

2014

ANNUAL
REPORT



www.aguasandinasinversionistas.cl



THROUGHOUT 2014, WE CONTINUED WORKING ARDUOUSLY, WITH
DEDICATION AND PROFESSIONALISM, IN ORDER TO BESTOW BETTER
SERVICE TO OUR CLIENTS, EVERY MINUTE AND EVERY DAY

BECAUSE WE DELIVER

 water, 
life  we deliver



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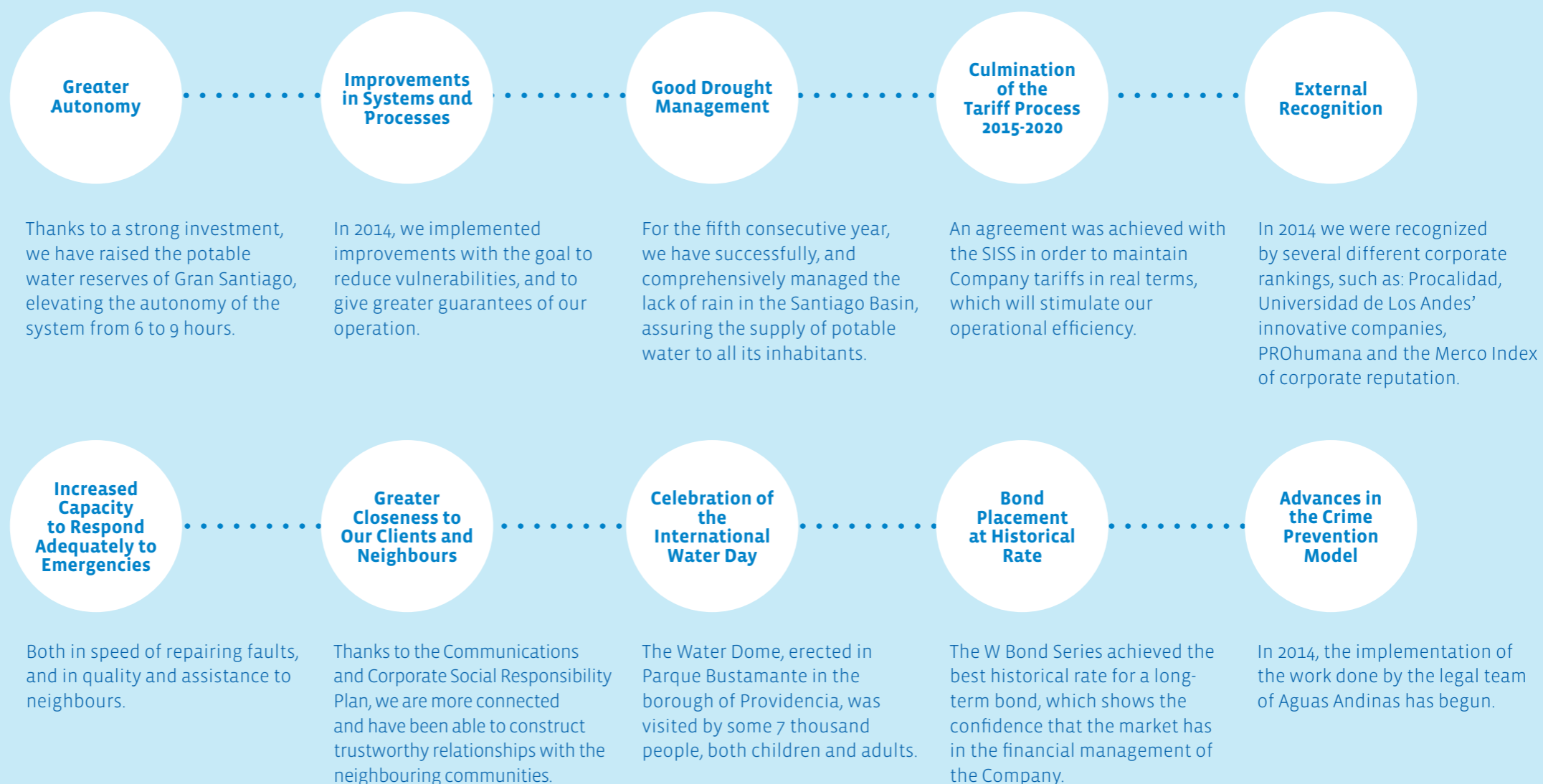
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1.1_OUR BUSINESS

2014
HIGHLIGHTS

During this exercise, **we strived to deliver a more efficient, a more opportune and quality service to our clients**, in harmony with a sustainable development for the Company, and for the environment.



1.2_OUR BUSINESS

YEAR-END FIGURES



INDICATORS THAT VALIDATE SERIOUS AND RESPONSIBLE MANAGEMENT

FINANCIAL SUMMARY IN Ch\$MM:

As of Dec 31	2010	2011	2012	2013	2014
Potable Water Revenue	136,573	147,715	152,918	157,307	171,488
Sewage Revenue	148,169	166,504	174,839	184,299	202,001
Other Regulated Revenue	12,994	11,707	14,948	16,557	20,282
Other Non-Regulated Revenue	31,228	36,842	40,182	45,716	46,963
Total Revenue	328,964	362,768	382,886	403,879	440,734
Operating Income	149,786	173,230	186,713	183,827	207,412
Net Income	103,850	111,479	121,270	116,676	119,422
Total Assets	1,373,386	1,469,996	1,546,225	1,577,711	1,606,472
Short-Term Liabilities	92,932	197,886	166,752	220,195	176,506
Long-Term Liabilities	606,822	593,048	695,221	679,847	763,568
Minority Interest	66,044	64,974	62,498	61,128	55,634
Equity Attributable To The Controlling Owners	607,588	614,088	621,754	616,541	610,764



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OPERATIONAL INFORMATION:

As of December 31	2010	2011	2012	2013	2014
Total Potable Water Customers	1,908,816	1,946,186	1,984,132	2,039,298	2,096,999
Total Sewage Collection Customers	1,865,772	1,904,586	1,943,788	1,999,419	2,045,634
Total Water Billed (million of m ³)	520.5	535.5	539.2	548.9	558.6
Sewage Collection Billed (million of m ³)	507.2	521.8	526.5	534.1	540.5
Sewage Treatment and Disposal Billed (million of m ³)	442.3	454.2	460.4	466.9	473.7
Sewage Interconnections Billed (million of m ³)	116.3	118.9	119.6	119.1	119.3
Total Potable Water Coverage	100%	100%	100%	100%	100%
Total Sewage Collection Coverage	98.70%	98.80%	98.50%	98.70%	⁽¹⁾
Total Sewage Treatment Coverage	85.50%	85.50%	100%	100%	100%
Total Number of Employees	1,926	1,805	1,839	1,853	1,878

⁽¹⁾ Estimate given by the Superintendence of Sanitation Services, to be published during 2015.



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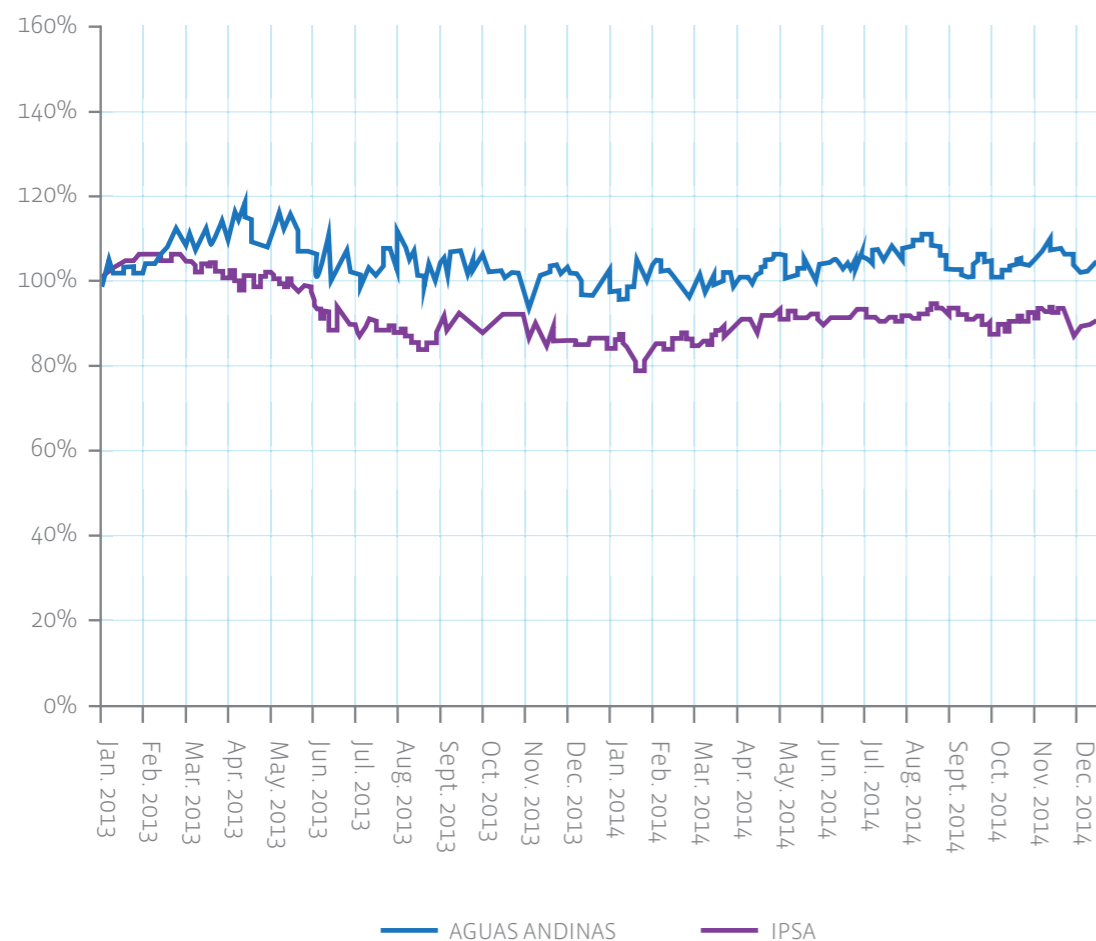
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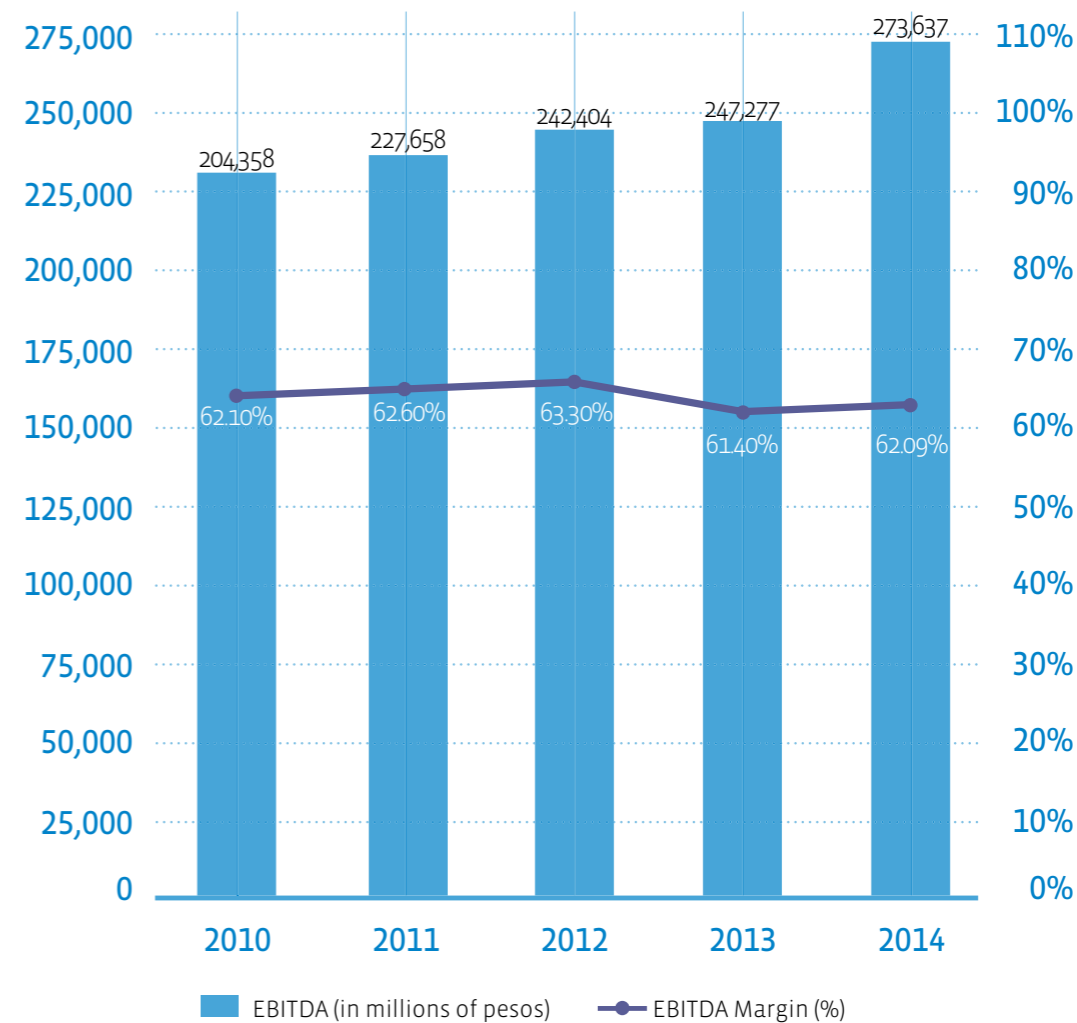
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STOCK PERFORMANCE ⁽¹⁾

⁽¹⁾ Source: Santiago Stock Exchange. Base 100.

EBITDA - EBITDA MARGIN ^{(2) (3)}

^{(2) (3)} EBITDA: Operational result + depreciation of the year + amortization of intangibles. EBITDA: Ordinary income – consumption of raw and secondary materials – personnel expenses – miscellaneous operational expenses.

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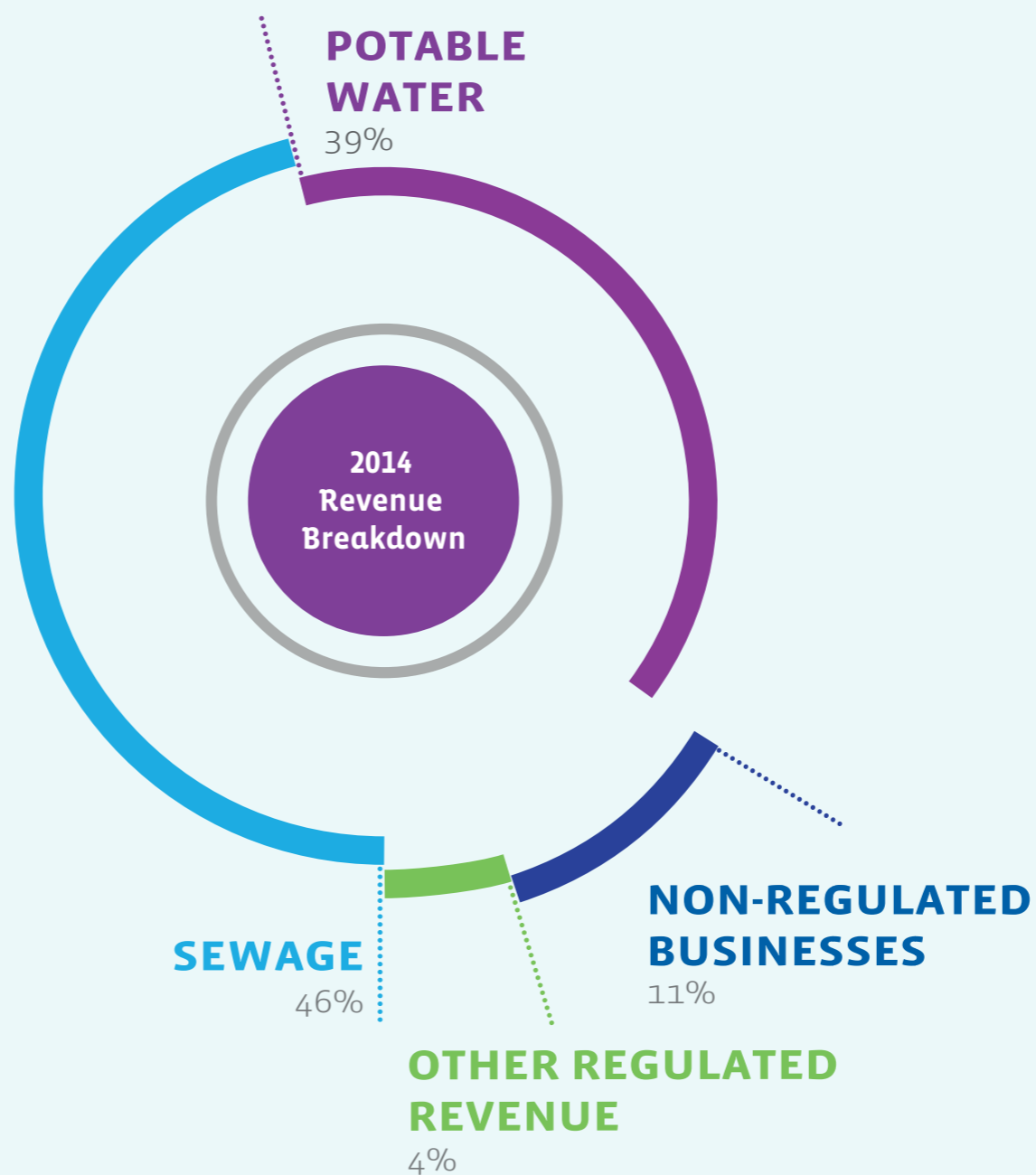
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2014 REVENUE BREAKDOWN



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1.3_OUR BUSINESS

WE ARE AGUAS ANDINAS S.A.

THE LARGEST SANITATION COMPANY IN CHILE AND PART OF ONE OF THE MOST IMPORTANT SANITATION GROUPS IN LATIN AMERICA.

Our job is to deliver to the inhabitants of the Metropolitan, De Los Lagos, and De los Ríos regions the services of raw water catchment; production, transport and distribution of potable water; and recollection, treatment and disposal of sewage.

Our mission is to give life to the inhabitants and the environment of the Santiago Basin.

To this end, we work day and night, 365 days a year, in order to guarantee continuous service with high standards of safety, quality and reliability.



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1.4_OUR BUSINESS

OUR HISTORY

EVERY YEAR REPRESENTS A NEW PERIOD OF IMPROVEMENTS AND ADVANCES IN OUR 153 YEARS OF TRAJECTORY.



1861

Empresa de Agua Potable de Santiago is created.

1917

Inauguration of the Laguna Negra aqueduct, an extent of some 87 kilometers, which transports water from the mountains.

1946

The Las Vizcachas Plant comes into operation, with the end goal of producing potable water for Santiago.

1967

The El Yeso reservoir begins to function.

1977

The Company changes its name to Empresa Metropolitana de Obras Sanitarias (EMOS).

1989

EMOS is transformed into a corporation, a subsidiary of CORFO.

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1.4_OUR BUSINESS

1997

The corporate building is inaugurated in Parque de los Reyes, Santiago.

1999

Privatization of the Company: Sociedad Inversiones de Aguas Metropolitanas Ltda., formed by the Agbar Group (50%) and Suez Environnement (50%), purchases 51.2% of Aguas Andinas.

2000

Construction of the Sewage Treatment Plant El Trebal. 100% Acquisition of Aguas Cordillera and 50% of Aguas Manquehue.

2001

The Company changes its name to Aguas Andinas S.A. Entry into operation of the El Trebal Plant, construction of La Farfana. Anam and EcoRiles are established.

2002

Inauguration of the Center of Operative Control. Acquisition of the remaining 50% of Aguas Manquehue. The sanitation plants, San José de Maipo and Paine, enter into operation.

2003

The Sewage Treatment Plant La Farfana begins operation. The Company obtains the ISO 9.000 certification for customer service.

2007

The Company obtains tri-certification for its sanitation installations (ISO 9.000, ISO 14.000 and OHSAS 18.000).

2008

The Company takes control of Empresa de Servicios Sanitarios de Los Lagos (ESSAL) through the acquisition of 53.5% of its property. Merger of the subsidiaries the Aguas Cordillera S.A. and Aguas Los Dominicos S.A.

2009

The Strategic Client Plan (PEC), is put into action and looks to renovate computer systems dealing with customer service.

2010

“Mapocho Urbano Limpio” (“Clean Urban Mapocho”) is inaugurated, an environmental project that becomes a bicentennial landmark for the country.

2011

CORFO sells the majority of its shares in the Company, keeping 5% of its titles.

2012

The Company obtains re-certification of the international standard OHSAS 18.001. Aguas Andinas receives the “Best Company” prize awarded by ICARE.

2013

The Mapocho Sewage Treatment Plant begins operation, achieving the Company's goal of treating 100% of sewage in the Metropolitan Region. The Ariete Project begins with the goal of incorporating improvements in emergency management procedures.

2014

AGUAS ANDINAS OBTAINS THE 17TH PLACE IN THE PROHUMANA RANKING, WHICH MEASURES THE SOCIAL RESPONSIBILITY OF COMPANIES. THE COMPANY PLACES THE “W SERIES” BOND IN THE FINANCIAL MARKET, ACHIEVING THE BEST HISTORICAL RATE FOR A LONG TERM BOND.

Aguas Andinas **has gone through an important modernization process** in the 21st Century.



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1.5_OUR BUSINESS

LETTER FROM THE PRESIDENT

I am extremely pleased to deliver the annual report and financial statements of the Company for this past year, ended December 31, 2014.

Reflecting about the Company's management during the last year, I would like to begin by highlighting the conviction of Aguas Andinas' team for going ever further in their objective of delivering excellent service at an operational as well as an relational level. It is not a minor challenge considering that the changes in the economic and social environment, as well as the emergence of phenomena attributable to climate change, are having a negative impact on consumer-company relationships.

With this outlook, the Company began a revision of all of its operational and customer service processes so as to live up to the new expectations. With this focus, the Company invested Ch\$88,844 million in 2014, 3.3% more in comparison to 2013. For the 2015-2020 period, Aguas Andinas will assign investments for US\$ 900 million intended for the increase of water reserves in Santiago, the implementation of improvements in its distribution networks so as to reduce water losses and the increase in capacity of the Mapocho-Trebal Sewage Treatment Plant. These series of measures will have a positive impact in our customers' experience.



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1.5_OUR BUSINESS

LETTER FROM THE PRESIDENT

PRO-CUSTOMER INITIATIVES

In the operational domain, the Company designed an Operations Plan with the purpose of increasing the reliability and security of processes and operations focused on the client. The key projects are: a Hydraulic Efficiency Plan, whose objective is to decrease physical and commercial losses from 30% to 20% in six years, an integral maintenance plan, a plan to control the quality of potable water, the automation of distribution networks to guarantee a reliable, robust, safe, immediate and oportune operation ensuring the continuity of service, a plan to increase the technological standards of the Operations Control Center focused on transforming it in the center of resource management for the Company, and the technical upgrade of the Potable Water Production Plants which will allow for an improvement and automation of the control of the processes in them.

In addition to this, a Strategic Customer Plan was implemented for which a deep revision was made in the customer service processes, protocols and information flows, with the purpose of generating significant improvements in customer experience, which will be noticed starting 2015. For this, 52 initiatives and projects were defined which focus on ensuring the availability of the basic service, to improve the service experience, service which has to be agile, simple, operative, and which should work towards improving the perception of the benefits that our work generates for the city of Santiago and its inhabitants. We aim for multichannel service, applying technology to our relationship with our clients. We have developed a virtual agency and mobile applications to ease the interaction with our Company. We have implemented a new survey system which allows us to "listen to the client" and incorporate their point of view in our processes. We have also developed a real estate portal, amongst other initiatives.

MANAGING THE IMPACTS OF DROUGHT

Among the achievements of 2014, I wish to highlight the Company's efforts for maintaining the continuity and quality of our service in spite of the great drought which affects our country. For fifth consecutive year, our customers were not affected by the scarcity of water that extends from north to south. This has been possible because of the developed investments- around US\$ 34 million in five years- as well as Aguas Andinas's persistence in promoting integrated and collaborative management among the users of the Maipo River.

