30 days	Without guarantees	2,426	0
76.938.110-4	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to controller	Operation of La Farfana biogas purifying plant, control and monitoring of electric energy costs.	30 days	Without guarantees	167,783	105,348
61.808.000-5	Aguas Andinas S.A.	Controller	Loan payable	30 days	Without guarantees	3,317,876	2,799,215
Totals						3,910,136	3,209,339



Transactions with related entities

Transactions with related entities originate in Chile and are transacted in pesos.

						CURRENT	(TH\$)	
NAME OF RELATED PARTY	NATURE OF THE RELATIONSHIP		NATURE OF THE TRANSACTIONS WITH RELATED PARTIES	TYPE OF CURRENCY	12-31-2018		12-31-2017	
TAKTI			WITH RELATED FARTIES	COMMENTE	AMOUNT	EFFECTS ON INCOME (DEBIT)/CREDIT	AMOUNT	EFFECTS ON INCOME (DEBIT)/CREDIT
Aguas Andinas S.A.	Controller	CL	Biogas purchases	CLP	333,791	-333,791	7,648	-7,648
Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	CL	Operation and maintenance services Biogas Plant.	CLP	208,885	-208,885	329,350	-329,350
Aguas Andinas S.A.	Controller	CL	Taking of loans	CLP	2,229,000	0	2,815,500	0
Aguas Andinas S.A.	Controller	CL	Payment of loans	CLP	-1,802,000	0	-18,000	0

The materiality criterion for reporting transactions with related entities is of amounts greater than Th \$ 100,000.



Financial Situation Statements As of December 31, 2018 and December 31, 2017

(Thousand Ch\$)

ASSETS	2018 TH\$	2017 TH\$
Current assets	1,251,161	2,066,321
Non-current assets	13,694,722	14,356,295
Total assets	14,945,883	16,422,616

LIABILITIES	2018 TH\$	2017 TH\$
Current liabilities	5,760,770	7,200,920
Non-current liabilities	53,572	109,474
Equity	9,131,541	9,112,222
Total liabilities and equities	14,945,883	16,422,616

Cash Flow Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Net cash flow of operating activities	1,389,617	604,804
Net cash flow of investsment activities	-1,821,255	-3,484,590
Net cash flow of financing activities	427,000	2,797,500
Net increase (decrease) in cash and cash equivalents	-4,638	-82,286
Final balance of cash and cash equivalents	13,417	95,703
Final balance of cash and cash equivalent	8,779	13,417

Comprehensive Income Statement As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Current revenue	1.061.523	1,335,159
Operating cost	-1.206.172	-655,995
Other earnings (losses)	0	0
Financial income	-91.661	156,080
Other different from operating	27,683	4,857
Income tax	27,023	-170,358
Loss attributable to the property owner of the controller	-181,604	669,743

Statement Of Equity Changes As of December 31, 2018 and December 31, 2017 (Thousand Ch\$)

	2018 TH\$	2017 TH\$
Issued capital	7.971,221	7.971,221
Other equity shareholdings	-410,716	-410,716
Accumulated earnings (losses)	1,571,036	1,551,717
Final equity balance	9,131,541	9,112,222