TARIFF AGREEMENT

The 2014 term was also centered around the sixth tariff setting process for Aguas Andinas. After long and arduous technical work, which required many hours of dedication and study, an agreement was reached in November with the Superintendence of Sanitation Services for the tariffs for the 2015-2020 period. This way, we can say with pride that once again, Aguas Andinas's bills will be one of the cheapest in Chile and will continue to stand out among the capital cities of the countries that are part of the Organization for Economic Cooperation and Development (OECD).

HISTORICAL BOND

Thanks to the market's confidence in our management, in May the Company placed a 2 million UF bond (V Series) at a rate of 3.48 UF for 23 years and a second bond, Series W, for 2.3 million UF in August at a rate of 3.16 UF, also for 23 years. This placement marks a new landmark in the Chilean capitals market, since it achieved the lowest rate for corporate bond issuances for terms longer than 20 years.

EXTERNAL RECOGNITION

Also, it is important to highlight that during the term informed, our work was recognized externally in the areas of our customer management, service quality, innovation and corporate social responsibility. I highlight the Procalidad ranking award for Innovative Companies by Universidad de Los Andes, the PROhumana Index and the Merco, which evaluates corporate reputation.

CHALLENGES

I believe it is important to point out that even though we feel great satisfaction for the advances achieved throughout 2014, we are conscious of the fact that we are working in an environment in which companies must earn the trust of their customers, workers, authorities, and neighbors through ethical and transparent actions.

From a service standpoint, we have the challenge of adopting the necessary measures so that the drought does not affect the continuity of service. Furthermore, we hold the conviction that the efforts of today are not enough for the medium or long term. Indeed, even if it rains this year, the recuperation of the sources implies more than one hydrological period. Because of this, as a country, we must prepare to live with longer and more frequent scarcity periods. At Aguas Andinas we are committed to continue working to contribute solutions that benefit our customers and that are at Chile's service.

Felipe Larrain Aspíllaga
President

1.6_OUR BUSINESS

BOARD OF DIRECTORS



TITULAR DIRECTORS

1. PRESIDENT

Felipe Larrain Aspillaga /
Civil Engineer

2. VICE PRESIDENT

Josep Bagué Prats /
Economist

3. DIRECTOR

Ricardo Escobar Calderón /
Lawyer

4. DIRECTOR

Herman Chadwick Piñera /
Lawyer

5. DIRECTOR

Bruno Philippi Irrarrázabal /
Civil Engineer

6. DIRECTOR (Independent)

Rodrigo Manubens Moltedo /
Commercial Engineer

7. DIRECTOR (Independent)

Gonzalo Rojas Vildósola /
Commercial Engineer

SUBSTITUTE DIRECTORS

Olivier Jaquier

Deputy Financial Director

Fernando Samaniego Sangroniz

Lawyer

Xavier Amorós Corbella

Lawyer

Lorenzo Bernaldo de Quiroz

Economist, Bachelor of Law

Jorge Cosme Sagnier Guimón

Economist

Rodrigo Terré Fontbona

Civil Industrial Engineer
(Independent)

Jaime Cuevas Rodríguez

Commercial Engineer
(Independent)

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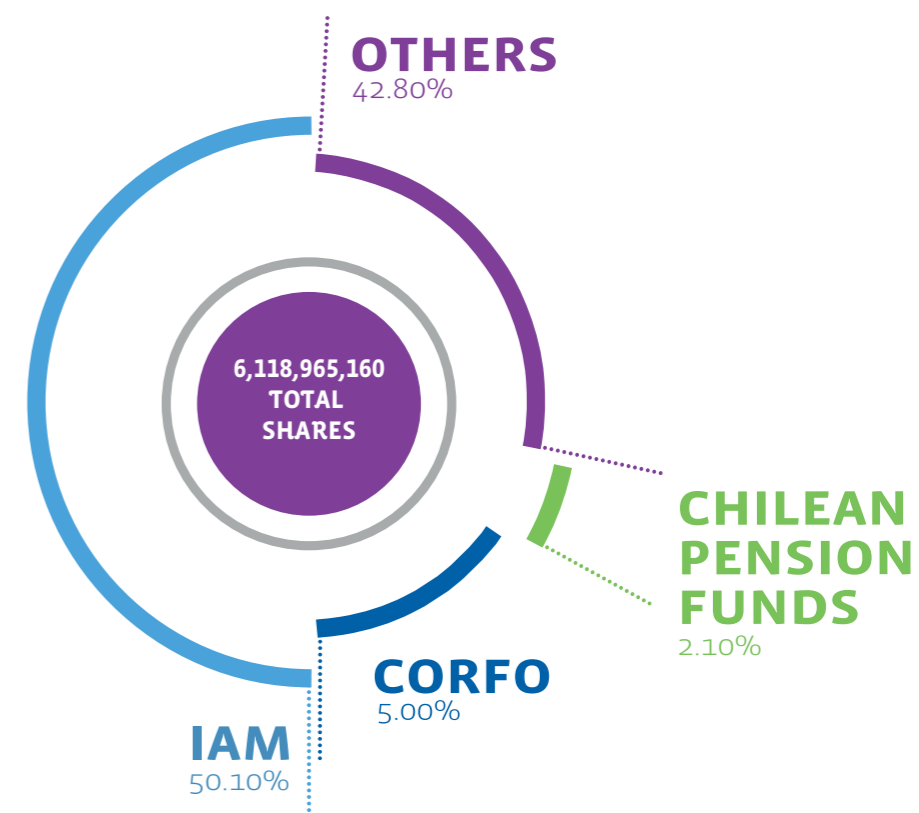
BUSINESS OWNERSHIP

LARGEST SHAREHOLDERS

As of the end of the term, Aguas Andinas S.A.'s twelve largest shareholders are the following:

NAME OR LEGAL NAME	TAX N°	SHARES	SERIES	%
Inversiones Aguas Metropolitanas S.A.	77.274.820-5	3,065,744,510	A	50.10%
Banco de Chile on Behalf of Non-Resident Third Parties	97.004.000-5	645,248,359	A	10.55%
Banco Itaú Investors Account	76.645.030-K	532,608,402	A	8.70%
Corporación de Fomento de la Producción (CORFO)	60.706.000-2	305,948,258	B	5.00%
Banco Santander on Behalf of Foreign Investors	97.036.000-K	228,660,177	A	3.74%
Transacciones e Inversiones Arizona Limitada	76.806.870-4	203,836,654	A	3.33%
Bethia S.A.	78.591.370-1	96,697,010	A	1.58%
Corpbanca Corredores de Bolsa S.A.	96.665.450-3	94,193,683	A	1.54%
Banchile Corredores de Bolsa S.A.	96.571.220-8	85,285,658	A	1.39%
Asociación de Canalistas Sociedad del Canal de Maipo	70.009.410-3	70,426,696	A	1.15%
BTG Pactual Chile S.A. Corredores de Bolsa	84.177.300-4	48,093,873	A	0.79%
Banco Santander-HSBCBank PLC London Client Account	97.036.000-K	42,062,416	A	0.69%
Other Series A (1655 Shareholders)		698,172,979	A	11.41%
Other Series B (26 Shareholders)		1,986,485	B	0.03%
		6,118,965,160		100%

AGUAS ANDINAS' OWNERSHIP STRUCTURE



As of the 31st of December 2014, there were 6,118,965,160 shares, completely subscribed and paid, distributed between 1,693 shareholders.

1.8_OUR BUSINESS

STRATEGIC PARTNER

Sociedad General de Aguas de Barcelona (SGAB) is the controlling and strategic partner of Aguas Andinas, through the ownership of 56.6% of Inversiones Aguas Metropolitanas (IAM) S.A.'s equity. The latter owns 50.1% of Aguas Andinas' shares. Suez Environnement owns 100% of SGAB's shares.

After more than 145 years, SGAB is an international leader with a presence in Spain, Chile, United Kingdom, Mexico, Colombia, Algeria, Peru, Brazil, Cape Verde, France, Portugal, Turkey and USA. SGAB adapts to the needs of the countries in which it operates in order to provide the best service to 25.6 million people daily.

Meanwhile Suez Environnement, the group that maintains control over SGAB, is a world leader in water and waste management, with more than 120 years of experience and a presence in 70 countries with more than 79 thousand employees worldwide.



With over **145 years of experience and leadership in the sanitation** industry, AGBAR guarantees the security of Aguas Andinas operations.



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1.9_OUR BUSINESS

ADMINISTRATION

CHIEF EXECUTIVE OFFICER

Corporate Manager,
Customer ServiceCorporate Manager,
Legal AffairsCorporate Manager,
Planning, Engineering
And SystemsCorporate Manager,
Organization And Human
ResourcesCorporate Manager,
Organization And Human
ResourcesCorporate Manager,
Finance And Procurement

ADMINISTRATION:

1. CHIEF EXECUTIVE OFFICER

Jordi Valls Riera / Lawyer

2. CORPORATE MANAGER, CUSTOMER SERVICE

Eugenio Rodríguez Mingo / Commercial Engineer

3. CORPORATE MANAGER, LEGAL AFFAIRS

Camilo Larraín Sánchez / Lawyer

4. CORPORATE MANAGER, PLANNING, ENGINEERING AND SYSTEMS

Jorge Bonilla Beckmann / Civil Engineer

5. CORPORATE MANAGER, OPERATIONS

Domingo Martínez Robledo / Industrial Engineer

6. CORPORATE MANAGER, ORGANIZATION AND HUMAN RESOURCES

Lluc Orpella Bernat / Economist

7. CORPORATE MANAGER, COMMUNICATIONS AND PUBLIC AFFAIRS

Ana Olate Soto / Journalist

8. CORPORATE MANAGER, FINANCE AND PROCUREMENT

Ivan Yarur Sairafi / Civil Industrial Engineer

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1.10_OUR BUSINESS

COVERAGE MAP

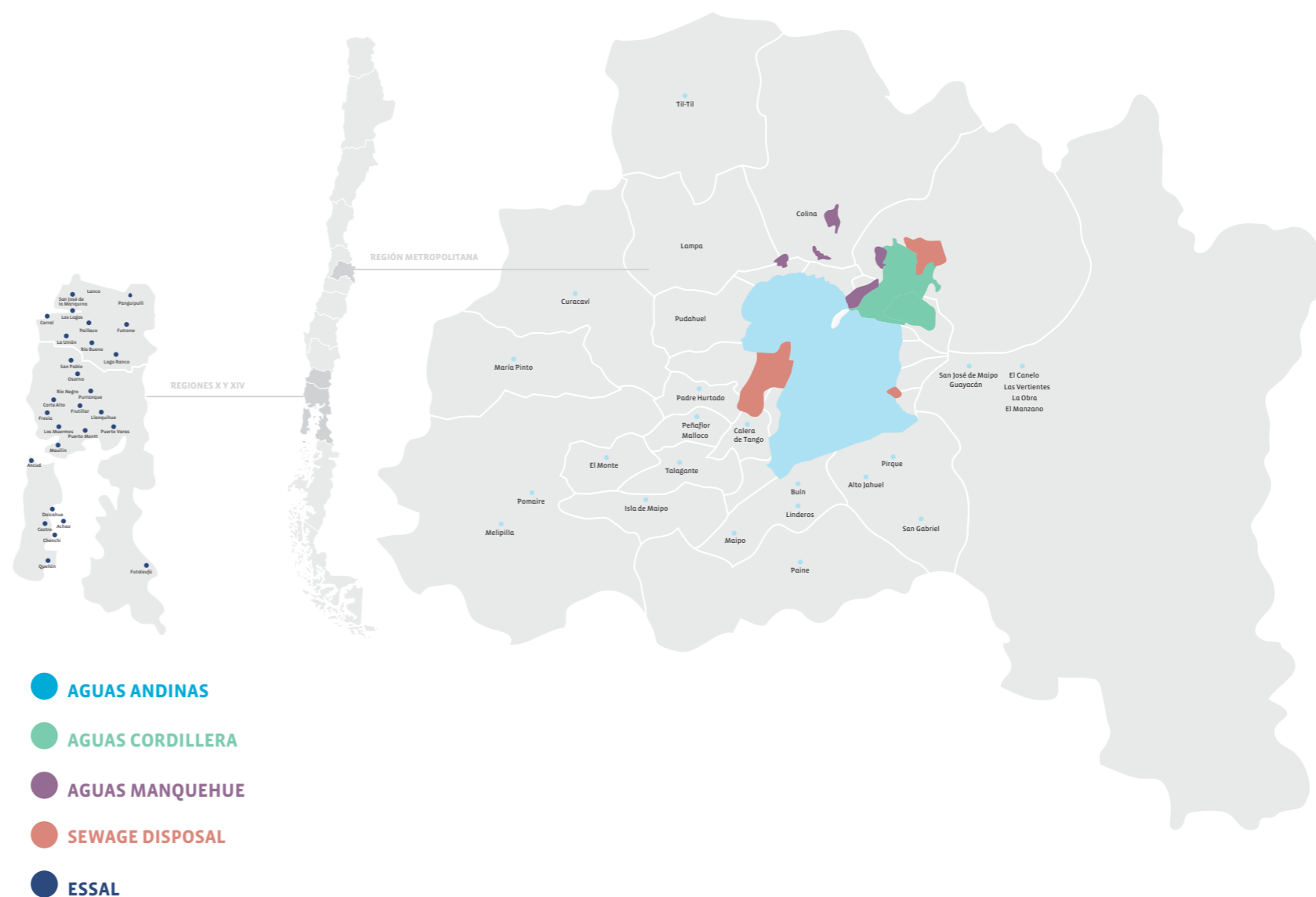
Aguas Andinas and its sanitation subsidiaries supply potable water, sewerage and sewage treatment to more than two million customers classified as residential, commercial, and industrial customers. This represents a population of around 8 million people, which in turn makes us the main sanitation group of the country and one of the largest in Latin America.

COVERAGE IN GREATER SANTIAGO AND PERIPHERAL LOCALES

In the Metropolitan Region, the concession area is located in the Santiago Basin, a territory that is found in an intermediate depression in central Chile, limited to the north by Chacabuco and to the south by Angostura de Paine.

COVERAGE IN THE DE LOS LAGOS AND DE LOS RÍOS REGIONS

In the south of the country, specifically in the X and XIV regions, the concession area belonging to ESSAL includes 33 localities from the Valdivia and Ranco provinces in the De Los Ríos region; and Osorno, Llanquihue, Chiloé and Palena in the De Los Lagos region.



As of 2008, **ESSAL** became part of the **Aguas Group** with the purchase of 53.5% of its property.

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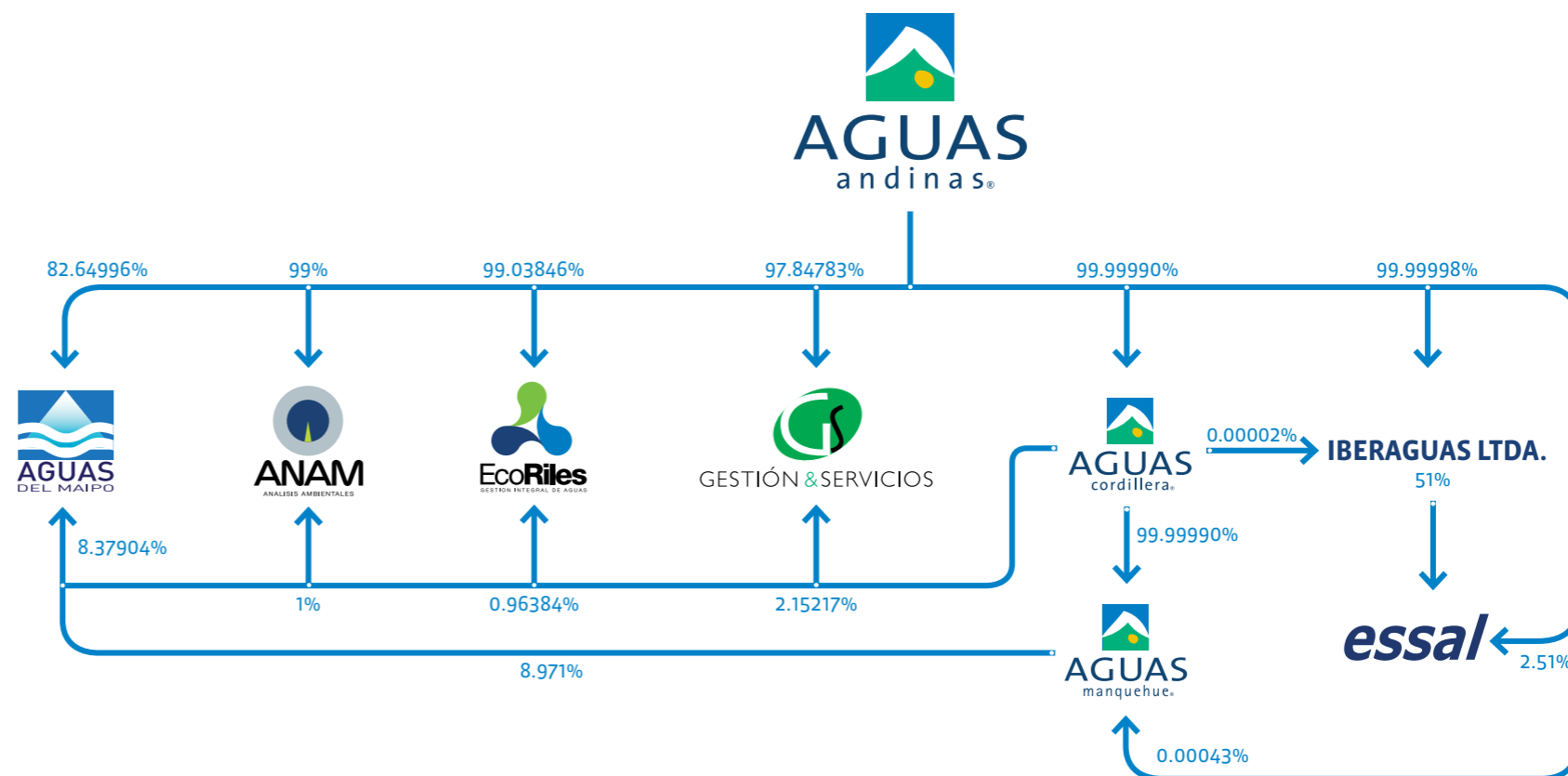
GROUP COMPANIES

THE AGUAS GROUP IS COMPRISED OF AN ENSEMBLE OF RELATED ENTERPRISES THAT DELIVER AN INTEGRAL SERVICE IN THE CHILEAN SANITATION MARKET.

Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Sanitation Service Company De Los Lagos S.A. (ESSAL)

comprise the sanitation subsidiaries, which are regulated by Chilean legislation and provide the services of potable water production and distribution, as well as collection, treatment and final disposal of sewage.

EcoRiles S.A., Management and Services S.A., Environmental Analysis S.A. (Anam) and Aguas del Maipo S.A., on the other hand, correspond to the non-regulated subsidiaries, which offer treatment services for industrial residue, commercialization materials, laboratory analysis, and the development of energy projects related to sanitation enterprises.



1.12_OUR BUSINESS

NON-REGULATED BUSINESSES

ANAM

During 2014, a new building was constructed for this subsidiary which will allow the company to sustain the growth projected by its business plan, optimizing the efficiency of its operations and logistics, and uniting all the operating and commercial units in the same place. It will help maximize ANAM's position as one of the largest water and environmental laboratories in the Chilean market and delivering excellent health, safety and spatial conditions to the company's employees.

The new laboratory, housed on a site of over 5,700m² in the Quilicura borough, with a constructed surface of 2,185 m², which will generate more than a million analyses and over one hundred thousand samples annually. The building contains state of the art technology for the storage and distribution of samples through the Kardex project, unique in the water analysis laboratories market in Chile. It also incorporates advanced technology for a gas distribution systems and contains a dynamic olfactory room. These investments have been made with the objective of strengthening the area of Air Quality Management and meeting the requirements of Chilean environmental legislation.

With this new infrastructure, ANAM is prepared to give a response to the challenges that its clients and the analytical market are imposing in Chile. Its objective is to be the number one laboratory in the country in the water and environmental fields.

ECORILES

Throughout 2014, EcoRiles maintained its leadership in the Chilean industry as an operator of industrial waste plants, with a significant market share in the center and south of the country.

EcoRiles has a large presence in the areas where the food and beverage industries are located. Key industries in this area are the dairy industry (where EcoRiles has a 60% presence), the paper, and the meat industries. In the dairy market, in 2014 EcoRiles registered a 14% growth in revenue compared to the previous year, whilst the paper market demonstrated a 12% increase in revenues when compared with 2013. With regards to new businesses, during 2014, the Company added new accounts in the salmon market.

Finally, in 2014, the Company demonstrated an increase in customer satisfaction, reaching a score of 5.9 in the annual Quality of Service Survey, representing the highest rating achieved since the rollout of this survey.



1.12_OUR BUSINESS

GESTIÓN Y SERVICIOS

In 2001, this subsidiary was created with the aim of commercializing network materials associated with the transportation of potable water and sewage for different contractors of the Aguas Group.

Since 2011, Gestión y Servicios expanded its product mix for its third parties to include white and grey sanitation PVC for buildings, molecular PVC, hot water meters, and ductile iron covers, amongst others. This has been possible through strategic alliances with different international suppliers, especially with those from Asian and Latin American markets. This has strengthened the Company's international trade operations and has helped it obtain competitive prices through which to supply the Chilean real estate market.

The work conducted by the Supply Chain's different strategic business units enabled the Company to achieve 100% of the 2014 budget for sales outside the Aguas Group, demonstrating the growing spirit of Gestión y Servicios to meet new challenges in the sanitation market as well as with Aguas Andinas contractors and the real-estate market.

AGUAS DEL MAIPO

Founded in 2011 with the purpose of developing energy projects derived from the sanitation business. In 2012 it materialized an capital increase and it started managing a contract to generate biogas produced by the La Farfana Sewage Treatment Plant.

The participation of the Aguas Group in the electric and energy business is based in this subsidiary.

The non-regulated subsidiaries of the Aguas Group permit **the provision of comprehensive services** to the Chilean sanitation market.



1.13_OUR BUSINESS

SUSTAINABILITY IN AGUAS ANDINAS

SUSTAINABILITY STRATEGY

Water is a basic and essential element for human life and, as such, has an important impact on the quality of life of the population. On the other hand, the management of this resource affects industrial commercial and agricultural activity directly, and represents an important factor for environmental conservation, biodiversity, and the stability of ecosystems.

For this reason, Aguas Andinas understands that its sustainability is linked to that of its interest groups and because of this, keeping permanent communication, and establishing and delivering on agreements subscribed with the community is strategic for the development of the Company. The changes that are happening in the economic, social and political environment of the country, the growing and new expectations of society towards companies, as well as the effects of climate change, have motivated changes within the Company which accentuate the relevance of deepening the integration of sustainability in the Company's processes in an effective and transversal manner. This implies conducting a profound revision of our commitments, adapting them to the new needs and expectations of our interest groups.

Due to this insight, starting at the end of 2014, Aguas Andinas has decided to go a step further by starting a revision process of the Company's sustainability strategy. The objective of this process is to identify, manage, and mitigate the impacts and risks that the new economic, social, and environmental context will have on the Company as well as to maximize the benefits and opportunities that this context brings for the society, the Company's interest groups, and the Company itself.

The revision process started with the analysis and renewal of the sustainability focus which has guided the Company's economic, social, and environmental performance to reflect the reality of the business. This has been done primarily through internal and external analysis conducted to investigate our interest groups' perceptions and expectations of the business. In addition to this, the risks and opportunities which face the Company currently have been evaluated keeping the future in mind.



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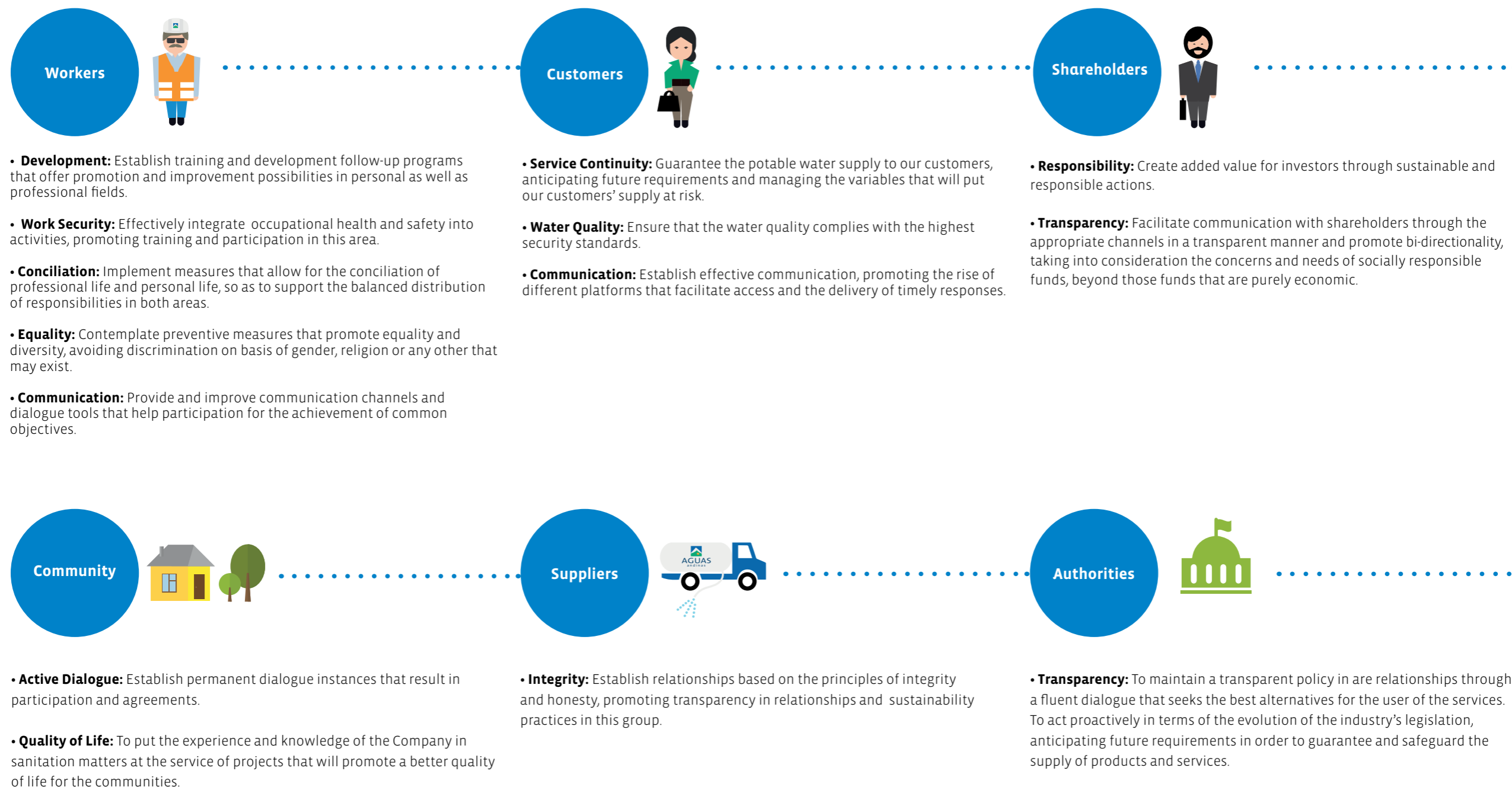
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1.13_OUR BUSINESS

AGUAS ANDINAS'S COMMITMENTS



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CUSTOMER SERVICE



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2.1_CUSTOMER SERVICE

CUSTOMER STRATEGY

During 2014, Aguas Andinas elaborated its “Customer Strategy 2015-2020” plan, which seeks to strengthen the link that the Company maintains with its clients and thus strengthen its presence in the territory where it operates.

The first step in this task was listening to customers. Work groups were conducted with customers of different ages and socio-economic backgrounds with the objective of identifying the connections and links of water with people, as well as their main interests and concerns in relation to service.

Based on previous work and the development of a series of internal workshops, we managed to agree and define that “Aguas Andinas wants to be a Company that is recognized by its clients and citizens as an enterprise that fundamentally supports their lives and their city.”

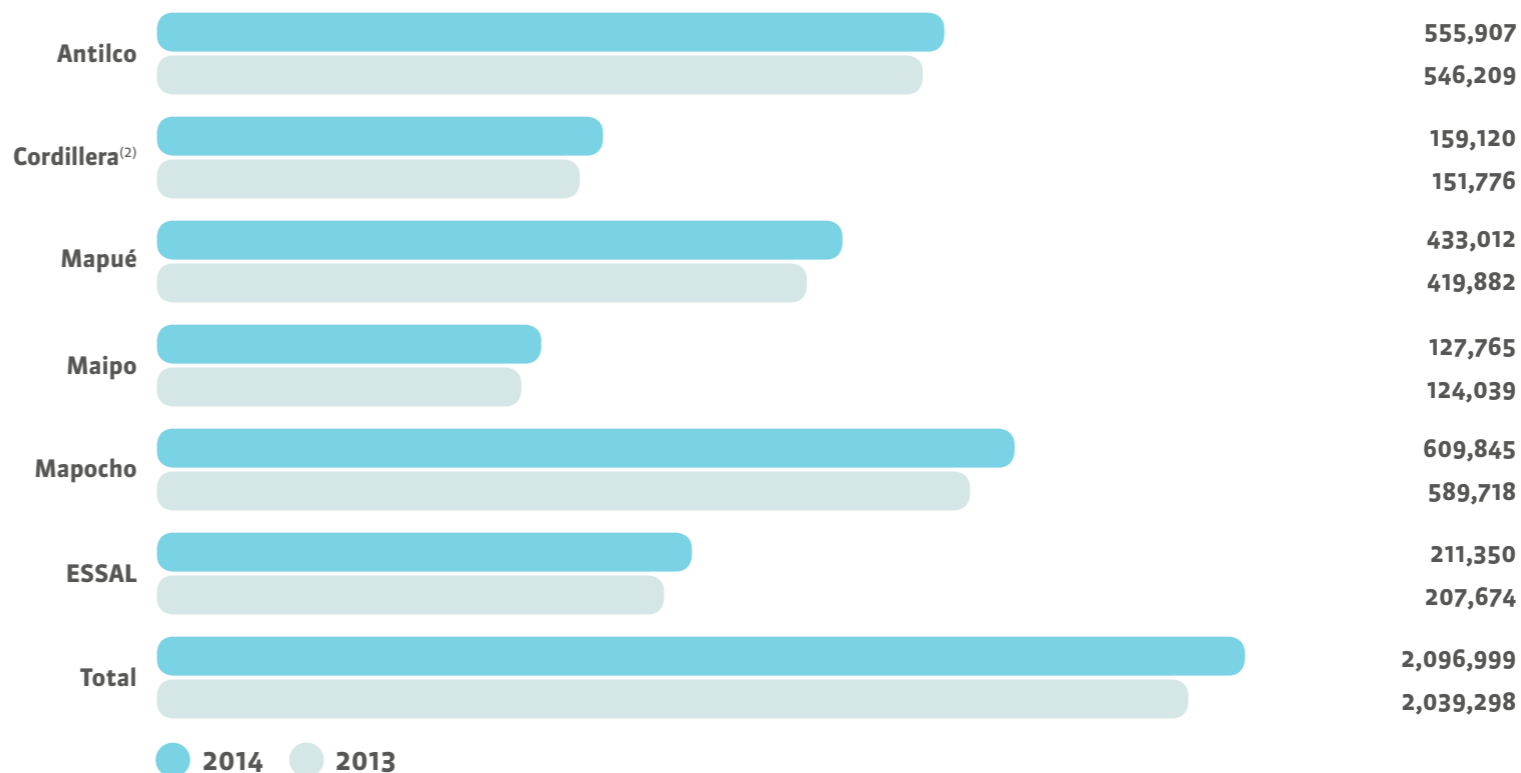
Given this definition, an ambitious work plan has been elaborated, involving all areas of the Company, in such fields as:

- Availability and experience of service
- Perceived benefits

Aguas Andinas wants to be a Company that is **recognized by its clients and citizens** as an enterprise that fundamentally supports their lives and their city.



POTABLE WATER CLIENTS ZONAL DIVISION ⁽¹⁾



⁽¹⁾ The term “client” refers to a natural or legal entity that inhabits and/or resides in a property that receives potable water services, collection of sewage services or both.

⁽²⁾ Considers Aguas Cordillera and Aguas Manquehue.

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2.2_CUSTOMER SERVICE

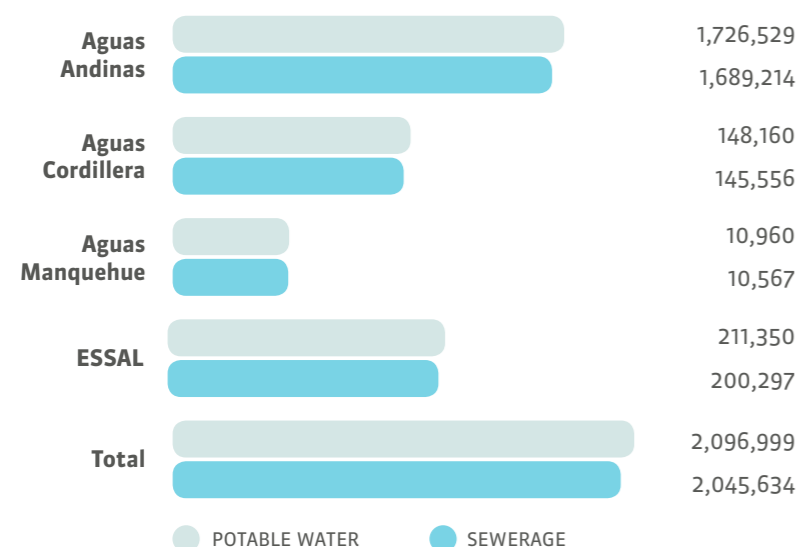
CUSTOMERS
IN FIGURES

As of December 31, 2014, the number of Aguas Andinas's customers with potable water service was 1,726,529, an increase of 2.8% compared to the previous year. Meanwhile, customers with sewage service were 1,689,214, and 2.2% increase compared with 2013.

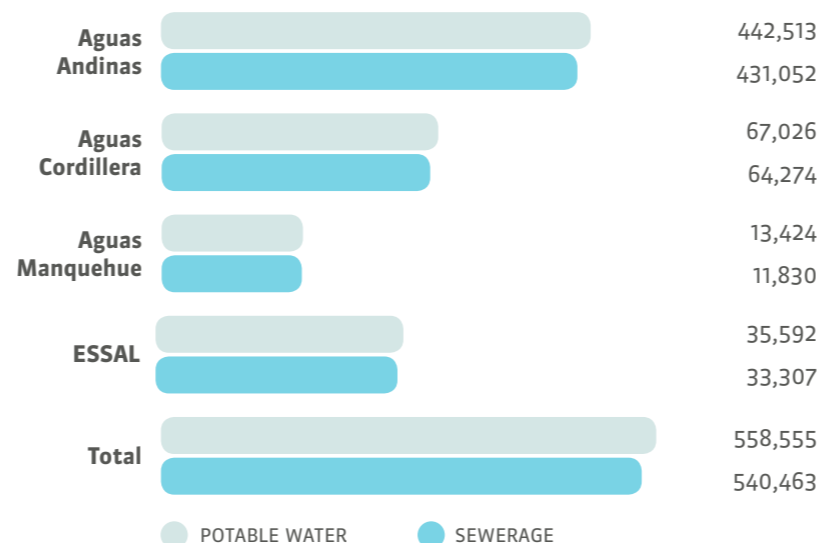
At a consolidated level, the total amount of potable water customers reached 2,096,999, whilst customers with sewage service reached 2,045,634.

From the total amount of potable water customers, 7.8%, equivalent to 163,211, correspond to subsidized customers, which favors a conduct of stable payments and a lower level of bad debt for the Company.

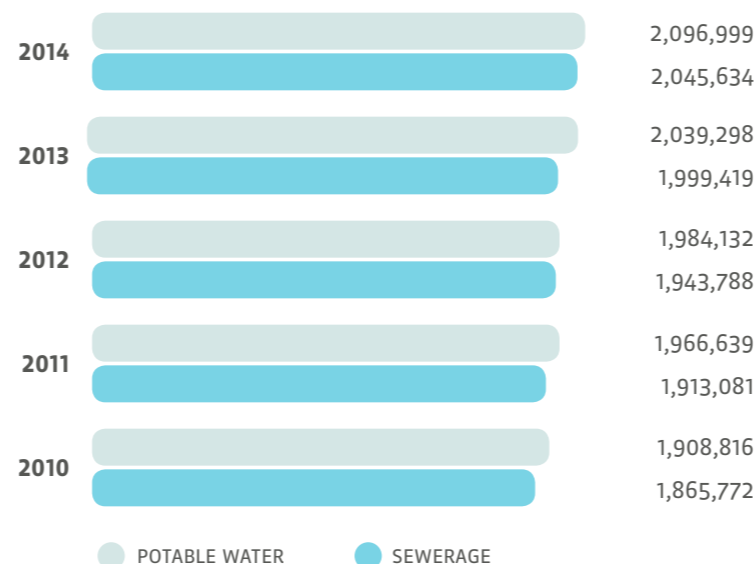
NUMBER OF CUSTOMERS IN 2014



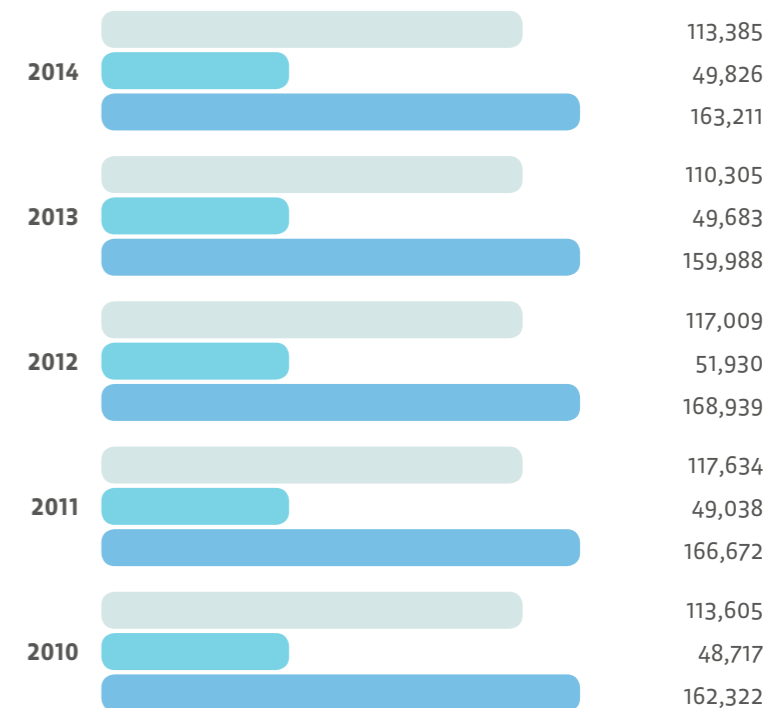
CUBIC METERS BILLED 2014 (AT A CONSOLIDATED LEVEL)



CONSOLIDATED NUMBER OF CUSTOMERS



NUMBER OF SUBSIDIES*



AGUAS ANDINAS + AGUAS CORDILLERA + AGUAS MANQUEHUE

ESSAL

TOTAL

(*) Families who receive subsidies for the payment of their bills for potable water and sewerage services.



2.3_CUSTOMER SERVICE

MANAGEMENT OF NEW CONCESSIONS

During 2014, 20 requests for the expansion of concessions were awarded, which are detailed below:

CONCESSION EXPANSION	DISTRICT	AREA (HA)	CUSTOMERS (HOMES)	MOP DECREE	OFFICIAL JOURNAL PUB.
Buin Maipo Lotes 1,4 y 5	Buin	4.8	170	N° 308 18-11-13	02-01-14
Kennedy II	Buin	11.4	445	N° 302 09-12-13	02-01-14
San Pedro Lote 1	Melipilla	3.5	150	N° 301 08-11-13	02-01-14
El Naranjal	Buin	29.4	1.500	N° 311 20-11-13	02-01-14
Álvaro Casanova	La Reina	26.8	145	N° 35 13-01-14	15-03-14
La Reserva	Isla de Maipo	15.9	539	N° 331 30-12-13	15-03-14
El Molino	Buin	3.5	176	N° 138 04-02-14	15-04-14
Edificios Hacienda Chicureo (A.M.)	Colina	2.8	60	N° 144 11-02-14	15-04-14
Kruger N°1	Buin	9.8	318	N° 156 27-02-14	02-05-14
Planta Remarc	Peñaflor	10.2	1	N° 228 04-04-14	16-06-14
Loteo Buin	Buin	7.5	340	N° 227 02-04-14	16-06-14
Parcela 91	Peñaflor	1.2	2	N° 261 05-04-14	01-07-14
Los Litres Lote B-2 (A.M.)	Lo Barnechea	30.3	160	N° 162 05-03-14	01-07-14
Planta Wenco	Paine	17.5	1	N° 282 14-05-14	15-07-14
Villa Paulita	Curacaví	0.9	52	N° 277 13-05-14	15-07-14
Loteo 4 ex Fundo El Pontigo	Buin	3.9	165	N° 317 13-06-14	16-08-14
Los Maitenes de Villaseca	Buin	10.2	869	N° 316 13-06-14	16-08-14
Servicio Automotriz Kaufmann (A.M.)	Lampa	22	1	N° 318 13-06-14	16-08-14
La Flores	Peñaflor	0.6	32	N° 384 13-06-14	15-10-14
Santa Adela	Buin	1.8	118	N° 409 19-09-14	03-11-14



2.4_CUSTOMER SERVICE

NEW
CLIENTS

During 2014, 22,064 residential potable water and sewerage projects were reviewed, connecting a total of 58,431 new clients to the Company's networks. At the same time, Aguas Andinas received 190 public and private network projects, amounting to 110 kilometers of new infrastructure for the distribution of potable water and for sewage collection.

Furthermore, 16 contracts with property developers were signed, expanding our concession area in several districts of the Metropolitan Region by 153 hectares where the construction of 5,420 homes is being considered.

Finally, the Superintendence of Sanitation Services granted 214 hectares of new concessions of sanitation services where 5,244 new homes will be constructed.



We **aim to be closer and more connected** with our clients every day, satisfying their needs with quickly and efficiently.



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2.5_CUSTOMER SERVICE

RURAL POTABLE WATER

The scope of Aguas Andinas' actions goes far beyond urban areas. In fact, it extends to the rural sector of the Metropolitan Region as an active collaborator of the National Program of Rural Potable Water, promoted by the Ministry of Public Works through the Department of Hydraulic Works.

This program aims to contribute to the development, social integration and quality of life of rural communities.

The existing Agreement covers the period from 2013 to 2015, where the Company acts as a Technical Unit providing assistance and advice in the field to the 104 Committees or community organizations responsible for the operation and maintenance of potable water systems in operation, in work environments, occupational health and safety, administration and finance, organizational structure, and support to overcome emergencies.

Additionally, the Company carries out the recruiting and inspection of studies, designs and works, in order to expand the potable water coverage in rural zones.

During 2014, various engineering designs were developed for new works regarding improvement and coverage costing \$7,371 million pesos, which have already received the recommendation from the Ministry of Social Development for implementation in 2015. Also, investments of \$4,075 million pesos were implemented, mainly for the construction of improved services, expansion of coverage and the construction of wells.

A significant part of these investments have been focused on the sectors most affected by the water deficit situation which has affected the central zone of the country.

2014 DETAIL	Nº	M\$
APR Improvement and Installation	9	2,526
APR Improvement Design and Installation	3	70
Well Construction	5	635
Conservation Works	4	844
TOTAL INVESTMENT 2014		4,075

The operations of Aguas Andinas also **extend to rural sectors** of the country thanks to its collaboration with the National Program of Rural Potable Water.



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2.6_CUSTOMER SERVICE

TARIFFS

Under the framework of the sixth tariff-setting process, an agreement was reached in the month of November between Aguas Andinas, Aguas Cordillera, Aguas Manquehue and the Superintendence of Sanitation Services with respect to the tariffs that shall apply to these companies during the five year period from 2015-2020.

This agreement has the following conditions:

- Current rates, as of December 31, 2013, will be maintained, in real terms, for Aguas Andinas and Aguas Cordillera. The new tariff decrees will apply beginning March 1 and June 30 of 2015, respectively.
- Aguas Manquehue tariffs will be reduced by 5% in comparison to the rates applicable as of December 31, 2013. The new decrees will take effect beginning May 19, 2015.
- Additional tariffs will apply when investments in construction enter into operation, such as works concerning production safety in situations of extreme turbidity (+1.1% in 2018), and works regarding nitrogenous waste treatment being conducted in the La Farfana and Trebal-Mapocho treatment plants (+1.4% in 2018).
- Discounts in tariffs will apply due to non-regulated businesses: when the Alto Maipo Project enters into operation, (-1.2% in 2018).



2.7_CUSTOMER SERVICE

SANITATION REGULATION

Current legislation in the country establishes that sanitation providers are under the supervision and regulation of the Superintendence of Sanitation Services (SISS), a functionally decentralized organization, with legal status and its own assets, which operates under the vigilance of the President of the Republic, through the Ministry of Public Works.

A set of laws and rulings exists that regulates the functioning of the sector and of the sanitation companies:

- **General Law of Sanitation Services (DFL MOP N° 382 of 1988).** Contains the principal provisions that regulate the regimen of concessions and activity of sanitation service providers.
- **Regulation of the General Law of Sanitation Services (DS MOP N° 1199/2004, published in November of 2005).** Establishes the regulatory rules that permit the application of the General Law of Sanitation Services.
- **Law of Sanitation Service Tariffs (DFL MOP N° 70 of 1988).** Establishes the main provisions that govern the setting of tariffs for potable water and sewerage and reimbursable financing contributions.
- **Regulation of the Law of Sanitation Service Tariffs (DS MINECON N° 453 of 1990).** Contains the regulatory laws that permit the application of the Law of Sanitation Service Tariffs.
- **Law that creates the Superintendence of Sanitation Services (Law N° 18.902 of 1990).** Establishes the functions of the SISS.
- **Subsidy Law for Payment of Potable Water and Sewerage Service (Law N° 18.778 of 1989).** Establishes a payment subsidy for the consumption of potable water and sewerage services for clients with scarce resources.
- **Regulation of the Subsidy Law (DS HACIENDA N° 195 of 1998).** Contains the regulatory provisions for the application of the Subsidy Law.



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3.1_BUSINESS ACTIVITIES

BUSINESS CONTINUITY

In February 2014, the Certification for the Management System for the Continuity of the Business was obtained for the potable water production site, La Florida. This certification was achieved thanks to the implementation of a series of projects under the ISO 22.301 standard, a model which allows for actions to mitigate the impacts of events that threaten the normal functioning of processes. This was implemented with the goal of protecting the continuity of service for clients. In this way, a transversal structure has been established internally for the Company that reflects the commitment of senior management to the development of continuity of service.

In parallel, a Recuperation Plan was put into place to provide long-distance customer service, a way of establishing mechanisms for the mitigation and response against events that could affect service. Also, in 2014, the execution of a program of exercises and drills was carried out, which permitted strengthening management processes regarding incidents and continuity of operations under a scheme of continual improvement. Response teams and committees participated in this program, which was integrated by key stakeholders of the Company.

In addition to this, processes of sensibility and formation were completed which sought to incorporate a continuity of business culture within the Company. The objective of this is to have personnel who are conscious of their contribution to the continuity of business management and who are highly prepared to respond to events that threaten the normality of service.

Also, in an effort to deepen this discipline and generate an encounter point between the different companies and their experiences, Aguas Andinas promoted the Forum for the Continuity of Business, which was carried out during the month of November and in which several well-known national and international companies participated.



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3.2_BUSINESS ACTIVITIES

DROUGHT MANAGEMENT

The continuity of potable water service program has, as its mission, to ensure the quality and quantity of the supply of potable water for the 2015-2016 summer, despite facing the fifth consecutive year of drought in the Metropolitan Region.

In reference to the amount of potable water required, Aguas Andinas balanced supply and demand, considering probabilities of surplus for its surface sources. This supply was compared to the projection of demand, with the result being establishment of the minimum storage volume required at the El Yeso Reservoir for October 2015. This minimum level will allow for the accomplishment of the objective of supplying demand during the summer of 2016.

In this manner, it was determined that the El Yeso Reservoir, as of October 31, 2015, should have a minimum volume of 90H m³. To achieve this, a series of sub-programs need to be considered. One of these, already in progress, consists of an agreement with the Supervisory Board of Río Maipo to close the discharge of the El Yeso Reservoir between October 2014 and March 2015, under a formula of a water loan from irrigators to Aguas Andinas of approximately 50H m³.