Financial Statements As of December 31 2018 and December 31 2017

ASSETS	AGUAS CORDILLERA S.A.		AGUAS MANQUEHUE S.A.		IBERAGUAS LTDA. & SUBS.		ESSAL S.A.	
	2018 TH CH\$	2017 TH CH\$	2018 TH CH\$	2017 TH CH\$	2018 TH CH\$	2017 TH CH\$	2018 TH CH\$	2017 TH CH\$
Current Assets	18,232.503	18,111,056	4,874,181	4,698,352	22,088,977	32,270,.785	22,086,592	32,262,114
Non Current Assets	307,744.281	303,296,984	92,481,887	88,826,395	194,103,064	182,690,093	167,386,351	155,973,380
Total Assets	325,976,784	321,408,040	97,356,068	93,524,747	216,192,041	214,960,878	189,472,943	188,235,494
LIABILITIES								
Current Liabilities	5,760,770	7,200,920	17.732.101	15,292,813	20,128,277	15,403,741	21,913,688	17,441,531
Non Current Liabilities	53,572	109,474	25.633.063	24,353,717	92,060,682	94,198,693	92,060,682	94,198,693
Shareholders' Equity	9,131,541	9,112,222	53.990.904	53,878,217	67,008,781	67,826,762	75,498,573	76,595,270
Minority Interest	9,131,541	9,112,222	-	-	36,994,301	37,531,682	-	-
Total Labilities and Shareholders' Equity	14,945,883	16,422,616	97,356,068	93,524,747	216,192,041	214,960,878	189,472,943	188,235,494
INCOME STATEMENT								
Current Revenues	69,421,060	63,924,489	14,099,497	12,401,009	58,268,739	54,926,019	58,268,739	54,926,019
Operating Costs	(42,520,091)	(39,427,384)	(8,380,740)	(7,988,554)	(38,706,590)	(34,781,825)	(38,700,322)	(34,775,772)
Financial Result	(1,668,679)	(818,611)	(694,111)	(63,052)	(2,848,907)	(2,972,488)	(2,848,907)	(2,972,488)
Other different from operating	(2,028,154)	616,105	(540,770)	(243,448)	(1,873,452)	(781,254)	(1,873,287)	(781,033)
Income Tax	(4,895,894)	(5,404,534)	(914,392)	(912,954)	(4,020,066)	(4,188,086)	(3,988,777)	(4,169,588)
Minority Interest	(15)	(14)	-	-	(5,320,149)	(5,991,297)	-	-
Profit/Loss attributable to the property owner of the controller	18,308,227	18,890,051	3,569,484	3,193,001	5,499,575	6,211,069	10,857,446	12.227.137
Cash Flow Statement								
Net cash flow of operating activities	25,922,007	10,620,784	8,068,913	1,451,727	24,788,797	18,200,338	24,817,909	18,224,918
Net cash flow of investment activities	(14,234,522)	(9,981,002)	(8,978,944)	(2,824,691)	(18,859,388)	(14,.156,895)	(18,859,388)	(14,156,895)
Net cash flow of financing activities	(11,927,983)	(34,608,187)	936,691	278,673	(16,554,306)	8,483,844	(16,577,132)	8,466,594
Net increase (decrease) in cash and cash equivalents	(240,498)	(33,968,405)	26,660	(1,094,291)	(10,624,897)	12,527,287	(10,618,611)	12,534,617
Initial balance of cash and cash equivalents	976,151	34,944,556	177,119	1,271,410	12,756,692	229,405	12,748,.021	213,404
Final balance of cash and cash equivalent	735,653	976,151	203,779	177,119	2,131,795	12,756,692	2,129,410	12,748,021



Financial Statements As of December 31 2018 and December 31 2017

ASSETS	ECORILES S.A.		AGUAS DEL MAIPO S.A		GESTIÓN Y SERVICIOS S.A		ANÁLISIS AMBIENTALES S.A	
	2018 TH CH\$	2017 TH CH\$	2018 TH CH\$	2017 TH CH\$	2018 TH CH\$	2017 TH CH\$	2018 TH CH\$	2017 TH CH\$
Current Assets	5,438,938	4,718,568	1,251,161	2,066,321	5,898,957	6,325,828	2,975,903	1,838,309
Non Current Assets	531,601	501,160	13,694,722	14,356,295	770,995	780,187	5,178,956	4,614,248
Total Assets	5,970,539	5,219,728	14,945,883	16,422,616	6,669,952	7,106,015	8,154,859	6,452,557
LIABILITIES								
Current Liabilities	2,550,466	2,101,177	5,760,770	7,200,920	3,379,347	3,687,532	2,489,677	1,700,455
Non Current Liabilities	-	-	53,572	109,474	45,513	41,863	-	-
Shareholders' Equity	3,420,073	3,118,551	9,131,541	9,112,222	3,245,092	3,376,620	5,665,182	4,752,102
Minority Interest			-	-				
Total Labilities and Shareholders' Equity	5,970,539	5,219,728	14,945,883	16,422,616	6,669,952	7,106,015	8,154,859	6,452,557
INCOME STATEMENT								
Current Revenues	13,324,400	13,389,212	1,061,523	1,335,159	8,646,294	8,363,693	8,832,301	8,301,209
Operating Costs	(10,870,582)	(11,176,764)	(1,206,172)	(655,995)	(8,279,948)	(7,928,958)	(7,166,509)	(6,706,861)
Financial Result	9,827	14,105	(91,661)	156,080	72,015	30,533	(34,552)	(62,637)
Other different from operating	(46,018)	4,895	27,683	4,857	(142,874)	339,270	(87,885)	4,357
Income Tax	(634,375)	(551,107)	27,023	(170,358)	(32,515)	(189,894)	(379,600)	(372,811)
Minority Interest			-	-				
Profit/Loss attributable to the property owner of the controller	1,783,252	1,680,341	(181,604)	669,743	262,972	614,644	1,163,755	1,163,257
Cash Flow Statement								
Net cash flow of operating activities	1,151,923	1,054,308	1,389,617	604,804	123,807	403,826	708,294	2,102,735
Net cash flow of investment activities	1,233,728	(416,297)	(1,821,255)	(3,484,590)	618,478	(657,524)	(481,079)	(300,158)
Net cash flow of financing activities	(2,540,000)	(1,722,641)	427,000	2,797,500	(500,000)	-	(195,000)	(1,766,742)
Net increase (decrease) in cash and cash equivalents	(154,349)	(1,084,630)	(4,638)	(82,286)	242,285	(253,698)	32,216	35,835
Initial balance of cash and cash equivalents	383,121	1,467,751	13,417	95,703	708,049	961,747	40,073	4,238
Final balance of cash and cash equivalent	228,772	383,121	8,779	13,417	950,334	708,049	72,289	40,073





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