Also, the Company approved the construction of two works that will increase the production of potable water to 1,250 l/s: one consists of the increase of the production capacity of the Padre Hurtado Plant by 750 l/s, which will enter into operation towards the end of 2016; and the second is the construction of wells in the Cerro Negro and Antonio Varas Systems for a total of 500 l/s, which will enter into operation towards the end of 2015.

Referring to quality, Aguas Andinas designed two sets of projects that will confront episodes of high turbidity in the superficial sources of the Company.

The first set included the following: the construction of an 5km interconnection duct, spanning from the El Yeso Reservoir to the Vizcachas Complex, utilizing the Laguna Negra Cordillerano Aqueduct, with a capacity of 3.5 m³/s of very high quality raw water, permitting the dilution of high turbidities that enter the Vizcachas Complex in these events; the construction of wells for 300 l/s in southern sector of Santiago, increasing the availability of subterranean waters; and the construction of safety tanks with a volume of 225,000 m³.

With these three works built throughout the year, the autonomy of supply during periods of high turbidity increased from 4 to 9 hours.

Throughout the year, Aguas Andinas completed investments that **allowed an increase in the autonomy of supply** in periods of high turbidity from 4 to 9 hours.

Likewise, Aguas Andinas has planned a second set of projects, which revolve around the construction of a raw water tank with a capacity of 1.5 H m³, located upstream of the Vizcachas Complex, and which would enter into operation during 2017, increasing the autonomy of supply during periods of high turbidity from 9 to 32 hours; and projects involving the improvement of the Padre Hurtado Plant, which will enter into operation towards the end of 2015.



3.3_BUSINESS ACTIVITIES

SAFETY INFRASTRUCTURE PROJECTS

Phase I of the safety infrastructure projects against events of extreme turbidity were designed to combat the deficit in potable water supply produced by an event of high turbidity.

The Company invested USD\$73.200 million in Phase I and with that, 9 hours of autonomy were guaranteed for Greater Santiago. The works executed and which entered into operation during 2013 and 2014 were: the increase of subterranean production by 300 l/s with the enabling of the Cerro Negro wells; the El Yeso Reservoir-Laguna Negra Aqueduct connection with a flow rate of 4 m³/s; and the construction of 7 security wells, with a total volume of 225,000 m³.

High turbidity events that occurred in January and February of 2013 caused the Superintendence of Sanitation Services to request reinforcements for Phase I of the safety infrastructure projects to expand the solution scenarios given the possibility that these events could occur again, with greater intensity.

As such, Phase II of the security projects approved by the SISS consists in the construction of a raw water tank with a volume of 1,500,000 m³, with an investment budget of USD\$82.768 million which will guarantee 32 hours of autonomy for Greater Santiago. This tank will be located upstream of the Vizcachas Complex on land next to the stand-alone intake of Aguas Andinas, and will occupy a surface of 44 hectares and will have two independent lines of functioning.

Complementing the anti-turbidity safety infrastructure projects, the Aguas Group is implementing an Electrical Backup Plan, which will guarantee 24 hours of autonomy for its installations and involves an investment of USD\$4.810 million for the period between 2015-2019.



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3.4_BUSINESS ACTIVITIES

HYDRAULIC EFFICIENCY



For the Company, the efficient use and distribution of water is an important value that involves the management of relevant aspects of the water cycle in its different stages:

- Promote the sustainable management and resource quality of water in both the medium and long term
- Improve the precision of measurement for our clients, making our meters more efficient.
- Optimize operational resources, maintenance, and investment management.

At present, the Aguas Group has water losses of 30%, a figure lower than the national average (34% according to the Management Report from the SISS 2013), but which is greater than expected by companies that adhere to international standards, which usually register losses of about 20%.

Therefore, the Master Hydraulic Efficiency Plan aims to reach a goal of 20% for the Aguas Group by 2020.

During 2014, Phase I began, consisting of the elaboration of the Hydraulic Efficiency Project, which is based on a series of test pilots which will allow for the adjustment of the methodology, technology, and procedures and whose results and conclusions will be incorporated in the construction stage of the plan. In the following years, between 2016 and 2020, Phase II will involve the construction of the Master Hydraulic Efficiency plan which will culminate in Phase III with the plan's entry into operation.



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3.5_BUSINESS ACTIVITIES

INNOVATION MANAGEMENT

In 2014, Aguas Andinas decidedly advanced in its Innovation Management project “Emerge: Ideas Born from Water”, project which aspires to become a continuous process through which, by promoting peoples’ talent and supporting their ideas, innovative plans will arise that bring value to the Company. In this sense, a process to manage innovation was structured based on an **“open tunnel of innovation”** and where an “innovative environment”, the heart of the model, is constituted by the organization as a whole.

This proposal received strong support when Aguas Andinas was distinguished with the **“Highlighted Advance in Innovation 2014”** award from the **“Most Innovative Companies Chile 2014”** ranking, which is run by the Universidad de Los Andes ESE Business School, wherein over 100 companies in different sectors participate, which in their totality comprise over 100,000 workers.

The key factor in this successful result has been the consideration of the Innovation Management project as a company-wide enterprise, in which its top executives have conveyed the importance of innovation for Aguas Andinas, an effort which has generated a permanent commitment from all levels of the organization.



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3.6_BUSINESS ACTIVITIES

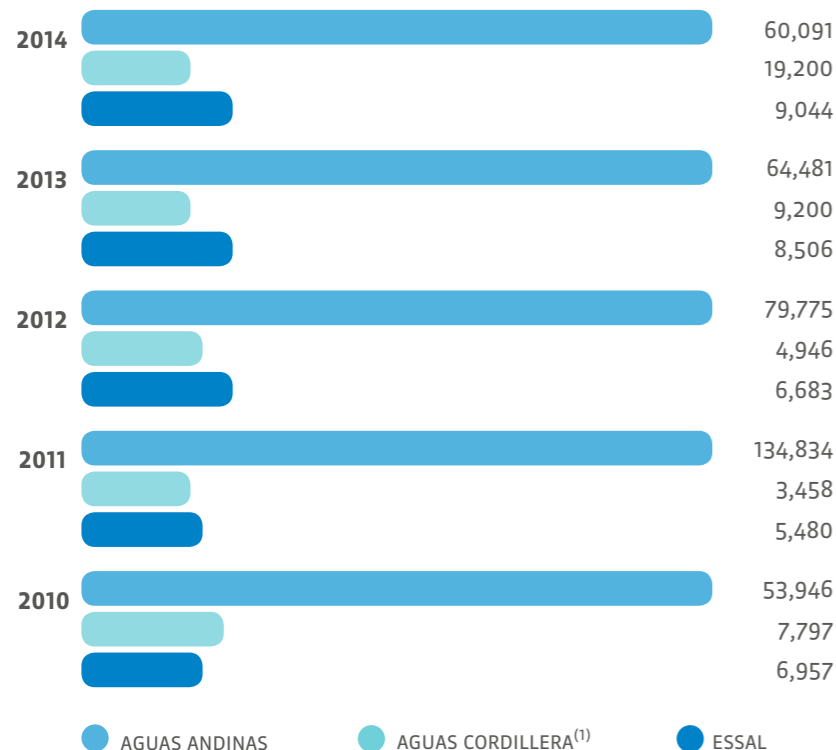
INVESTMENTS OF THE YEAR



At the close of 2014, the investment plan of Aguas Andinas reached \$88,844 million, of these, \$88,335 million correspond to investments in sanitation subsidiaries and \$509 million to other subsidiaries.

Referring to investments in sanitation activities, \$29,202 million were used for the production of potable water; \$20,900 million for the distribution of potable water; \$10,937 million to projects related to the collection of sewage; and finally, \$13,194 million to sewage disposal.

INVESTMENTS (MILLIONS OF PESOS)



⁽¹⁾ Aguas Cordillera and Aguas Manquehue

AGUAS GROUP 2014 (MILLIONS OF PESOS)

INVESTMENT STAGE	2013	2014
Potable Water Production	36,834	29,202
Potable Water Distribution	16,239	20,900
Sewage Collection	10,289	10,937
Sewage Disposal	8,129	13,194
Other Activities	14,411	14,102
Non-Sanitation Subsidiaries	98	509
Total	86,000	88,844



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3.7_BUSINESS ACTIVITIES

THE WATER CYCLE: THE CYCLE OF LIFE



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3.8_BUSINESS ACTIVITIES

CAPTURE AND PRODUCTION

SOURCES, RESERVES, AND PLANTS

In the Metropolitan Region, our main sources of raw water capture for Aguas Andinas are the Maipo and Mapocho rivers, and our secondary sources are the natural aquifers that pass through our concession area.

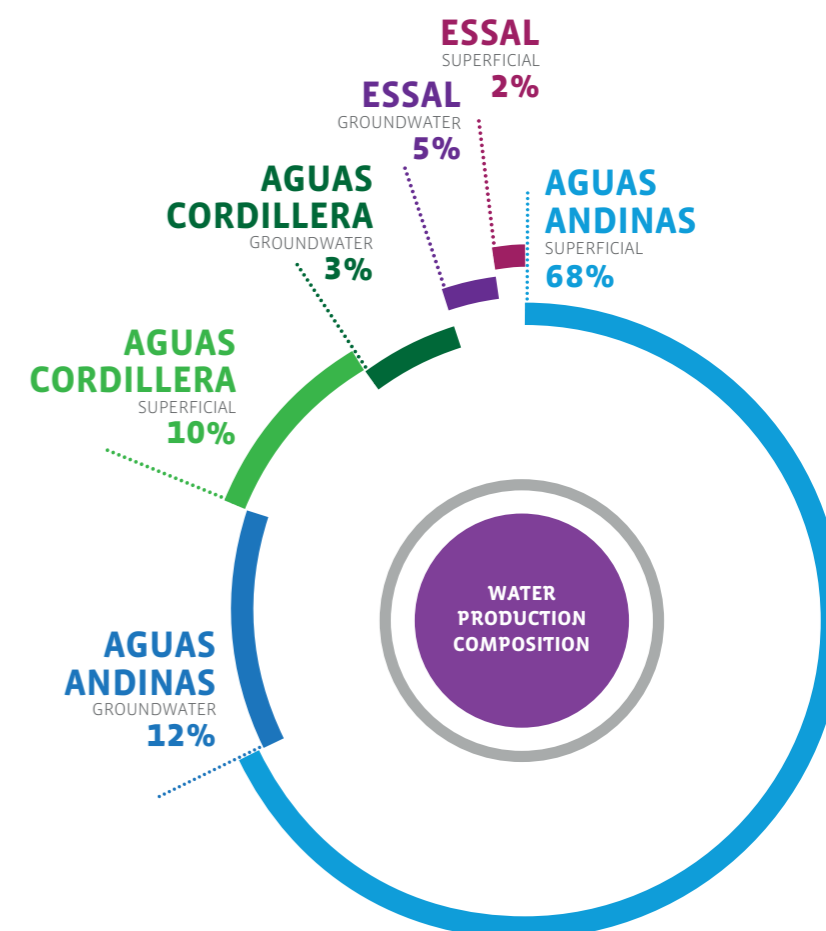
With the goal of ensuring continuous supply for our clients, we maintain important reserves that deliver additional water resources to satisfy the potable water demand of the population of Greater Santiago. These reserves are: the El Yeso reservoir, with a maximum operational capacity of 220 million m³; Laguna Negra, with a capacity of 600 million m³; and Laguna Lo Encañado, with a capacity of 50 million m³.

Also, to produce potable water in the Metropolitan Region, we have the Vizcachas Complex, the La Florida Potable Water Production Plant and 12 smaller installations, among which are Padre Hurtado, Lo Gallo, San Enrique and El Sendero. Meanwhile, in the De Los Lagos and De Los Ríos regions, we have a number of production installations that supply the needs of the 33 localities in its concession area.

At a consolidated level, the Aguas Group has a production capacity of 37.7 m³ per second, of which 33.4 m³/s correspond to Greater Santiago and 4.3 m³/s to ESSAL.

PRODUCTION BY SOURCE TYPE

As of the end of 2014, the consolidated production of potable water, measured at the output of the plants, reached up to 801.9 million m³. From this amount, 645 million m³ correspond to superficial waters and 156.9 million m³ to groundwater.



PRODUCTION BY SOURCE TYPE (MILLIONS OF M³)

COMPANIES	2010	2011	2012	2013	2014
Aguas Andinas Superficial	531.6	545	527.2	542.8	545.2
Aguas Andinas Groundwater	72.5	78.2	87.4	67.0	92.5
Aguas Cordillera ^(*) Superficial	72.8	68.6	68.6	78.7	80.5
Aguas Cordillera ^(*) Groundwater	14.9	25.9	25.9	19.6	24.9
ESSAL Superficial	20.2	19.3	20.4	21.5	19.3
ESSAL Groundwater	30.9	33.9	36.5	38.7	39.5

^(*) Aguas Cordillera includes Aguas Manquehue.

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3.8_BUSINESS ACTIVITIES



SAFEGUARDING SUPPLY

Despite living through one of the worst drought periods of the last 100 years in the central-north zone of the country, the domestic supply of potable water was assured for all of our clients throughout the 2014, due to Aguas Andinas' plan which has been put in place for the last four years and has been worked on in coordination with the Supervisory Board of Río Maipo, the River Maipo Irrigation Canals Association, and the electrical companies of the sector.

This plan, which has been driven by our Company since 2010, consists in the creation of the Drought Committee, which groups all participants that use water from Maipo River, with the goal of streamlining the resource through a system of buying and renting water, supporting the supervisory board in order to prevent thefts and achieving effective coordination between different groups to avoid losses of the vital element.

With the objective of increasing the amount of water obtained to ensure supply, this year there was an increased extraction from 300 wells, which permitted the increase of supply by 4.5%.

RÍO MAIPO FLOW RATES, EL MANZANO AREA, NATURAL REGIMEN (M³/S)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YEAR AVERAGE
2014	119.8 82%	88.5 84%	62.7 87%	51.2 78%	46.4 71%	45.2 74%	44.5 76%	45.2 74%	46.4 82%	81.1 59%	105.2 81%	96.9 81%	86%
2013	160.3 64%	123.3 60%	67.9 80%	48.8 82%	37.9 87%	39.8 87%	43.8 77%	45.9 75%	53 71%	67.9 77%	115.5 75%	151.2 71%	76%
2012	93.09 93%	86.7 85%	69.4 80%	50.3 80%	52 59%	60.8 39%	43 80%	36 92%	49.9 76%	57 87%	146.7 52%	155.1 70%	74%
2011	101.8 90%	87.0 85%	65.0 85%	44.9 89%	30.2 86%	28.0 28.0	27.6 98%	31.7 96%	41.7 89%	57.5 87%	98.1 86%	109.5 89%	90%
2010	216.6 40%	168.8 31%	128.2 21%	89.8 18%	69.2 28%	61.9 37%	52.0 60%	51.5 63%	53.8 69%	75.7 67%	107.9 80%	109.5 89%	50%



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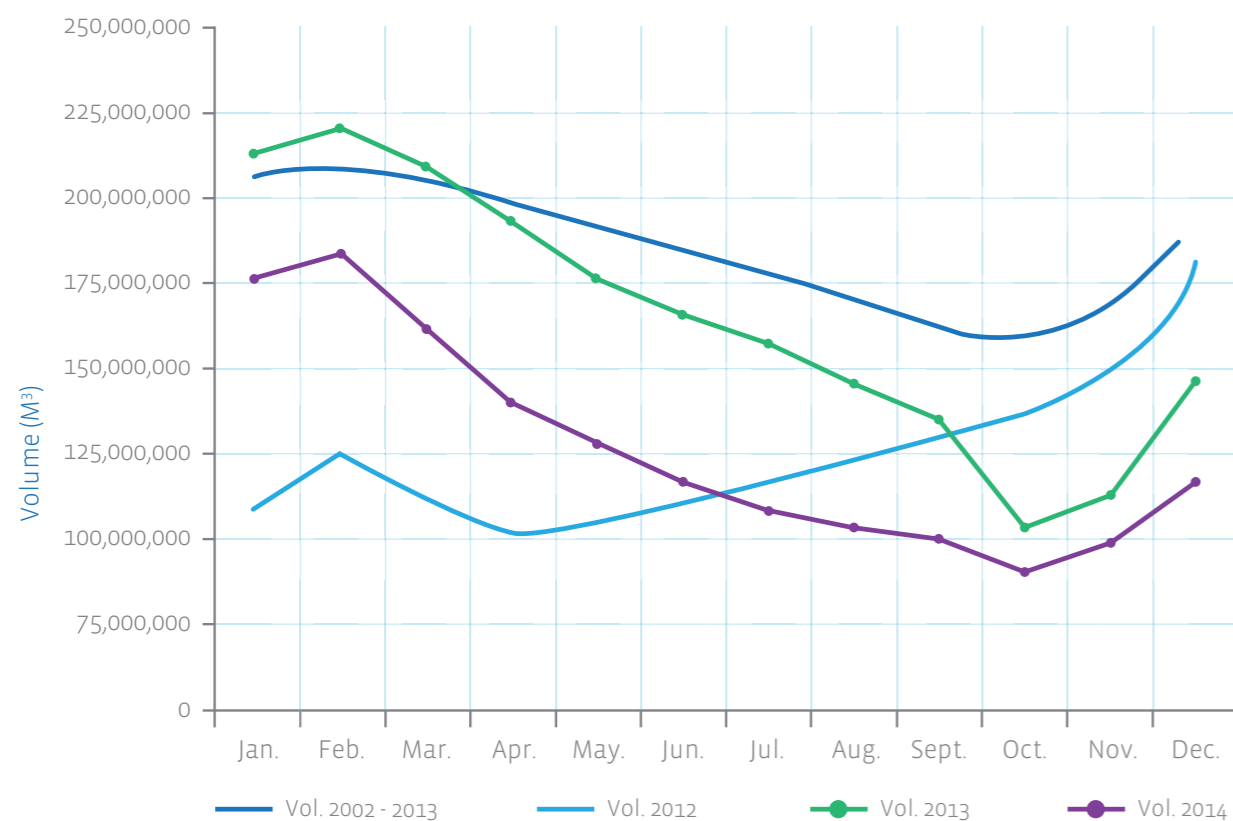
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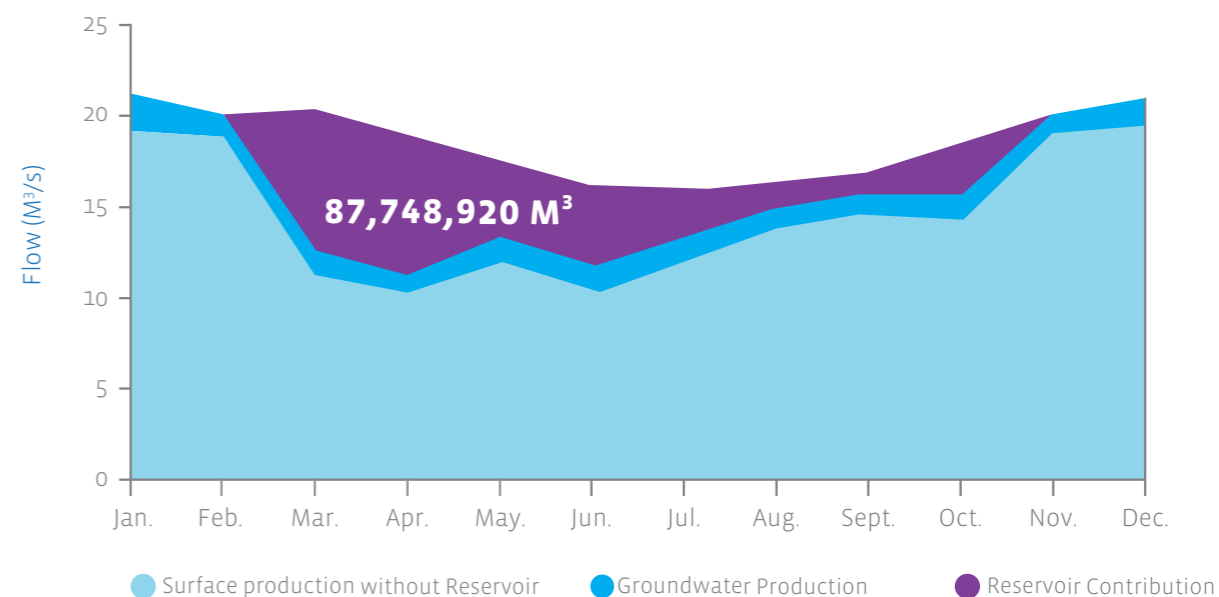
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3.8_BUSINESS ACTIVITIES

CHANGE IN WATER VOLUMES IN THE EL YESO RESERVOIR, 2014



EL YESO RESERVOIR'S CONTRIBUTION TO GRAN SANTIAGO'S PRODUCTION



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3.9 _BUSINESS ACTIVITIES

TRANSPORT AND DISTRIBUTION

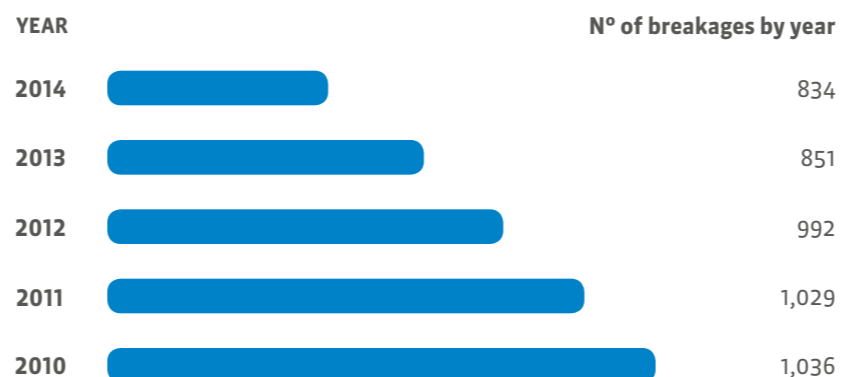
Aguas Andinas' distribution network transports and supplies potable water to all its clients. The operation of this extensive set of underground pipes, whose plotting coincides with that of the streets, is constantly monitored by the Operation Control Center, a tool which assures the correct functioning of the system and a continuous supply of potable water.

NETWORK MANAGEMENT

The Integrated Management of Potable Water Networks is an innovative model designed to improve the continuity of service, through the systemic reduction of breakages. Thanks to its application, the Company has managed to drastically diminish the number of breakages, reaching levels below 0.1 failures per km, a rate far below those qualified as "excellent" by large sanitation companies worldwide.

In 2014, the number of breakages was 834, 2% lower than the previous year.

BREAKAGE EVOLUTION



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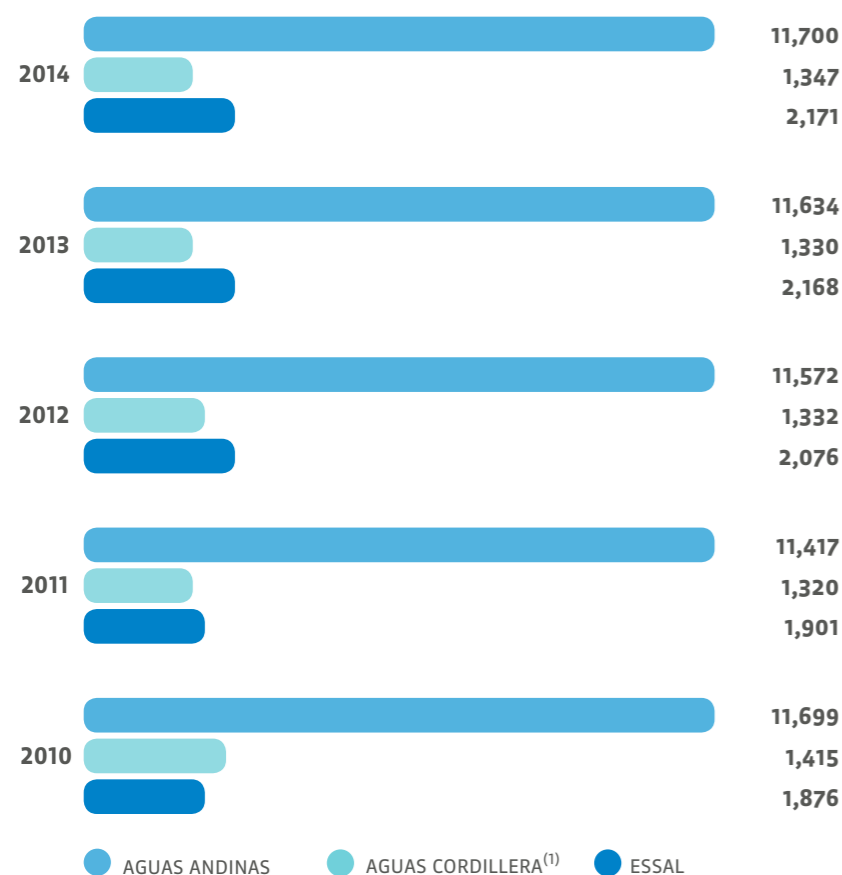
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3.9_BUSINESS ACTIVITIES

LENGTH OF THE DISTRIBUTION NETWORK

As of December 31, 2014, the length of Aguas Andinas' (including its subsidiaries) distribution network, at a consolidated level, reached 15,218 kilometers. Of these, 13,047 kilometers correspond to the Metropolitan Region, including the networks belonging to Aguas Andinas, Aguas Cordillera, and Aguas Manquehue. The remaining 2,171 kilometers are part of ESSAL's network in the south of the country.



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3.10_BUSINESS ACTIVITIES

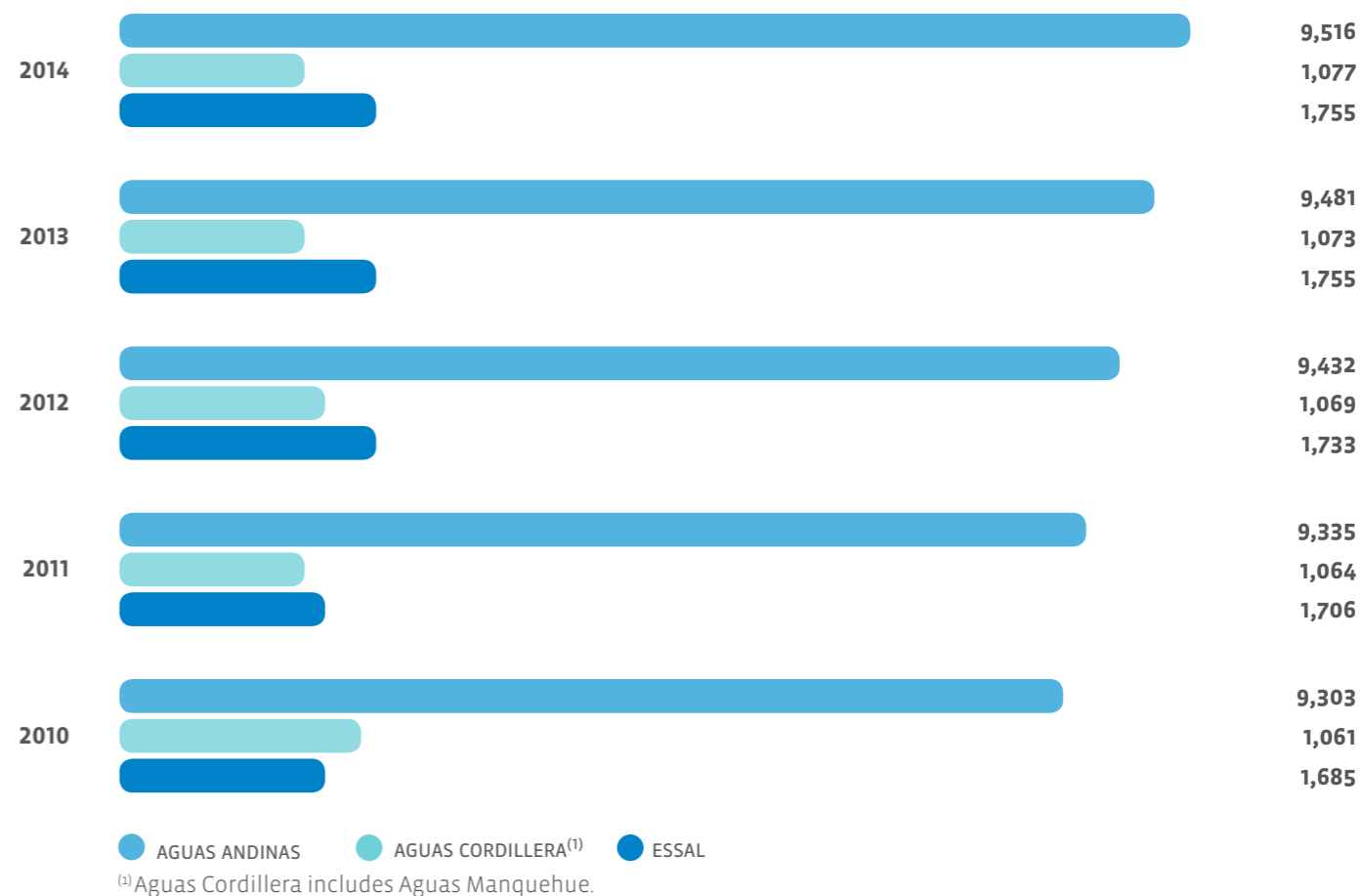
COLLECTION

The Company's sewage collection network, which makes up the sewerage system, allows for the collection and evacuation of sewage, avoiding its direct contact with people, and allowing for sewage to be diverted directly to treatment plants.

The correct functioning of the Company's sewage collection network prevents contagions and environmental contamination.

LENGTH OF THE COLLECTION NETWORK

At the end of 2014, the length of the Company's collection network, at a consolidated level, totaled 12,348 km, an increase of 39 km in respect to the previous year, equivalent to a 0.3% increase.



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3.11_BUSINESS ACTIVITIES

TREATMENT

Sewage generated by the population of the Metropolitan, De Los Ríos and De Los Lagos regions is treated in treatment plants belonging to Aguas Andinas and its subsidiaries, with the goal of leaving them in optimal conditions for their eventual restitution to the environment, in conformity with the standards of current legislation.

In Greater Santiago, Aguas Andinas has three large treatment plants, El Trebal, La Farfana and the Mapocho Plant which are located in the northeast area of the city. The Company also has 10 other smaller plants which are located in peripheral areas. As a whole, these installations cover 100% of the treatment of sewage produced by the Metropolitan Region.

In the De Los Lagos and De Los Ríos regions, ESSAL has 29 sewage treatment systems that contribute to the sanitation of more than 91% of the sewage generated by the population of these areas.

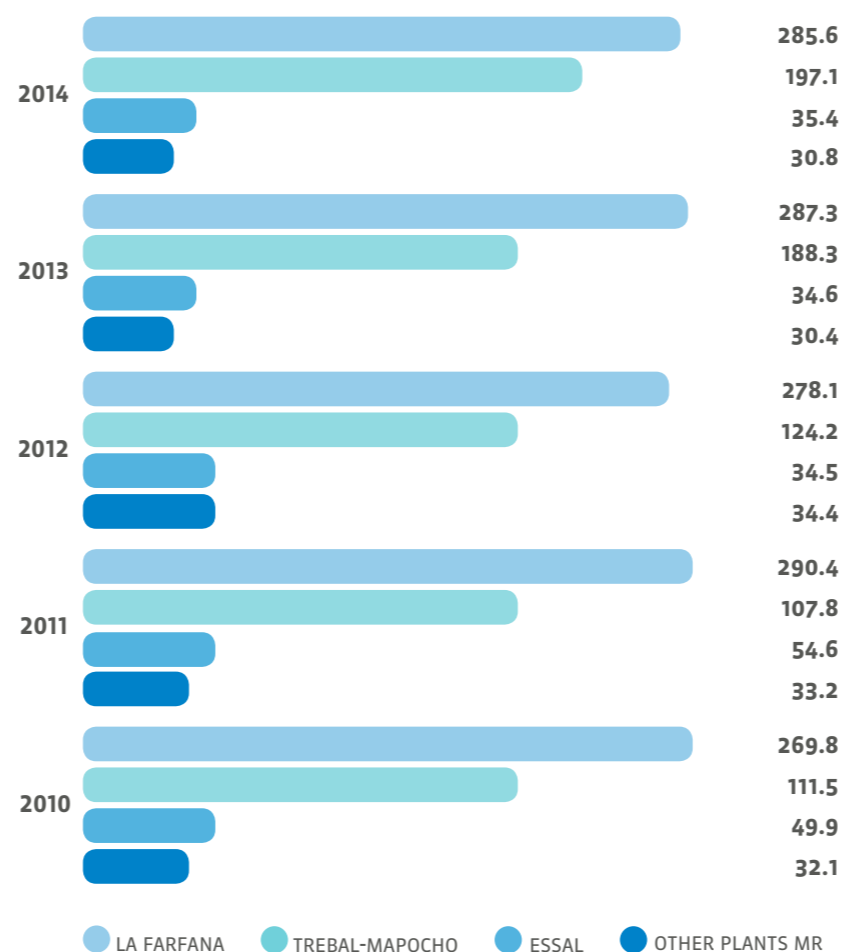
THE MAPOCHO PLANT

The Mapocho Sewage Treatment Plant is located in the same area where the El Trebal plant operates, the Padre Hurtado borough in the Talagante Province of the Metropolitan Region.

This modern installation, which forms a part of the sanitation infrastructure covered in the Santiago Basin Sanitation Plan, currently has a treatment capacity of 2.2m³/s. With this, the complex comprised of the El Trebal and Mapocho treatment plants reaches a combined treatment capacity of 6.6 m³/s.

Throughout 2015 - 2017, the construction of the second stage of the Mapocho Plant will take place. It is estimated that it will begin operations in 2017 and will provide an additional treatment volume of 2.2 m³/s, with which the Trebal-Mapocho complex will reach a total capacity of 8.8 m³/s.

The objective of this expansion is to address the sewage treatment demands of the Basin while, at the same time, maintaining a security reserve for the system. The estimated investment for this project is USD\$100 million.

SEWAGE TREATMENT (MILLIONS OF M³)

3.12_BUSINESS ACTIVITIES

MAIN CUSTOMERS AND SUPPLIERS

POTABLE WATER AND SEWERAGE CUSTOMERS

Ilustre Municipalidad de Puente Alto
 Ilustre Municipalidad de Santiago
 Ilustre Municipalidad de La Florida
 Metro S.A.
 Cervecería CCU Chile Ltda.
 Ilustre Municipalidad de Peñalolén
 Ministerio de Obras Públicas
 Universidad de Chile
 Centro de Detención Preventiva Santiago
 Embotelladoras Chilenas Unidas S.A.

SUPPLIERS

Empresa Depuradora de Aguas Servidas Ltda. (EDAS)⁽¹⁾
 Empresa Depuradora de Aguas Servidas Mapocho El Trebal (EDAM)⁽¹⁾
 Inmobiliaria y Constructora Nueva Pacífico Sur Ltda.
 Constructora Pérez y Gómez
 Dragados S.A. Agencia en Chile
 Asterión S.A.⁽¹⁾
 Bapa S.A.
 Eulen Chile S.A.
 Chilectra S.A.
 Constructora Con-Pax S.A.

⁽¹⁾ Businesses indirectly related through the controller.



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3.13_BUSINESS ACTIVITIES

PROPERTIES, EQUIPMENT, AND INSURANCE

The main buildings and equipment for the provision of the services of production and distribution of potable water and collection and treatment of sewage are property of Aguas Andinas and are in good working order.

The Company insures its entire active infrastructure, buildings and their contents, as well as installations for production and distribution of potable water, collection and treatment of sewages, offices and storage units. The coverage of this insurance mainly covers natural risks and fires.

The main properties and installations of Aguas Andinas are the El Yeso Reservoir, the Vizcachas Complex, the La Florida Plant for the production of potable water, the potable water distribution and sewage collection networks in all of their extent and the sewage treatment plants El Trebal, La Farfana and Mapocho.

Address	Characteristics	Type
Tobalaba 9670, La Florida, Santiago	Potable Water Production Plant	Owned
Av. Camilo Henríquez 540, Puente Alto, Santiago	Potable Water Production Plant	Owned
Av. Las Parcelas S/N, Padre Hurtado, Santiago	Sewage Treatment Plant	Owned
Camino La Farfana, Maipú, Santiago	Sewage Treatment Plant	Owned
Av. Las Parcelas S/N, Padre Hurtado, Santiago	Sewage Treatment Plant	Owned



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4.1_OUR PEOPLE

INTEGRATED TALENT MANAGEMENT

With the end goal of adequately managing the talent within the company, during 2014 and for the second consecutive year, the company has undertaken various actions to develop and strengthen the abilities of our team.

For this purpose, the Aguas Group has integrated different strategic projects for the development of its organization, such as collaborative environments, knowledge networks, a digital library, a performance management system, specialized technical training, competence training and a variable remuneration system.

Since its implementation, the Integrated Talent Management project has obtained the following results:

- 256 people placed in collaborative environments, giving support to projects and transversal initiatives (Excellence 2.0, Regulation Community, Integrated Communities -with 5 projects- and the Management Committee Community), and the rollout of 3 new communities.

- 159 people associated with the Agbar's seven knowledge dominions, representing approximately 10% of total associated domains, professional networks specialized in a field of knowledge.
- 257 people with access to the Aguas Group Digital Library, functioning since May 2014, and which gives access to more than 1,300 documents from the Aguas Group. We also have access to the global library of the whole Agbar group, the BITA Portal.



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4.2_OUR PEOPLE

WORK/LIFE BALANCE AND EQUALITY

The Aguas Group's conviction to become an example in terms of quality of life, work/life balance and equality have led the Company to take concrete actions, since January 2014, to implement the Chilean Norm 3262 on Management Systems for Gender Equality and Work/Life Balance. The latter seeks to maintain and improve all aspects related to opportunities, access and quality of life for men and woman.

For 2015, Aguas Andinas hopes to become one of the first companies to be certified nationally.

In recognition of this work, Aguas Andinas participated as a special guest in the Second Regional Latin American Forum of Companies for Equality, which took place in Colombia and was organized by the United Nations Program for Development (UNPD) and UN Women. The Company also participated in the Gender Inclusion Seminar in the Energy Sector which was organized by the National Women's Service (SERNAM).



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4.3_OUR PEOPLE

CORPORATE BENEFITS

During June and July 2014, two important collective contract negotiations were conducted with three of Aguas Andinas' syndicates which involved 533 company workers. The negotiations ended with an agreement on 01/08/2014 and this agreement is valid for four years.

The Insurance Brokers Willis, administrator of the fund, collaborated in the preparation of the process of the tendering of complementary health, dental, life and catastrophic insurances for the Company. Finally, BCI Seguros won the tender for four years, managing to lower premiums and to improve coverage for all the employees of the Aguas Group.



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4.4_OUR PEOPLE

LABOR RELATIONS

During the months of June and July, Aguas Andinas negotiated two important collective contracts with three syndicates. These negotiations affected 533 employees of the Company. The process, which took 45 days, finally closed with an agreement which has a duration of four years.

Also, during the months of November and December 2014, three collective contracts were negotiated with the syndicates of Aguas Cordillera, for 131 employees from Aguas Cordillera and Aguas Manquehue. Negotiations closed with an agreement on 01/12/2014 for the contracts of Syndicates 1 and 2 and on 23/12/2015 for the Workers and Supervisors Syndicate, all three of them valid for four years.

Additionally, a collective agreement was negotiated for 21 workers of the Gestión y Servicios subsidiary on 01/12/2014 and for six ANAM workers on 23/12/2014, both of them valid for four years.



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4.5_OUR PEOPLE

WORKFORCE

AS OF DECEMBER 31, 2014, THE CONSOLIDATED WORKFORCE OF THE AGUAS ANDINAS GROUP AMOUNTED TO 1,878 DIRECT EMPLOYEES.

STAFF	AGUAS ANDINAS	AGUAS CORDILLERA*	AGUAS MANQUEHUE*	ESSAL	OTROS	TOTAL
Managers and Key Executives	57	1	1	6	8	73
Professionals and Technicians	685	71	11	126	209	1,102
Workers	326	48	8	121	200	703
Total	1,068	120	20	253	417	1,878

(*) Executive considered as part of Aguas Andinas



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5.1_FINANCIAL PERFORMANCE

EFFICIENT AND TRUSTWORTHY MANAGEMENT

The 2014 term was characterized by the management of relevant investment and financial operations, as well as important activities in the local capital markets, actions that allowed for the successful capture of opportunities that presented themselves in the market.

In the month of May, the Bond Series V was auctioned off for 2 million UF, structured at 23 years, at an interest rate of 3.48% and with a demand of 2.9 times that of the offer.

Subsequently, on August 6th, the Bond Series W was placed, for 2.3 million UF, structured to 23 years, with a 20 year grace period. This series was placed at an interest rate of 3.16%, with a total demand of 5.8 million UF, which meant an excess demand of 2.6 times that of the offer. This placement marked a new milestone in the Chilean capital market, achieving the lowest rate for corporate issuances for terms longer than 20 years.

Later, on August 27, the Bond Series F was pre-paid, for 3.3 million UF. This bond had been placed at an interest rate of 4.15%, and its pre-payment using the funds raised through the placement of the Bond Series W, at an interest rate of 3.16%, allowed for the optimization of the Company's financial costs.

The low operational risk of the industry, in addition to the Company's solid financial profile, allowed for the ratification of the risk classification for Aguas Andinas as AA+ by the risk classification firms Fitch and ICR. This rating is one the best categories assigned to a private company in Chile.

As for its shares, again, thanks to the high transactional volume registered this year by Aguas Andinas shares the Santiago Stock Exchange informed that during 2015, the Company's shares (Aguas -A) will remain in the IPSA index, with a weighting of 2.59%

The placement of Bond Series W **was a milestone in the Chilean capital market**, achieving the lowest rate for corporate emissions at terms longer than 20 years.



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5.2_FINANCIAL PERFORMANCE

RISK FACTORS

Due to the particular characteristics of the sanitation sector and the Company's proactive risk policy, Aguas Andinas presents a favorable situation in terms of risk, which is supported by the extensive experience of its controlling partner.

OPERATIONAL ASPECTS

New Investments

In order to abide by the development plans committed to with the Superintendence of Sanitation Services (SISS), Aguas Andinas executes an important investment plan, which involves high economic, administrative and technical resources.

This risk is tempered as tariff incorporate these new investments, which assures a minimum return. Additionally, the experience of the controlling group guarantees the knowledge necessary in order to efficiently manage these investment plans.

Regulated Market

Due to its monopoly condition, the sanitation service industry is highly regulated by the Chilean State, which exposes it to eventual modifications in established standards.

The current legal framework of the country regulates the exploitation of concessions as well as tariffs charged to customers. Whilst the tariff setting process, process which occurs every 5 years, is developed under technical criteria, there can still be differences between the studies presented by the Company and by the SISS. If an agreement is not reached, those differences are resolved by a commission of experts formed by representatives of each party.

For the tariff period 2010-2015, Aguas Andinas and the SISS came to an agreement that clearly defined the scenario for the five year period, contemplating tariffs for Clean Urban Mapocho, projects necessary to reach 100% of sewage treatment and investments in safety infrastructure works to ensure potable water production in Greater Santiago.

In 2014, the sixth tariff setting process was completed. Through this process on November 14, Aguas Andinas, Aguas Cordillera and Aguas Manquehue along with the SISS reached an agreement on the tariffs for 2015-2020 on the following terms:

- Maintain the current rates for Aguas Andinas and Aguas Cordillera as of December 31, 2013. The new tariff decrees apply beginning March 1 and June 30, 2015, respectively.
- Reduce tariffs by 5% for Aguas Manquehue in respect to tariffs which were in place on December 31, 2013. The new tariff decree applies starting May 19, 2015.
- Additional tariffs will apply when investments in construction enter into operation, such as works concerning production safety in situations of extreme turbidity (+1.1% in 2018), and works regarding nitrogenous waste treatment occurring in the La Farfana and Trebal-Mapocho treatment plants (+1.4% in 2018).
- Discounts on tariffs due to non-regulated businesses: when the Alto Maipo Project enters into operation (-1.2% in 2018, estimated).



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5.2_FINANCIAL PERFORMANCE

Climatological Conditions

Climatological conditions that present themselves in the watersheds greatly determine the quantity, quality and continuity of the raw water available for the processes of capture and production of potable water. Therefore, variables like meteorological precipitation (snow, hail, rain, and fog), temperature, humidity, sediment transport, river flow and turbidities could eventually affect the optimal delivery of sanitation services.

Aguas Andinas maintains sufficient water rights in order to ensure an adequate production of potable water, even in adverse climactic conditions. Due to the situation of hydraulic scarcity present in the Santiago Basin, the Company is taking action to minimize this effect and, at the same time, has developed a plan for safety infrastructure projects that will provide greater autonomy to the system. As a whole, the Company has the technical and human capacities necessary to overcome critical situations.

Customers

During 2014, the Company supplied 2,096,999 potable water customers, located in its concession areas of the Metropolitan, De los Lagos and De Los Ríos regions, and who have Aguas Andinas and its subsidiaries as a provider.

The main 100 customers represented only 9.3% of the total sales for 2014.

FINANCIAL ASPECTS

Monetary Risk

The revenues of Aguas Andinas are correlated with inflation in the Chilean economy, and due to this, a great part of its debt is emitted in UF.

Interest Rate

As of December 31, 2014, Aguas Andinas maintains 85.0% of its debt at a fixed rate (comprised approximately of 75.9% short and long term bonds, and 24.1% in promissory notes). The 15% remaining is at a variable rate and corresponds to loans with national banks.



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5.3_FINANCIAL PERFORMANCE

INVESTMENT AND FINANCING

Investments

Forty eight percent of the investments carried out by Aguas Andinas in 2014 corresponded to expansion projects, with the goal of complying with the Development Plan committed to with the Superintendence of Sanitation Services (SISS). The rest of the resources were mainly used to replenish operational assets.

Financing

During the term ending on December 31, two successful bond placements were carried out with the objective of financing the investments by the Company. The first of these operations occurred on May 7, 2014, for 2 million UF, with the emission of one series, Series V, structured at 23 years with an interest rate of 3.48%, and with a demand 2.9 times that of the offer. Subsequently, on August 6, the placement of Series W was carried out, for 2.3 million UF, structured at 23 years with a 20-year grace period, and placed at an interest rate of 3.16%, with a total demand of 5.8 million UF, which meant an excess demand of 2.6 times that of the offer. This last placement marked a new milestone in the Chilean capital market, reaching the lowest rate for long-term corporate issuances in 20 years.

At the end of the period, the real average interest rate for financing was 3.92% in relation to 4.02% of the previous year.

DISTRIBUTABLE INCOME

\$

Net Earnings for 2014	119,422,473,587
Accumulated Distributable Earnings	73,428
Interim Dividend Against 2014 Earnings	(38,855,428,766)
Remaining Distributable Earnings	80,567,118,249
Percentage of Dividends Distributed of Distributable Earnings	32.54%



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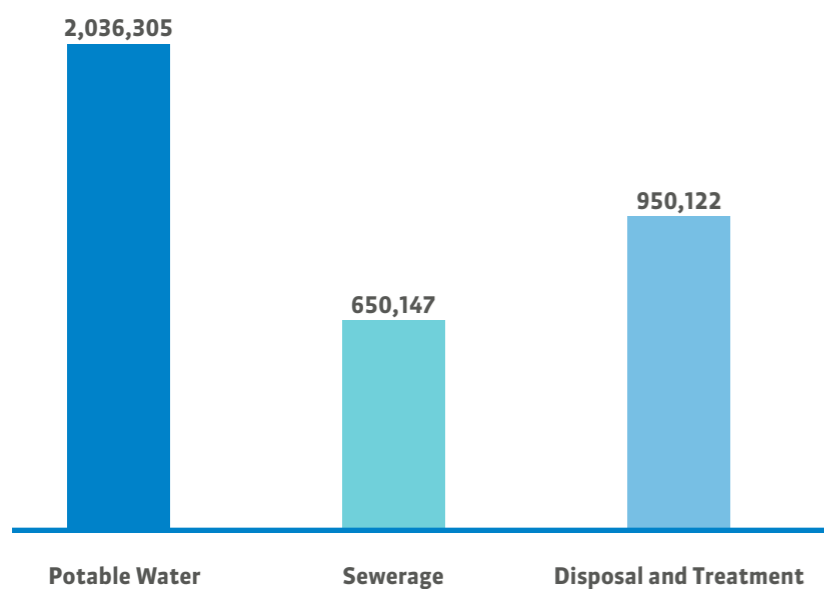
5.4_FINANCIAL PERFORMANCE

INVESTMENT PLANS

As a result of the Development Plan approved by the SISS, Aguas Andinas committed important financial resources to its Investment Plan for the period between 2014-2024.

The actual amount committed in the Development Plan for the investments that will be conducted in said period amounted to 3.6 million UF, with an important portion of these resources being used for potable water investments.

**Development Plan Committed With the SISS
for the 2014-2024 Period (UF)**



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5.5_FINANCIAL PERFORMANCE

DIVIDEND POLICY

The twenty-fourth Ordinary Shareholders' Meeting agreed a dividend policy consisting of the distribution of all the earnings, being 30% of earnings for the year as the obligatory dividend and the remaining 70% as an additional dividend.

This policy will remain in effect while the present level of capitalization of the company remains and while it is compatible with the investment and financing policies for each year.

DIVIDENDS PAID PER SHARE

\$ Per Share	2010	2011	2012	2013	2014
Book Value	99.30	100.36	101.61	100.73	99.81
Earnings	16.97	18.22	19.82	19.07	19.52
Dividends Paid	⁽¹⁾ 20.22	⁽²⁾ 17.16	⁽³⁾ 18.41	⁽⁴⁾ 14.02	⁽⁵⁾ 19.07

⁽¹⁾ Includes two items: A definitive dividend of \$14.80945 per share, paid May 17, 2010; and a interim dividend of \$5.4138 per share, based on 2010 income, paid November 22, 2010.

⁽²⁾ Includes two items: A definitive dividend of \$11.5579 per share, paid May 23, 2011; and a interim dividend of \$5.5985 per share, based on 2011 income, paid November 23, 2011.

⁽³⁾ Includes two items: A definitive dividend of \$12.62015 per share, paid May 23, 2012; and a interim dividend of \$5.7945 per share, based on 2012 income, paid November 13, 2012.

⁽⁴⁾ Definitive dividend of \$14.02414 per share paid May 22, 2013.

⁽⁵⁾ Includes two items: A interim dividend of \$6.0468 per share, paid January 14, 2014; and a definitive dividend of \$13.02105 per share, based on 2013 income, paid January 14, 2014.

DIVIDENDS PAID

Dividend #	Close Date	Payment Date	Historic Dividend	Dividend Type
50	11-05-2011	17-05-2010	14.80945	Definitive
51	16-11-2010	22-11-2010	5.4138	Interim
52	16-05-2011	23-05-2011	11.5579	Definitive
53	17-11-2011	23-11-2011	5.5985	Interim
54	16-05-2012	23-05-2012	12.62015	Definitive
55	07-11-2012	13-11-2012	5.7945	Interim
56	15-05-2013	22-05-2013	14.02414	Definitive
57	08-01-2014	14-01-2014	6.04680	Interim
58	08-01-2014	26-05-2014	13.02105	Definitive
59	07-01-2015	13-01-2015	6.35	Interim



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5.6_FINANCIAL PERFORMANCE

SITUATION OF SHARES

The social capital of Aguas Andinas is comprised of 6,118,965,160 shares, fully subscribed and paid. As of December 31, 2014, 94.97% correspond to Series A, equivalent to 5,811,030,417 shares; and 5.03% correspond to Series B, equivalent to 307,934,743 shares.

The preference of the Series B, contained in clause 5 of the Company's bylaws, consists of a special quorum required for an Extraordinary Shareholders Meeting to decide on acts and contracts related to the water usage rights and sanitation concessions of Aguas Andinas.

For those interested, the statutes of Aguas Andinas are available on the Company's website. www.aguasandinasinversionistas.cl



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5.6_FINANCIAL PERFORMANCE

TRANSACTIONS BY MAJOR SHAREHOLDERS AND RELATED PARTIES

The following transactions were carried out by major shareholders and related parties during 2014:



Business Name	Transaction Date	Date Transaction Reported to the SVS	Sale	Purchase	Unit Price (\$)	Amount (\$)	Observations
Bethia S.A.	18/02/2014	19/02/2014	4,500,000	-	350.01	1,575,040,404	Jaime Cuevas Rodríguez: As Director of Aguas Andinas reports the sale of shares by Bethia SA, where he serves as executive director.
Bethia S.A.	18/02/2014	19/02/2014	4,500,000	-	350.01	1,575,040,404	Gonzalo Rojas Vildósola: As Director of Aguas Andinas reports the sale of shares by Bethia SA, where he serves as executive director.
Bethia S.A.	11/02/2014	12/02/2014	5,674,230	-	350.69	1,989,905,273	Jaime Cuevas Rodríguez: As Director of Aguas Andinas reports the sale of shares by Bethia SA, where he serves as executive director.
Bethia S.A.	11/02/2014	12/02/2014	5,674,230	-	350.69	1,989,905,273	Gonzalo Rojas Vildósola: As Director of Aguas Andinas reports the sale of shares by Bethia SA, where he serves as executive director.
Bethia S.A.	07/02/2014	10/02/2014	5,735,505	-	350.78	2,011,908,933	Jaime Cuevas Rodríguez: As Director of Aguas Andinas reports the sale of shares by Bethia SA, where he serves as executive director.
Bethia S.A.	07/02/2014	10/02/2014	5,735,505	-	350.78	2,011,908,933	Gonzalo Rojas Vildósola: As Director of Aguas Andinas reports the sale of shares by Bethia SA, where he serves as executive director.
Bethia S.A.	03/02/2014	04/02/2014	17,690,265	-	350	6,191,627,326	Jaime Cuevas Rodríguez: As Director of Aguas Andinas reports the sale of shares by Bethia SA, where he serves as executive director.
Bethia S.A.	03/02/2014	04/02/2014	17,690,265	-	350	6,191,627,326	Gonzalo Rojas Vildósola: As Director of Aguas Andinas reports the sale of shares by Bethia SA, where he serves as executive director.

5.6_FINANCIAL PERFORMANCE

SECONDARY MARKET TRANSACTIONS

SANTIAGO STOCK EXCHANGE

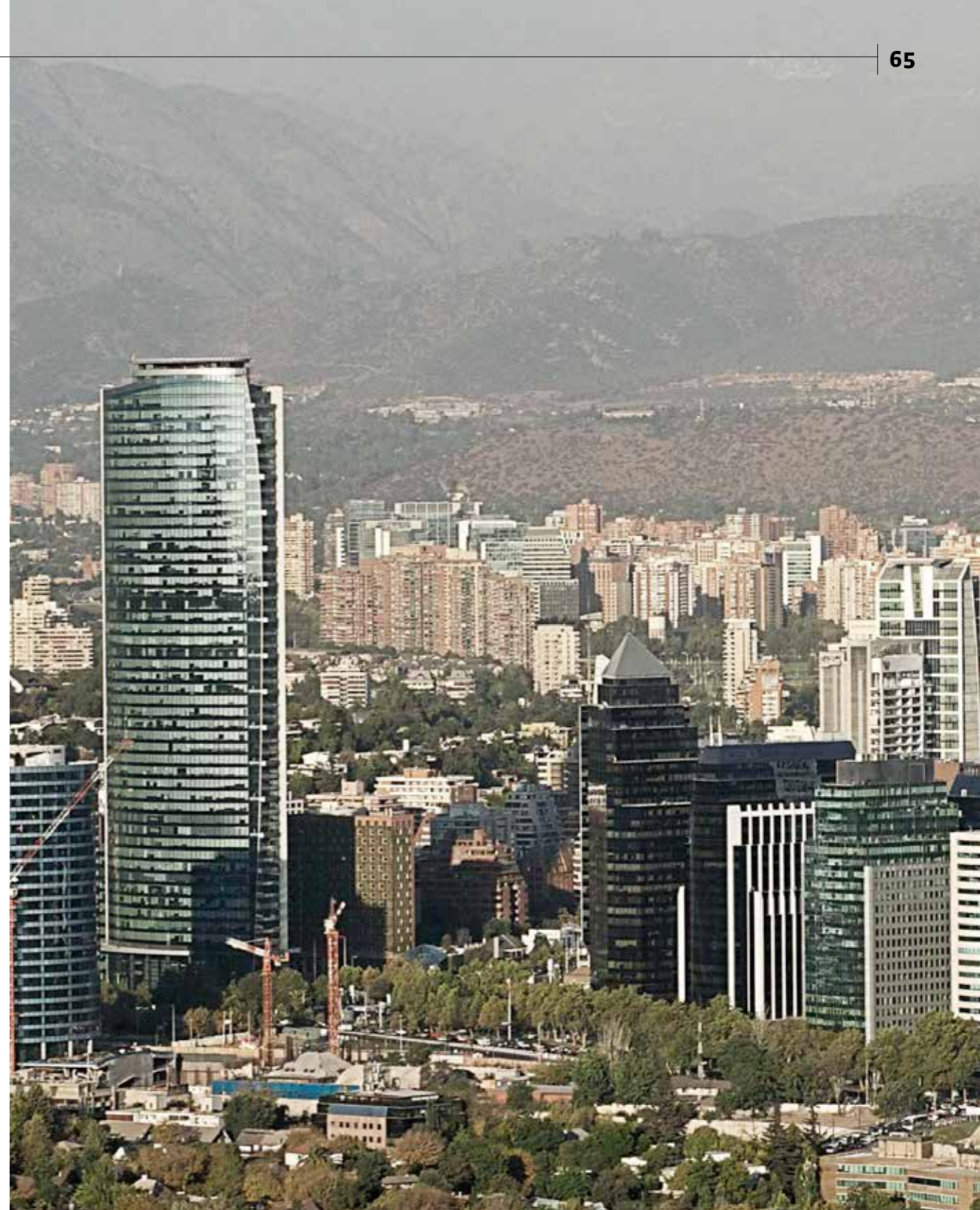
2014	Average Price (\$)	Units	Amount (\$)	Market Presence
Total 1st Quarter	339.91	275,657,547	93,696,159,477	100%
Total 2nd Quarter	348.48	251,193,899	87,770,859,059	100%
Total 3rd Quarter	359.96	224,856,307	80,782,192,274	100%
Total 4th Quarter	352.58	276,151,826	97,123,104,114	100%
Year 2014	349.60	1,027,859,579	359,372,314,924	100%

CHILEAN ELECTRONIC MARKET

2014	Average Price (\$)	Units	Amount (\$)	Market Presence
Total 1st Quarter	338.93	8,241,153	2,793,178,854	100%
Total 2nd Quarter	348.87	13,323,301	4,652,782,130	100%
Total 3rd Quarter	362.02	5,766,125	2,097,358,293	100%
Total 4th Quarter	353.66	16,221,211	5,688,164,806	100%
Year 2014	349.70	43,551,790	15,231,484,083	100%

STOCK BROKERS – SECURITIES EXCHANGE

2014	Average Price (\$)	Units	Amount (\$)	Market Presence
Total 1st Quarter	0	0	0	0
Total 2nd Quarter	0	0	0	0
Total 3rd Quarter	361	50,000	18,050,000	29%
Total 4th Quarter	0	0	0	0
Year 2014	361	50,000	18,050,000	0



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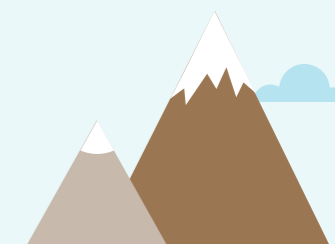
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6.1_CORPORATE GOVERNANCE

AGUAS ANDINAS' BOARD OF DIRECTORS

Aguas Andinas' Board of Directors is composed of seven titular members, each of whom has a respective substitute that can potentially replace the titular member permanently in the case of vacancy, and temporarily in the case of absence or impediment. The directors do not have to be shareholders of the Company but they can chose to have Company shares. Directors are chosen for a three year period and after this period, the board must be completely renewed. The Board of Director's last renewal was on August 29, 2013. Directors can be re-elected indefinitely.

Name	Position	Tax N°	Profession or Office	Date of Appointment Or Reelection
Felipe Larrain Aspillaga	President	6.922.002-9	Civil Engineer	29-08-2013
Josep Bagué Prats	Vice President	Foreigner	Economist	29-08-2013
Ricardo Escobar Calderón	Titular Director	8.483.513-7	Lawyer	29-08-2013
Herman Chadwick Piñera	Titular Director	4.975.992-4	Lawyer	29-08-2013
Bruno Philippi Irrarrázabal	Titular Director	4.818.243-7	Civil Engineer	29-08-2013
Rodrigo Manubens Moltedo	Titular Director (Independent)	6.575.050-3	Commercial Engineer	29-08-2013
Gonzalo Rojas Vildósola	Titular Director (Independent)	6.179.689-4	Commercial Engineer	29-08-2013
Olivier Jacquier	Substitute Director	Foreigner	Adjunctive Financing Director	29-08-2013
Fernando Samaniego Sangroniz	Substitute Director	6.374.438-7	Lawyer	29-08-2013
Xavier Amorós Corbella	Substitute Director	23.530.463-5	Lawyer	29-08-2013
Lorenzo Bernaldo De Quiroz Lozano	Substitute Director	Foreigner	Economist, Bachelor of Law	29-08-2013
Jorge Cosme Sagnier Guimón	Substitute Director	24.394.856-8	Economist	29-08-2013
Rodrigo Terré Fontbona	Substitute Director (Independent)	9.011.344-5	Civil Engineer	29-08-2013
Jaime Cuevas Rodríguez	Substitute Director (Independent)	10.290.120-7	Commercial Engineer	29-08-2013



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6.1_CORPORATE GOVERNANCE

BOARD OF DIRECTORS' REMUNERATION

In accordance with Law 18,046, the Ordinary Shareholders' Meeting held on April 24, 2014 agreed on the remuneration of the members of the board, and of the Directors Committee and its expense budget for the year 2014.

The directors' remuneration is divided into two kinds: a fixed monthly fee, of 100 UF for the President, 45 UF for the Vice-President and 70 UF for the titular and substitute directors; and a variable fee payable for attendance at each meeting of 80 UF for the President, 60 UF for the Vice-President, 20 UF for directors, and 20 UF for substitute director when replacing titular directors.

The remuneration of members of the Directors Committee for 2014 was the following: a fixed monthly fee of 25 UF for each member and a variable fee for attendance at each meeting of 20 UF. An expense budget was also agreed of UF3,000.

DIRECTORS' REMUNERATION (THOUSANDS OF PESOS)

Directors	Position	Remuneration		Sesión	
		2014	2013	2014	2013
Felipe Larrain Aspillaga	President	28,680	29,379	22,944	27,553
Patricio Prieto Sanchez	Vice President	0	13,739	0	10,997
Bruno Philippi Irrarázabal	Director	20,169	19,320	5,282	6,431
Rodrigo Manubens Moltedo	Director (Independent)	20,169	19,320	5,762	8,722
Gonzalo Rojas Vildósola	Director (Independent)	20,169	19,320	5,762	7,354
Hernan Chadwick Piñera	Director	20,169	19,320	5,762	2,317
Lorenzo Bernaldo de Quiroz	Director	20,076	20,857	0	0
Rodrigo Terré Fontbona	Director	20,169	19,320	0	0
Jaime Cuevas Rodriguez	Director	20,169	19,320	0	0
Fernando Samaniego Sangroniz	Director	20,169	8,110	1,446	0
Ricardo Escobar Calderon	Director	20,169	8,110	4,306	2,317
Alejandro Danus Chirighin	Director (Independent)	0	12,823	0	0
Luis Hernán Paul Fresno	Director (Independent)	0	12,823	0	6,405
Ernesto Mata López	Director	0	15,336	0	0
Total		210,108	237,097	51,264	72,096

Note: During 2014, the Board did not incur in any expenses.

REMUNERATION OF THE DIRECTORS COMMITTEE (THOUSANDS OF PESOS)

Directors	Position	Remuneration	
		2014	2013
Rodrigo Manubens Moltedo	Director (Independent)	15,380	12,420
Gonzalo Rojas Vildósola	Director (Independent)	14,432	3,713
Fernando Samaniego Sangroniz	Director	486	0
Luis Hernán Paul Fresno	Director (Independent)	0	8,243
		30,298	24,376

Note: The activities undertaken by this Committee correspond to those stipulated by law. The expenses made during the 2014 period reached \$43 million and correspond to professional fees for the secretary and contracted consulting.



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DIRECTORS COMMITTEE REPORT

In accordance with article 50 bis), eighth paragraph, No.5, of the Corporations Law 18,046, the following activities carried out by the directors' committee are reported. The principal recommendations of this committee to shareholders are reported.

I. MEMBERSHIP AND ACTIONS OF THE COMMITTEE

The members of the Directors Committee for 2014 were the independent directors Rodrigo Manubens Moltedo and Gonzalo Rojas Vildosola, and Josep Bague Prats, with their respective substitutes. The committee elected the independent director Rodrigo Manubens Moltedo as its president.

The committee had ordinary meetings once a month and extraordinary meetings whenever required, in order to consider the matters reserved for it by article 50 bis) of Law 18,046.

II.- ACTIVITIES AND EFFORTS OF THE DIRECTORS COMMITTEE DURING 2014

1. Agreed to propose ICR and Fitch Ratings as the private risk classification companies for 2014 to the Ordinary Shareholders Meeting. They fulfill the requirements for their designation and their integrated offers were the most economical.
2. Agreed to propose to the Board of Directors and the Ordinary Shareholders Meeting Ernst & Young as external auditors for 2015, and as a second choice, Deloitte.
3. Reviewed the progress of the actions taken to address the observations made by the Internal Control Report conducted by the External Auditors for the 2013 term.
4. Reviewed the reports of the external auditors and the balance sheet and other financial statements as of December 31, 2013

presented by the company's management, and pronounced on them prior to their presentation to the shareholders. Regarding the report of the external auditors Ernst and Young on the audited financial statements as of December 31, 2013 and their report of compliance with Joint Circular 960 of the SVS and SBIF, the committee met with the auditors to know their opinions and make pertinent consultations directly. The auditors' report was unqualified, the external auditors told the committee that the accounts of the company by the management of Aguas Andinas S.A. were managed with conservative and reasonable criteria. The committee made no other observations to the financial statements of Aguas Andinas S.A. as of December 31, 2013, nor to the external auditors' report.

5. Reviewed and approved the Balance Sheet, the Financial Statements and the Earnings Release presented by the administration for the quarters ending on March 31, June 30 and September 30, all from 2014.
6. Reviewed the annual external audit plan presented by Ernst & Young, on the assumption that the firm would be elected by the ordinary shareholders' meeting; the structure of their work team, the timetable, significant accounting and audit matters to be revised, the documents to be delivered and estimated dates, together with the reports to be issued.
7. Reviewed and approved the administration's proposal to hire the external auditing company Ernst & Young to review the key matters on the following processes:
 - Payroll Management (payment of wages)
 - Power of Attorney (delegation of authority and signing authority)
 - Accounting principles and policies

- Consolidation process
- Management of fixed assets (tangible and intangible)
- Accounting Closure

Considering that, this would be work that continues that which was conducted in 2013, which is complementary to their external auditing, and does not diminish their independence as external auditors of the company, their hire and payment of 1,150 UF was approved.

8. Reviewed the Internal Control and Risk Management System for Aguas Andinas S.A. and its subsidiaries including the diverse instruments and stages that integrated them: Internal Auditing, Risk Management, Internal Control, Homologated Processes, Tracking and the Fraud Risk Monitoring Program.
9. Reviewed the remuneration systems and compensation plans for managers, senior executives and employees of the company. The Committee concluded that Aguas Andinas S.A. has a well-developed and consistent policy of human resources, remunerations, and compensations. This policy is constantly being updated and perfected in order to have retributive policies and practices that meet the objectives of external competitiveness and internal equality, whilst also considering the needs of financial equilibrium. In addition to this, in general terms, the systems of remuneration and compensation of managers, senior executives, and company employees complies with the objectives of external competition and their values are within the general ranges of the market.
10. Reviewed the management report (internal control) issued by the external auditors on November 30, 2014, and the follow-up solutions from the observations which were made in previous reports.

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| <p>11. Reviewed the progress in the work conducted regarding Homologated Processes.</p> <p>12. Made a consolidated examination of the operations with related parties carried out during 2013 and analyzed the applied legal procedures and rulings for said operations.</p> <p>13. Examined the punitive procedures from the SISS initiated against Aguas Andinas and its subsidiaries and an analysis comparing these with other sanitation companies in Chile.</p> <p>14. All the cases of operations with related parties examined by the committee were made based on information provided by the company's management. They were approved only when such operations met the following conditions: that they were intended to contribute to the corporate interest; that they met in price, terms and conditions those prevailing in the market at the time of approval; and that they were within the scope of the Company's normal business operations and comply with the Company's habituality policy. These criteria were considered and applied in all the approval processes of related operations, which are included at the end of the report, without reproducing the compliance with such requirements in each case, which are understood to be reproduced. Regarding the price, terms and conditions on which these operations were approved, it is important to note that almost all of these operations were subject to a public, open, informed, and competitive tender, in accordance to the Law of Sanitation Services and its Regulations covered in Article 67.</p> <p>14.1. Reviewed and approved the administration's proposal regarding the adjudication of the private tender of the Hidroyeso merged preliminary project to the subsidiary Aguas del Maipo S.A. and the hiring of the related company Aqualogy.</p> | <p>This was conducted in a competitive process by invitation or private tender in which Aqualogy, Valgesta, AmecCade and Poch participated. Aqualogy presented the best combination of technical and economical offers with a total weighted assessment of 99% and a price of \$45,000,000.</p> <p>14.2. Reviewed and approved the administration's proposal regarding the adjudication of the contract of well constructions in Lo Pinto, Chicureo to Aqualogy Environment Chile and Aguas Andinas S.A's subsidiary, EcoRiles. Amount: 187,253 UF.</p> <p>14.3. Examined the background information provided by the administration related to the request given on January 28, 2014 of the Definitive Reception of the Sewage Treatment Plant Mapocho. The contractor and the related entity Empresa Depuradora de Aguas Servidas Mapocho Trebal Limitada (EDAM) presented this request. For said examination, the Directors Committee hired and charged to its annual budget, independent legal and technical assessors to provide opinions and reports to evaluate the request of the Definitive Reception presented by the contractor EDAM on January 28, 2014, particularly evaluating the feasibility of a Partial Definitive Reception and the conditions required to accept it. The legal assessor's report is dated June 9, 2014 and the external independent technical assessor's report, Rolando Chamy M., is dated June 2014. Both presented their detailed reports and opinions to the extraordinary session of the Committee N°173 on June 11, 2014.</p> <p>Additionally, the Committee requested that the administration provides all of the contractual background and technical and legal reports that were delivered by the Department of Legal Affairs, the Manager of the Third</p> | <p>Mapocho Plant, the Manager of Technical Assistance, the Purification Manager, the Technical Inspection of Works of Cruz and Davila and the legal external assessors from Claro and Cia. Specifically, the company reviewed and considered the content of the following documents, presented by their various authors to the Committee in the extraordinary session N°172, dated June 10, 2014:</p> <ul style="list-style-type: none"> • Text of the agreement of Provisional Reception of the Mapocho Sewage Treatment Plant that the Committee of Directors approved in 2013 and was signed by Aguas Andinas S.A., the contractor and its jointly liable co-debtors on February 1, 2013, notarized on February 5, 2013 in the Notary of Ivan Torrealba Acevedo, Repertoire No-1855. • The report of the Technical Inspection of Projects on the progress of the solutions to the observations of August 31, 2013, emitted and presented by Cruz and Davila. • The report on the Technical Inspection of the Projects related to the solicitation of Definitive Reception, emitted and presented by Cruz and Davila in April, 2014. • The report on the Definitive Reception, of February 2014, emitted and presented by the Manager of Technical Assistance of Aguas Andinas, Yves Lesty. • The report on the Rehabilitation of the Trebal Plant, February 2014, emitted by the Purification Manager of Aguas Andinas S.A., Sebastian Acevedo. • The report on Definitive Reception emitted by the lawyers of Claro and Cia., Jorge Martin D. and Macarena Letelier R., dated February 6, 2014. |
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- The minutes emitted by the Department of Legal Affairs of Aguas Andinas relating to the request of definitive reception by EDAM and the response of Aguas.
- Letter dated March 17, 2014 from the Project t Manager of the Third Plant Mario Auger to the Manager of EDAM, in which he acknowledges the receipt of the request for definitive reception, which will be submitted for analysis by Aguas Andinas.
- The report of the Manager of the Third Plant Mario Auger Hernandez, from March 2014, referring to the request for Definitive Reception. Once all of the background information was examined and the presentations were attended and the appropriate consultations to the independent legal and technical assessors which were hired by the Directors Committee took place, the Committee agreed on the following recommendations which were also reviewed and approved by the Board of Directors, and in which the pertinent information is expressed to posterity in an agreement regarding the Partial Definitive Reception celebrated between EDAM and Aguas Andinas S.A.:
 - a) Propose Aguas Andinas S.A.'s immediate rejection of the total definitive reception requested by the contractor EDAM, noting that all the contractual and technical requisites are still not in place to deliver it.
 - b) Propose to the Board of Directors that they allow Aguas Andinas S.A.'s Senior Management to conduct a negotiation process with EDAM and other jointly liable companies for the contractual obligations that these companies have with Aguas Andinas. The aim of this was to agree on a Partial Definitive Reception, which must be submitted to review and approval before the Directors Committee and the Board of Directors before its signing.
 - c) Partial Definitive Reception of the works of STP Mapocho must consider the following:
 - c.1.) That projects by STP Mapocho are received in full in regards to their associated water and gas lines.
 - c.2) Leave pending the definitive reception of the rehabilitation of digestors and the window apertures of the aeration tanks from 1 to 7.
 - c.3) Leave pending the definitive reception of the anaerobic digestion process with thermal hydrolysis, given that they have not yet worked compatibly.
 - c.4) Expressly regulate all the requirements for the partial final reception, establishing the projects which will remain excluded, conditions and terms of their execution, late fees, insurances and committed guarantee notes, among others, as per the effects that said projects generate on the project as a whole and the rights that Aguas Andinas reserves for a stage of final definitive reception.
 - c.5) Given that the Agreement of Partial Definitive Reception abide to the requirements that are described in the contract and in the tender documentation, except for those parts that are expressly excluded and/or reserved for posterior application, the requirements of the project which are excluded and the rights reserved on behalf of Aguas Andinas must be regulated in detail, detailing all the responsibilities assumed by EDAM and the jointly liable businesses, subsequent to the partial definitive reception, but leaving the contract and bidding documents without application, or agreeing and expressly stating that they remain in force or everything not modified by the Agreement of partial Definitive Reception remained in force.
 - c.6) In relation to the fines, according to what has been agreed in the Provisional Reception Agreement, these must be determined and studied by Aguas Andinas before providing the Definitive Reception. Having outstanding fines to be studied and charged and eventual obligations to be determined by EDAM, Aguas Andinas S.A.'s Directors Committee recommends that it be expressly stated in the Act of Partial Definitive Reception the rights reserved by Aguas Andinas to deliver them, and the mechanisms that allow the company to charge fines to the contractor EDAM until 2018. To this effect, it is recommended that a more adequate mechanism be established so that Aguas Andinas can protect its ability to apply these fines be they as a consequence of functionalities not achieved either by minor construction defects and the noncompliance of the terms, as well as noncompliance of the quality parameters, maintenance indicators or plant stoppages, all of which relate to noncompliance of the operator in the functioning of the plant. Aguas Andinas' reservation of rights to claim damages for the change of technology used in unreached functionalities should also be considered, so as to be as free as possible from the sanctions of the authorities, whilst maintaining the obligations of the jointly liable companies, and establishing special guarantees, be they guarantee notes from banks or insurance policies, until 90 days subsequent to the maximum period established for the fulfillment of Total Definitive Reception.

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- c.7) That Aguas Andinas makes an express reservation of rights to charge any eventual higher costs of operation and investments that Aguas Andinas incurs by operating the sewage treatment plant STP Mapocho under the system of liming sludge, in comparison with the thermal hydrolysis system. Documented guarantees and the joint assumption of debt should include the higher operation costs and in particular, those of transportation and disposal of sludge that are to be incurred by Aguas Andinas, and the higher infrastructure costs that will be incur for the increase in digestion capacity, if the investigation plan shows the incompatibility of thermal hydrolysis with anaerobic digestion.
- c.8) That the contractor EDAM and its joint debtors renounce the practice of any action that may impugn the procedure of the determination of fines considered untimely founded in the fact that Partial Definitive Reception had been previously delivered. It shall be noted that it gives Aguas Andinas additional time to carry out the determination of the fines related to the contract until 2018.
- c.9) That Aguas Andinas expressly reserves the rights to charge or discount pending payments or any owed sum by the contractor under the contract and all the fines for the diverse breaches made by the contractor in the construction area of the contract when they see fit.
- c.10) That Aguas Andinas expressly reserves the right to charge EDAM the tariffs that they are not able to charge beforehand in relation to the treatment of sewage at STP Mapocho, because of observations made by the SISS or any other relevant authority for reasons attributable to EDAM related to STP Mapocho.
- c.11) A deadline must be established that does not exceed June 30, 2017, for EDAM regarding the full compliance of the pending aspects of Total Definitive Reception and to carry out the final liquidation of the construction contract of STP Mapocho signed by the parties.
- In posterity, the Committee examined the draft of the Agreement of Partial Definitive Reception, a draft that was also revised and informed by the independent legal consultant, the lawyer Felipe Bahamondez; and by the independent technical consultant, Mr. Rolando Chamy, who in particular reviewed the proposed “work plan and investigation” (annex 3 of the agreement), in order to achieve the acclimation of the anaerobic digestion of the sludge generated by the thermal hydrolysis process and for the execution of deferred projects. Most of the observations were accepted and incorporated into the final text of the agreement.
- 14.4. Examined the background information presented by the administration in relation to the public tender for the Hydraulic Efficiency Master Plan contract and its recommendation to hire the related Company Aqualogy Medio Ambiente Chile and for it to receive said contract. According to the background information presented, Aqualogy Medio Ambiente Chile presented the least costly offer, with the best technical qualifications in comparison to its competitors. This was conducted in a public, international tender that was informed, open and competitive in order to ensure that the offers provided are tailored according to the price, terms and conditions of those that prevail in the market at the time of approval. The price offered by Aqualogy Medio Ambiente Chile is within the bracket, it is 2.2% of the official price and of the reference price informed publicly when the auction was called.
- 14.5. Examined the background information that was presented to the administration regarding the public tender for the supply of meters for 2014, in which Aqualogy Solutions, an entity related to the controller, participated as one of the bidders. Four other bidders, three of which also made offers, also participated. This is an operation where prior public international tender was performed. They competed for the supply of eight types of meters, in which AqualogySolutions Chile Ltd. made the most economical offer with respect to three types of meters, which applied to the respective volumes of estimated sales, which can represent purchases made by AqualogySolutions Chile Ltd. for an approximate value of \$1,277,975,459.-, which was approved by the committee.
- 14.6. Examined the background of the proposal of the administration referring to the liquidation of the contract adjudicated to Aqualogy corresponding to the “Emptying, cleaning and maintenance of the digester of the Talagante Plant”, being the contractor related to the controlling entity. This involved resolving the contractor’s claims made to Aguas Andinas of higher payments of \$97,798,369. - Of these, the administration proposed to accept only two of the four items claimed. The items that the committee approved corresponded to the delay in the delivery of the digester to the contractor that was under the responsibility of third parties; and for the rental of the ITO container, which represented greater costs and greater works for a total of \$43,628,196 and did not include the contractor’s profit.

6.2_CORPORATE GOVERNANCE

- 14.7. Examined the background information presented to the administration in relation to the proposed adjudication in the public tender for the Medium Change of the Arsenic Removal Plant Quilicura to the related company Aqualogy for an amount of 7,281 UF. Said adjudication was approved as it was the result of an international public tender in which Aqualogy presented the most economical and best technically qualified offer in an informed, open and competitive international public tender process.
- 14.8. Examined the background information provided by the administration to adjudicate the tender of the "Equipment Supply, Installation and Commissioning of the Second Phase of the Mapocho Sewage Treatment Plant -Module 4" contract to Degremont SAS, as a lump sum, for an amount of 1,457,187.76 UF plus V.A.T. This company was selected by a process of competitive and informed international public tender, where Degremont SAS presented the best technical qualifications and an economical offer that was 15% less than that presented by the competing consortium (being formed by) Aqualia Infraestructure - FCC Aqualia.
- 14.9. Examined the background information provided by the administration that proposed the transfer of Aguas Andinas' generator set, now in disuse, from the El Maiten Elevated Sewage Treatment Plant to the El Chamisero Potable Water Plant owned by the subsidiary Aguas Manquehue, which requires electrical support. The Committee approved this transfer for \$80,000,000.-
- 14.10. Examined the background information provided by the administration that proposes the hiring of EDAM Ltd. for technical assistance services for the Sewage Treatment Plant Mapocho Module 4, at the lump sum of 4,800 UF.

- 14.11. Examined the background information for the framework contract with Cetaqua Spain.
- 14.12. Examined the background information for the incorporation documents of the Chilean Corporation for Water Investigation (Cetaqua Chile) and signed a partnership agreement (Federico Santa Maria Technical University, Aguas Andinas, State Agency of the Superior Council of Scientific Investigations, CSIC of the government of Spain, and Aqualogy.
- 14.13. Examined the compensation agreement for Eléctrica Puntilla S.A. for water purchases from Canales Unidos de Buin and Canal Huidobro.
- 14.14. Reviewed the compensation agreement with Eléctrica Puntilla S.A. for water purchases from Sociedad Canal de Maipo.

III.- RECOMMENDATIONS OF THE DIRECTORS COMMITTEE

1. Choose as Ernst & Young as external auditors for 2015, and in lieu of this, Deloitte.
2. Choose ICR and Fitch Ratings as private risk classifiers for 2015.



6.3_CORPORATE GOVERNANCE

KEY MANAGERS AND SENIOR EXECUTIVES

At the end of 2014, the roster of managers and senior executives at Aguas Andinas was comprised of 57 professionals.

The total remuneration for this period was \$5,747 million pesos compared to \$4,913 million pesos in 2013. Compensation for years of service in 2014 reached \$328 million pesos whilst in 2013 it reached \$179 million pesos.

The compensation metrics for management are determined in agreement by average market references for the size of the company and specialization category, though variable remuneration components exist based on the results of individual and company objectives for a given year.

Aguas Andinas, as any corporation with public annual reports, reports the average wages of key executives, and informs annually to the SISS and other regulating bodies, of the composition, benefit structure, roster and average wage of its executives. The Company does not have special compensation plans or benefits directed to its senior executives different than the variable bonuses mentioned previously.

Breakdown	Fixed Remuneration MMS		Variable Remuneration MMS	
	2014	2013	2014	2013
Remuneration	4,958	4,131	799	782

Name	Position	Tax N°	Profession	Date of Incorporation
Jordi Valls Riera	Chief Executive Officer	24.399.619-8	Lawyer	01-10-13
Camilo Larraín Sánchez	Corporate Manager	10.436.775-5	Lawyer	01-01-08
Jorge Bonilla Beckmann	Corporate Manager	24.065.571-3	Civil Engineer	01-08-14
Iván Yarur Sairafi	Corporate Manager	8.534.007-7	Industrial Civil Engineer	01-09-13
Lluc Orpella Bernat	Corporate Manager	23.918.197-K	Economist	01-04-12
Domingo Martínez Robledo	Corporate Manager	23.764.153-1	Industrial Engineer	04-02-12
Ana Isabel Olate Soto	Corporate Manager	9.751.311-2	Journalist	15-08-13
Eugenio Rodríguez Mingo	Corporate Manager	6.379.051-6	Commercial Engineer	01-02-12
Carlos Alarcón Araya	Manager	6.441.640-5	Construction Engineer	01-06-14
Juliette Arellano Maira	Manager	12.044.242-2	Commercial Engineer	01-12-12
Mario Auger Hernández	Manager	7.746.808-0	Civil Engineer	01-10-09
Juan Antonio Cárdenas Espinosa	Manager	9.982.435-2	Lawyer	01-04-14
Ricardo Estay Caballero	Manager	6.027.966-7	Civil Engineer	01-02-12
Luis Faúndez Pérez	Manager	8.043.598-3	Civil Engineer	01-12-11
Gonzalo Fernández Hevia-Aza	Manager	24.509.092-7	Biology Degree	13-01-14
Sergio Figueroa Ramírez	Manager	6.449.688-3	Construction Engineer	14-05-07
Luis Fuentes Contreras	Manager	6.190.810-2	Civil Engineer	01-01-04
Francisco Grau Mascayano	Manager	5.868.028-1	Civil Engineer	01-11-14
Natalia Kent Geell	Manager	8.688.841-6	Civil Industrial Engineer	01-01-04
Yves Lesty	Manager	14.709.240-7	Sanitation Engineer	01-08-09
Luis Maldonado Lemus	Manager	11.313.403-8	Civil/Industrial Engineer	25-06-12
Hernán Ocariz Martín	Manager	6.613.091-6	Civil Engineer	12-07-04
Jesús Peña Martínez	Manager	24.757.639-8	Superior Telecommunications Engineer	02-10-14



6.3_CORPORATE GOVERNANCE

Name	Position	Tax N°	Profession	Date of Incorporation
Rodrigo Reyes Cea	Manager	12.087.571-K	Accountant/Auditor	01-01-13
Alejandro Riquelme Hernández	Manager	10.200.262-8	Accountant/Auditor Commercial Engineer	01-06-14
José Sáez Albornoz	Manager	9.447.215-6	Commercial Engineer	20-11-12
Víctor Salazar Villalobos	Manager	10.380.974-6	Civil/Industrial Engineer	01-09-13
Cristián Schwerter Loyola	Manager	12.343.884-1	Civil Engineer	01-03-12
Pedro Soto Perretta	Manager	7.117.991-5	Civil Engineer	01-10-08
Sebastián Acevedo Walker	Deputy Manager	6.639.714-9	Civil Engineer	01-04-11
Paola Arata Zapico	Deputy Manager	10.253.396-8	Civil/Industrial Engineer	01-11-14
Francisca Blanc Mendiberri	Deputy Manager	7.741.356-1	Lawyer	01-12-11
Diego De La Fuente Munizaga	Deputy Manager	13.423.744-9	Public Accountant and Auditor	01-02-13
Víctor Dupré Silva	Deputy Manager	6.816.920-8	Civil Engineer	01-05-06
David Duverrán Urrea	Deputy Manager	6.223.665-5	Engineer in Water Works	01-10-09
Christian Garcés Durán	Deputy Manager	8.153.554-K	Commercial Engineer	01-12-04
Carlos Jopia Palacios	Deputy Manager	10.077.119-5	Civil Engineer	01-03-15
Carmen Lacoma Astudillo	Deputy Manager	24.316.412-5	Engineer of roads, canals and ports	01-04-14
José Miguel Leonvendagar Hurtado	Deputy Manager	7.478.916-1	Civil/Industrial Engineer	01-06-14
Bruno Luci Ghiardo	Deputy Manager	7.044.631-6	Civil Constructor	01-03-09
Adolfo Meyer Briceño	Deputy Manager	5.159.829-6	Construction Engineer	01-03-15
Javier Montoya Tomas	Deputy Manager	24.389.642-8	Telecommunications Engineer	01-10-13
María Monzo Llopis	Deputy Manager	24.065.658-2	Industrial Engineer	01-06-14
Julio Muñoz Anrique	Deputy Manager	6.364.977-5	Civil/Industrial Engineer	01-07-05
Patricio Norambuena Duncan	Deputy Manager	6.640.538-9	Construction Engineer	01-09-05
José Palominos Rojas	Deputy Manager	8.582.874-6	Commercial Engineer	01-06-10
Daniel Politis Calvo	Deputy Manager	13.471.373-9	Computer Engineer	01-12-13
Jorge Ramírez Salgado	Deputy Manager	13.037.982-6	Civil Engineer	18-06-12
Christian Reyes Miranda	Deputy Manager	10.201.064-7	Commercial Engineer	01-05-07
Cristián Ruiz Miller	Deputy Manager	11.636.111-6	Civil/Computer Engineer	01-03-13
Enrique Ruz Gálvez	Deputy Manager	12.570.985-0	Civil/Computer Engineer	01-02-13
Lilian Salas Sanhueza	Deputy Manager	12.677.326-9	Civil Engineer	01-03-15
Orlando Salgado Céspedes	Deputy Manager	12.675.829-4	Civil Engineer in Civil Works	01-10-11
Juan Carlos Sanhueza Navarrete	Deputy Manager	8.641.413-9	Civil Engineer	01-08-09
Carlos Torres Barrientos	Deputy Manager	9.383.964-1	Electrician Engineer	01-04-10
Cristián Torres Rojas	Deputy Manager	12.867.840-9	Commercial Engineer	01-06-14
Fernando Young Prieto	Deputy Manager	12.622.327-7	Civil Engineer	16-03-15



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6.4_CORPORATE GOVERNANCE

2014 MATERIAL INFORMATION

**MAY 7, 2014**

On this date, the Company undertook a placement in the local market of dematerialized bearer bonds, “Series V” (mnemonic code: BAGUA-V), (“Series-V Bonds”), charged to a line of debt securities recorded in the Securities Register of the Superintendence under N° 778, dated March 3, 2014.

The placement of the Series V Bonds was realized for a total of 2,000,000 UF (two million Unidades de Fomento or “Development Units”), for a period of 23 years, with one final repayment on April 1, 2037 and semiannual interest payments, obtaining a placement rate of 3.48%.

The funds coming from the placement of the Series-V Bonds will be used to pay, or prepay, short and long term liabilities and the financing of investments.

AUGUST 6, 2014

On this date, the Company undertook a placement in the local market of dematerialized bearer bonds, “Series W” (mnemonic code: BAGUA-W), (the “Series W Bonds”), charged to a line of debt securities recorded in the Securities Register of the Superintendence under N° 778, dated March 3, 2014.

The placement of the Series W Bonds was realized for a total amount of 2,300,000 UF (two million, three hundred thousand Unidades de Fomento or “Development Units”), for a period of 23 years, with a 3 year amortization wherein the last installment is due on June 1, 2037, and semiannual interest payments at a placement rate of 3.16%.

The funds sourced from the placement of the Series W Bonds will be used to redeem the bonds denominated under Series F, issued by the Company and charged to a line of ten-year bonds registered in the securities register under Number 305, dated October 10, 2002. The remaining balance will be used in full to refinance long- and short-term liabilities of the issuer.

OCTOBER 9, 2014

It is public knowledge that Law # 20.780, which modifies the system of income taxation and introduces various adjustments in the tax system (the “Law”), has established a progressive increase of First Category Taxes for the year 2014 and onward, in accordance with the tax system by which the contributors opt in (partially integrated or attributed rent), a decision which should be adopted conforming to the provisions of the Law.

The Company, by default, is subjected to the partially integrated tax system, as long as an Extraordinary Shareholders Meeting does not agree to change to the alternative system of attributed rent. Consequently, and, in accordance with International Financial Reporting Standards (IFRS), the impact of the progressive increase in First Order Taxes must be immediately recognized in its financial statements.

Considering the above, to the present date, it is estimated that the effect on the consolidated financial statements of the Company will result in an increase in net deferred tax liabilities, thanks to an increased cost due to income taxes, amounting to approximately \$8,700 million, which combined with the 2014 increase in First Category taxes, will reduce the net profit attributable to the owners of the controller in an amount close to \$6,000 million as of September 2014.

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6.4_CORPORATE GOVERNANCE

NOVEMBER 4, 2014

On October 9, the Company estimated the effect on its consolidated financial statements, by reason of the enactment of Law #20.780, due to the increase in net deferred tax liabilities, given the International Financial Reporting Standards (IFRS).

However, this superintendence through the Official Letter #856, dictated October 17, ordered that notwithstanding the standards of the IFRS, the difference in current assets and liabilities through deferred taxes as a result of the increase in the amount of income tax, should be accounted for a respective period against equity.

Thus, we report that according to the instructions given in the Official Letter mentioned above, the effect on deferred taxes as a result of the increase in First Category Taxes, will not impact the results of the Company, directly accounting against a decrease in equity attributable to the owners of the controller for the approximate sum of \$5,000 million. The above will be reflected in the quarterly financial statements of the Company referred to September 30, 2014.

Lastly, we present that the impact in question has been calculated, taking into account that the Company is subjected by default to the partially integrated tax system, until an Extraordinary Shareholders Meeting does not agree to change to the alternative system of attributed rent, in which case, the appropriate financial adjustments shall be made.

NOVEMBER 19, 2014

According to the provisions of article 10 of D. F. L. MOP N° 70/1988, the Law on Sanitation Service Tariffs, and article 6 of D.S. MINECON N° 453/1989, Regulations governing the Law on Sanitation Service Tariffs, the Superintendent of Sanitation Services (the "SISS") and the Company came to an agreement within the framework of the sixth tariff-setting process for public sanitation services where the Company is a concessionaire, for the period 2015-2020 (the "Agreement").

Under the Agreement, the tariff agreed on December 31, 2013 (being the reference date established in the Tariff Documents prepared by the SISS), amounts to a Long-Term Net Total Cost (LTNTC) of \$311,117,000,000, which is the same as the tariff agreed upon for the five-year period 2010-2015 for current services and standards. The Agreement provides for additional investment with a LTNTC of \$3,663,000,000, applicable when new safety works come into operation to enhance the continuity and quality of its services in the event of extreme turbidity and power cuts, and a LTNTC of \$4,343,000,000, applicable when works aimed at improving the quality of treated wastewater come into operation. These additional works must be committed in the updated Development Plan for the Company and be approved by the SISS.

In order to better understand the tariff regime agreed, article 4 of the Law on Sanitation Service Tariffs defines the LTNTC as the constant annual value required to cover efficient operating costs and the investment in a replacement project optimized by the concessionaire and correctly sized to meet demand, which is consistent with a net present value of the project equal to zero, over a time horizon of not less than 35 years. Therefore, this concept corresponds to revenue (under a theoretical demand) for a water treatment company, which has been subject to a discount for the part corresponding to networks and facilities provided by third parties of the value of the

concessionaire's replacement project. The aforementioned values correspond to collected income for existing services (LTNTC) obtained by applying the updated annual demand for the years 2015-2020, to the new tariffs agreed and indexed to December 31, 2013. The Agreement expressly states that the indexing formulae are the same as the current formulae.

The Agreement establishes a discount from the tariffs for the unregulated service provided by the Alto Maipo project. For the tariff period 2015-2020 and when this comes into operation, an annual discount on the LTNTC of \$3,680,000,000 shall apply, corresponding to 80.17% of the annuity on the investment (dam + water rights) calculated by the Company in their proposal, which represents approximately 1.2% of their annual tariff income.

It is not possible to accurately calculate the impact that the new tariffs will have on the financial statements of the Company, given that this tariff regime is only one of many elements that contribute to the results for each year, taking into account other factors such as drinking water consumption, costs, expenses, the indexation formula applied, etc.

Finally, the tariff formulas agreed shall be fixed by decree issued by the Ministry of Economy, Development and Tourism, which must be published in the Official Journal prior to coming into effect in March 2015.



6.4_CORPORATE GOVERNANCE

DECEMBER 17, 2014

That in its last session, the present members of the Board of Directors unanimously adopted the following agreements:

1. Provisory Dividend: Distribute amongst the Company's shareholders the sum of \$38,855,428,766. - acting as an interim dividend accounting for the profits for the 2014 period. In view of the above, the Company's provisory dividend N°59, amounts to the sum of \$6.35 pesos per share and is payable from January 13, 2015.
2. Bond Line Registry: Register and enroll in the Securities Register of the Superintendence two bond lines (individually the "Bond Lines" and collectively the "Lines") whose main characteristics are as follows:

- (i) Maximum amount of each Bond Line: 4,000,000 UF (four million Unidades de Fomento or "Development Units"), which will be inscribed in pesos or in UF.
- (ii) Maximum Maturity Term of each Bond Line: 30 years starting from the date of its inscription in the Registry of Securities of that Superintendence, within which they must overcome the payment obligations of the different bond issues that are made under each Line.
- (iii) Guarantees: There will be no special guarantees.
- (iv) Use of funds: Debt refinancing and financing of investments of the company, as determined in each case by the complementary documents.

- (v) Other general conditions: Bonds can placed on the general market, they will be emitted dematerialized, to the bearer, and will not be convertible into company shares and will be paid in pesos.

It is expressly stated that notwithstanding the maximum amount of each of the Bond Lines, there can only be bonds placed and/or outstanding loans of existing bonds, up to a total amount of 4,000,000 UF (four million Unidades de Fomento, or "Development Units"), considering both the placed bonds, and the outstanding bonds given for each of the mentioned Lines.

The Board has also agreed to permit its agents to carry out the registration, issuance and placement of bonds under respective Lines in terms that will be determined in due course.

6.5_CORPORATE GOVERNANCE

COMPANY IDENTIFICATION

Name: Aguas Andinas S.A.

Legal Address: Av. Presidente Balmaceda N°1398, Santiago, Chile

Tax N°: 61.808.000 - 5

Telephone: (56-2) 22688 1000

Fax: (56-2) 22569 2777

E-Mail: comunicaciones@aguasandinas.cl

P.O. Box: 1537 Santiago

Type: Capture, production and distribution of water, collection, treatment and disposal of sewage.

Phone Service: (56-2) 22731 2482

Inscription in the Securities Register: N° 0346

Website: www.aguasandinasinversionistas.cl
www.aguasandinas.cl

STOCK INFORMATION

STOCK CODES

Series A: "Aguas-A"

Series B: "Aguas-B"

CONTACTS FOR INFORMATION FOR SHAREHOLDERS AND INVESTORS

SHAREHOLDERS INFORMATION

Depósito Central de Valores

Address: Huérfanos 770, piso 22, Santiago, Chile

Telephone: (56-2) 2393 9003

Fax: (56-2) 2393 9101

INVESTOR RELATIONS

Address: Av. Presidente Balmaceda N° 1398, piso 3, Santiago, Chile

Telephone: (56-2) 2569 2301 / (56-2) 2569 2251

Fax: (56-2) 2569 2309

E-Mail: inversionista@aguasandinas.cl

CORPORATE PURPOSE

The corporate purpose of the company is to produce and distribute water, collect, treat and dispose of sewage, and provide other services related to those activities, in accordance with the terms of Decree Law 382 of the Ministry of Public Works of 1988, the Sanitation Services Law and other applicable regulations.

LEGAL CONSTITUTION

Aguas Andinas S.A. was constituted by public deed dated May 31, 1989, signed before the Santiago notary Raúl Undurraga Laso. An abstract was registered in folio 13.981, No.7.040 of the Santiago Trade Register for 1989 and published in the Official Gazette on June 10, 1989.

The corporate bylaws have been amended on several occasions. The latest were those reforms agreed by the 18th Extraordinary Shareholders' Meeting, in order to (i) incorporate the modifications introduced to the laws and regulations that govern the company's business; (ii) amend the corporate objects to adapt them to the Sanitation Services Law; (iii) extend the term of the Board of Directors to three years; (iv) record that the corporate capital is fully subscribed and paid, and (v) repeal the transitory provisions that have ceased to have effect.

A new restated text of the bylaws was also granted. This modification appears in public deed dated October 2, 2013, signed before the Santiago notary Iván Torrealba Acevedo. An abstract was registered in folio 78.299, No.51.547 of the Santiago Trade Register for 2013 and published in the Official Gazette on October 21, 2013.

LEGAL ASPECTS

The company is registered in the Securities Register of the Superintendence of Securities and Insurance with No.0346 in accordance with Law 18.777.

As a company in the sanitation sector, it is regulated by the Superintendence of Sanitation Services in accordance with Law 18.902 and Decree Laws 382 and 70, both of 1988.



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6.6_CORPORATE GOVERNANCE

DECLARATION OF RESPONSIBILITY

The directors of Aguas Andinas S.A. and the Chief Executive Officer, signatories to this declaration, accept responsibility under oath for the accuracy of the information provided in this Annual Report, in accordance with the provisions of General Rule No.30 of the Superintendence of Securities and Insurance.



Felipe Larrain Aspillaga
Tax N°: 6.922.002-9
President



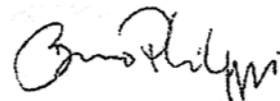
Josep Bagué Prats
Passport: AAA030961
Vice President



Ricardo Escobar Calderón
Tax N°: 8.483.513-7
Director



Herman Chadwick Piñera
Tax N°: 4.975.992-4
Director



Bruno Phillippi Irarrázabal
Tax N°: 4.818.243-7
Director



Rodrigo Manubens Moltedo
Tax N°: 6.575.050-3
Director



Gonzalo Rojas Vildósola
Tax N°: 6.179.689-4
Director



Jordi Valls Riera
Tax N°: 24.399.619-8
Chief Executive Officer



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7_FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIODS ENDED DECEMBER 31, 2014 AND 2013

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2013 (Thousands of Chilean pesos - ThCh\$)

ASSETS	Note	31-12-2014 ThCh\$	31-12-2013 ThCh\$
CURRENT ASSETS			
Cash & cash equivalents	7	26,202,154	38,658,981
Other non-financial assets		1,020,792	232,245
Trade debtors & other accounts receivable	8	94,559,029	87,948,310
Accounts receivable from related entities	9	70,629	38,774
Inventories	10	3,902,943	3,608,089
Tax assets		1,355,008	2,485,108
Total current assets other than assets or groups of assets for disposal classified as held for sale or held to be distributed to the owners		127,110,555	132,971,507
TOTAL CURRENT ASSETS		127,110,555	132,971,507
NON-CURRENT ASSETS			
Other financial assets	8	7,413,197	7,413,197
Other non-financial assets		685,964	420,067
Receivables	8	2,197,980	1,879,762
Intangible assets other than goodwill	11	232,174,750	227,347,269
Goodwill	12	36,233,012	36,233,012
Property, plant & equipment	13	1,188,402,068	1,171,182,828
Deferred tax assets	23	12,254,100	263,122
TOTAL NON-CURRENT ASSETS		1,479,361,071	1,444,739,257
TOTAL ASSETS		1,606,471,626	1,577,710,764

The accompanying Notes 1 to 27 form an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2013 (Thousands of Chilean pesos - ThCh\$)

EQUITY AND LIABILITIES	Note	31-12-2014 ThCh\$	31-12-2013 ThCh\$
CURRENT LIABILITIES			
Other financial liabilities	8	56,680,231	93,620,208
Trade creditors & other accounts payable	8	83,324,297	90,036,301
Accounts payable to related entities	9	29,483,847	29,981,177
Other provisions	15	591,098	918,556
Tax liabilities		1,394,707	59,151
Provisions for employee benefits	19	4,310,289	4,198,437
Other non-financial liabilities		721,107	1,381,524
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		176,505,576	220,195,354
TOTAL CURRENT LIABILITIES		176,505,576	220,195,354
NON-CURRENT LIABILITIES			
Other financial liabilities	8	698,421,729	626,272,073
Other accounts payable	15	1,187,618	1,118,746
Other provisions	23	42,486,184	34,162,915
Deferred tax liabilities	8	1,684,433	1,862,609
Provisions for employee benefits	19	11,982,471	8,542,371
Other non-financial liabilities	8	7,805,844	7,888,046
TOTAL NON-CURRENT LIABILITIES		763,568,279	679,846,760
TOTAL LIABILITIES		940,073,855	900,042,114
EQUITY			
Issued capital		155,567,354	155,567,354
Accumulated earnings		297,097,777	302,875,246
Accounting issues		164,064,038	164,064,038
Other equity participations		-5,965,550	-5,965,550
Equity attributable to owners of the controller		610,763,619	616,541,088
Minority Interest	4	55,634,152	61,127,562
TOTAL EQUITY		666,397,771	677,668,650
TOTAL EQUITY AND LIABILITIES		1,606,471,626	1,577,710,764

The accompanying Notes 1 to 27 form an integral part of these consolidated financial statements

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CONSOLIDATED STATEMENTS OF CONSOLIDATED COMPREHENSIVE RESULTS BY NATURE FOR THE PERIODS ENDED DECEMBER 31, 2014 AND 2013 (Thousands of Chilean pesos - ThCh\$)

STATEMENT OF RESULTS BY NATURE	Note	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Statement of Results			
Revenues from ordinary activities	17	440,734,172	403,879,482
Raw materials & consumables used		-30,182,683	-27,416,534
Employee benefit expenses	19	-45,331,445	-40,455,749
Charges for depreciation & amortization	11-13	-66,225,212	-64,704,889
Other expenses, by nature	21	-91,583,058	-87,474,313
Other gains	5	414,486	70,785
Financial income	5	5,303,835	6,965,852
Financial costs	5	-30,738,756	-28,885,840
Exchange differences	20	-33,929	-2,130
Results of indexation adjustments		-34,251,728	-12,955,937
Earnings before taxes		148,105,682	149,020,727
Charge for income taxes	23	-25,045,174	-29,311,608
Earnings from continuing operations		123,060,508	119,709,119
Earnings		123,060,508	119,709,119
Earnings attributable to:			
Owners of the controller		119,422,474	116,675,534
Earnings attributable to non-controller participations	4	3,638,034	3,033,585
Earnings		123,060,508	119,709,119
Earnings per share			
Basic earnings per share from continuing operations		19.52	19.07
Basic earnings per share	24	19.52	19.07

The accompanying Notes 1 to 27 form an integral part of these consolidated financial statements

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CONSOLIDATED STATEMENTS OF CONSOLIDATED COMPREHENSIVE RESULTS BY NATURE FOR THE PERIODS ENDED DECEMBER 31, 2014 AND 2013 (Thousands of Chilean pesos - ThCh\$)

STATEMENT OF COMPREHENSIVE RESULTS	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Earnings	123,060,508	119,709,119
Other Comprehensive Result		
Components of other comprehensive result that it will not be reclassified to the result of the period, before taxes		
Actuarial gains (losses) on defined benefit plans	-1,626,708	0
Other comprehensive result that it will not be reclassified to the result of the period, before taxes	-1,626,708	0
Income taxes related to components of other comprehensive results that it will not be reclassified to the result of the period		
Income taxes related to components of other comprehensive results that it will not be reclassified to the result of the period	439,719	0
Income taxes related to components of other comprehensive results that it will not be reclassified to the result of the period	439,719	0
Total other comprehensive result	-1,186,989	0
TOTAL COMPREHENSIVE RESULT	121,873,519	119,709,119
Comprehensive result attributable to:		
Result attributable to owners of the controller	118,249,575	116,675,534
Result attributable to non-controller participations	4	3,033,585
Total comprehensive result	121,873,519	119,709,119

The accompanying Notes 1 to 27 form an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF DIRECT CASH FLOWS FOR THE PERIODS ENDED DECEMBER 31, 2014 AND 2013 (Thousands of Chilean pesos - ThCh\$)

STATEMENT OF CASH FLOWS, DIRECT	Nota	31-12-2014 M\$	31-12-2013 M\$
Proceeds from operating activities		517,974,789	467,066,068
Proceeds of sales of goods & services		512,008,167	463,107,945
Proceeds of insurance claims & annuities		968,644	1,602,264
Other proceeds from operating activities		4,997,978	2,355,859
Payment from operating activities		-256,176,239	-211,380,021
Payments to suppliers of goods & services		-156,634,017	-128,119,206
Payments to & on behalf of employees		-46,019,064	-40,552,722
Payments of insurance premiums & other obligations		-2,897,546	-475,155
Other operating activity payments		-50,625,612	-42,232,938
Cash flow from (used in) operating activities		-57,199,075	-51,341,129
Interest paid		-20,680,839	-20,846,867
Interest received		1,370,144	2,684,173
Income taxes refunded (paid)		-30,342,491	-31,214,131
Other cash inflows (outflows)		-7,545,889	-1,964,304
Net cash flow from operating activities		204,599,475	204,344,918
Proceeds of sales of property, plant & equipment		381,965	25,502
Purchases of property, plant & equipment		-81,834,787	-116,823,900
Purchases of intangible assets		-411,944	-191,274
Other cash inflows (outflows)		-1,753,968	-2,039,585
Net cash flow used in investment activities		-83,618,734	-119,029,257
Proceeds of long-term loans		141,844,872	50,933,592
Proceeds of short-term loans		47,044,950	0
Proceeds received from loans, classified as financing activities		188,889,822	50,933,592
Loan repayments		-201,061,084	-43,700,509
Dividends paid		-120,854,347	-89,329,355
Other cash inflows (outflows)		-411,959	-204,845
Net cash flow used in financing activities		-133,437,568	-82,301,117
Net decrease in cash & cash equivalents, before exchange rate effects		-12,456,827	3,014,544
Net decrease in cash & cash equivalents		-12,456,827	3,014,544
Cash & cash equivalents at start of the period		38,658,981	35,644,437
Cash & cash equivalents at end of the period	7	26,202,154	38,658,981

The accompanying Notes 1 to 27 form an integral part of these consolidated financial statements.

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STATEMENT OF CHANGES IN NET EQUITY FOR THE PERIODS ENDED DECEMBER 31, 2014 AND 2013 (Thousands of Chilean pesos - ThCh\$)

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in equity	Book of earnings and losses on defined benefit plans	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2014		155,567,354	164,064,038	-5,965,550	0	302,875,246	616,541,088	61,127,562	677,668,650
Comprehensive result									
Earnings						119,422,474	119,422,474	3,638,034	123,060,508
Other comprehensive result					-1,172,899		-1,172,899	-14,090	-1,186,989
Dividends	3					-118,530,781	-118,530,781		-118,530,781
Transfers and other reductions	4				1,172,899	-6,669,162	-5,496,263	-9,117,354	-14,613,617
Total changes in equity		0	0	0	0	-5,777,469	-5,777,469	-5,493,410	-11,270,879
Closing balance as of 31-12-2014	3 - 4	155,567,354	164,064,038	-5,965,550	0	297,097,777	610,763,619	55,634,152	666,397,771

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in equity	Book of earnings and losses on defined benefit plans	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2013		155,567,354	164,064,038	-5,965,550	0	308,088,569	621,754,411	62,497,867	684,252,278
Comprehensive result									
Earnings						116,675,534	116,675,534	3,033,585	119,709,119
Dividends	3					-121,888,857	-121,888,857		-121,888,857
Transfers and other reductions	4				0	0	0	-4,403,890	-4,403,890
Total changes in equity		0	0	0	0	-5,213,323	-5,213,323	-1,370,305	-6,583,628
Closing balance as of 31-12-2013	3 - 4	155,567,354	164,064,038	-5,965,550	0	302,875,246	616,541,088	61,127,562	677,668,650

The accompanying Notes 1 to 27 form an integral part of these consolidated financial statements.

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GENERAL INFORMATION

Aguas Andinas S.A. (hereinafter the “Society”) and its subsidiaries make up the Aguas Andinas Group (hereinafter the “Group”). Its legal domicile is Avenida Presidente Balmaceda 1398, Santiago, Chile and its tax number is 61.808.000-5.

Aguas Andinas S.A. was formed as an open corporation by deed on May 31, 1989 in Santiago by the notary public Mr. Raúl Undurraga Laso. An extract of the statute was published in the Official Journal on June, 10 1989, being registered in the Commercial Register as 13,981, Number 7,040 of 1989 of the Conservative Real Estate of Santiago.

The Society’s corporate purpose, in accordance with the second article of its by-laws, is the provision of sanitation services, which includes the construction and exploitation of public services, for producing and distributing drinking water and collect and dispose of sewage. Its current concession area is distributed in the Great Santiago and peripheral locations.

The Society is the matrix of three sanitation companies, two of them in the Great Santiago (Aguas Cordilleras S.A. and Aguas Manquehue S.A.) and the other one in the district of Los Ríos and Los Lagos (Empresa de Servicios Sanitarios de Los Lagos S.A., ESSAL). To provide an integral service in its business, the Society has non-sanitation subsidiaries giving services as effluent industrial waste treatment (Ecoriles S.A.), laboratory analysis (Análisis Ambientales S.A.) and commercialization of materials and other services related to the sanitation sector (Gestión y Servicios S.A.) and perform activities associated with water use and energy projects resulting from facilities and goods of sanitation companies (Aguas del Maipo).

The Society and its subsidiary Essal are registered in the Securities Register of the Superintendence of Securities and Insurance with the Number 346 and 524, respectively. The subsidiaries Aguas Cordilleras S.A. and Aguas Manquehue S.A. are registered as reporting entities

Register of the Superintendence of Securities and Insurance as N°170 and N°2, respectively. As companies of the sanitation sector, they are regulated by the Superintendence of Sanitation Services in accordance with the Law 18.902 of 1989 and Decrees having the Force of Law 382 and 70, both of 1988.

For the purposes of preparing the consolidated financial statements, it is understood that a group exists when the matrix has one or more subsidiaries entities, being these which the matrix has control over directly or indirectly. The accounting policies applied in the elaboration of the consolidated financial statements of the Group are developed in the Note 2.2.

The direct controlling entity is Inversiones Aguas Metropolitanas S.A. (“IAM”), open corporation which in turn is controlled by Sociedad General Aguas Barcelona S.A. (“Agbar”), entity based in Spain and one of the major operators of sanitation services in the world, which in turn is controlled by Suez Environnement (France), being GDF (France) its major shareholder.

2_BASES OF PREPARATION AND ACCOUNTING POLICIES

2.1 PREPARATION

These consolidated financial statements as of December 31, 2014 have been prepared in accordance with instructions and standards issued by the Superintendence of Securities and Insurance (SVS), which are composed of the International Financial Reporting Standards (IFRS), and what is established in Circular 856 of October 17, 2014 that instructs the auditees, register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780 with specific standards issued by the SVS. Consequently, these financial statements have not been prepared in accordance to IFRS.

These consolidated financial statements faithfully reflect the financial position of Aguas Andinas S.A. and subsidiaries as of December 31, 2014 and 2013, the result of operations, changes in net equity and cash flows for periods ended December 31, 2014 and 2013.

The Group abides with the legal conditions of the setting in which it develops its operations, specifically the sanitation subsidiaries abide by the regulations set forth by the sanitation industry. The companies of the Group present normal operation conditions in every area where they develop their activities. Their projections show a profitable operation and they have the financial capacity to access the financial markets to finance their operations, which to the judgement of the administration determines their capacity to continue as an operating company according to the accounting norms through which these consolidated financial statements are developed.

Functional and presentation currency

The financial statements of each of the Group’s entities are shown using the currency of the principal economic environment in which those companies operate (functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are shown in Chilean pesos (rounded to thousands of pesos), which is the functional currency and the presentation currency of the Society and its subsidiaries for the consolidated financial statements.

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New accounting pronouncements

- a) As of the date of these financial statements, the application has begun of IFRS 10, 12, IAS 27, 32, 36, 39 and IFRIC 21, which have been analyzed by the management which has determined that these do not affect the presentation and disclosures of the consolidated financial statements.
- b) The following new standards and interpretations have been issued but are not yet applicable:

Responsibility for the information and estimates made

The information contained in these consolidated financial statements is the responsibility of the board of the Society, which states that all the principles and criteria included in International Financial Reporting Standards (IFRS) and the instructions instructed by the SVS. The Board, on the meeting held on March 25, 2015, approved these consolidated financial statements.

The consolidated financial statements of Aguas Andinas S.A. and subsidiaries for the period 2013 were approved by the board at its meeting held on March 26, 2014.

Estimates such as the following have been used in the preparation of the consolidated financial statements:

- Useful lives of fixed assets and intangible assets
- Valuation of assets and goodwill
- Losses through impairment of assets
- Assumptions used in the actuarial calculation of employee severance benefits
- Assumptions used in the calculation of fair value of financial instruments
- Revenues from supplies pending invoicing
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation

Although these estimates and judgments were made as a function of the best information available on the date of issue of these consolidated financial statements, it is possible that events may occur in the future that cause them to be amended (upward or downward) in following periods, which would be booked prospectively as soon as the variation is known, booking the effects of such changes in the corresponding future consolidated financial statements.

New interpretations and amendments	Date of mandatory application
IFRS 9, Financial instruments, classification and measurement	Annual periods starting or after January 1, 2018
IFRS 14, Regulatory Deferral Accounts	Annual periods starting or after January 1, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2017
Improvements and modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting or after July 1, 2014
IFRS 3, Business Combinations	Annual periods starting or after July 1, 2014
IAS 40, Investment properties	Annual periods starting or after July 1, 2014
IAS 16, Property, Plant & Equipment	Annual periods starting or after January 1, 2016
IAS 38, Intangible Assets	Annual periods starting or after January 1, 2016
IAS 41, Agriculture	Annual periods starting or after January 1, 2016
IFRS 11, Joint Arrangements	Annual periods starting or after January 1, 2016
IAS 27, Separate Financial Statements	Annual periods starting or after January 1, 2016
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting or after January 1, 2016
IFRS 10, Consolidated Financial Statements	Annual periods starting or after January 1, 2016
IFRS 5, Non-current Assets Held for Sale and Discontinued Operations	Annual periods starting or after January 1, 2016
IFRS 7, Financial Instruments: Disclosures	Annual periods starting or after January 1, 2016
IFRS 12, Disclosure About Participation in other entities	Annual periods starting or after January 1, 2016
IAS 1, Presentation of Financial Statements	Annual periods starting or after January 1, 2016
IAS 34, Changes in accounting Policy and Disclosures	Annual periods starting or after January 1, 2016

The management of the Society and its subsidiaries are analyzing the eventual impact of the above-mentioned standards and amendments on the Group's consolidated financial statements.

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2.2 ACCOUNTING POLICIES

The following describes the principal accounting policies adopted in the preparation of these consolidated financial statements.

A. Consolidation

The consolidated financial statements include the financial statements of the Society and the entities controlled by it (its subsidiaries). Subsidiaries are those entities in which the Group has the power to direct their important activities, has the right to variable returns relating to its participations and the capacity to use such power to influence the amount of the returns of the investor. The subsidiaries are consolidated from the date on which control passes to the Group, and are excluded from the consolidation when such control ceases.

All transactions, balances, losses and gains between Group entities are eliminated in the consolidation.

The Society and its subsidiaries follow the Group's policies uniformly.

The subsidiaries included in the consolidated financial statements of Aguas Andinas S.A. are the following:

B. Operative segments

IFRS 8 sets the standards for reporting with respect to the operative segments and disclosures relating to products and services. Operative segments are defined as components of an entity for which separate financial information exists which is regularly reviewed by management for taking 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 operative segments reported internally are:

- Operations related to the sanitation business (Water).
- Operations unrelated to the sanitation business (Non-Water).

C. Intangible assets other than goodwill

The Society books an identifiable intangible asset when it can be shown that it is probable that future economic benefits attributed to it will flow to the entity and the cost can be correctly valued.

i. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost less 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 revised at the closing of each statement of position, booking the effect of any change in the estimate from then on prospectively.

ii. Amortization method of intangible assets assets: Intangible with defined useful life.

The amortization method employed by the Society reflects the pattern which is expected to be used, by the entity, the future economic benefits of the asset. The Society therefore uses the straight-line depreciation method.

Computer programs.

The estimated useful life of software is 4 years. For those other assets with defined useful lives, the useful life for amortization relates to the periods defined in the contracts or rights originating them.

Intangible assets with indefinite useful lives.

Intangible assets with indefinite useful lives relate mainly to water rights and easements which were obtained on an indefinite basis, as established in the acquisition contracts and the rights obtained from the Waters Authority of the Ministry of Public Works.

Determination of useful life

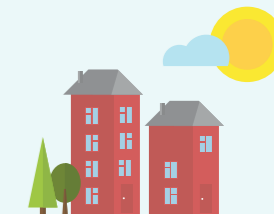
The factors that should be considered for the estimation of the useful life include the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of products, changes in demand).
- Expected reactions of present or potential competitors.
- Natural or climatic factors and technological changes that affect the capacity to generate profits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the above-mentioned factors.

Tax N°	Society	Direct%	Indirect%	Total 2014 (%)	Direct%	Indirect%	Total 2013 (%)
96.809.310-K	Aguas Cordillera S.A.	99.990300	0.000000	99.990300	99.990300	0.000000	99.990300
89.221.000-4	Aguas Manquehue S.A.	0.000400	99.999600	100.0000	0.000400	99.999600	100.0000
96.967.550-1	Análisis Ambientales S.A.	99.000000	1.000000	100.0000	99.000000	1.000000	100.0000
96.945.219-8	Ecoriles S.A.	99.038500	0.961500	100.0000	99.038500	0.961500	100.0000
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2.506500	51.000000	53.5065	2.506500	51.000000	53.5065
96.828.120-8	Gestión y Servicios S.A.	97.847800	2.152200	100.0000	97.847800	2.152200	100.0000
96.897.320-7	Inversiones Iberaguas Ltda.	99.999998	0.000002	100.0000	99.999998	0.000002	100.0000
76.190.084-6	Aguas del Maipo S.A.	82.649996	17.350004	100.0000	82.649996	17.350004	100.0000

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**D. Goodwill**

Goodwill generated in the consolidation represents the excess of acquisition cost over the Group's participation in the fair value of the assets and liabilities, including identifiable contingent liabilities of a subsidiary at the date of the acquisition.

The valuation of assets and liabilities acquired is made provisionally on the date of taking control of the company and then revised within a maximum of one year from the acquisition date. Until the fair value of assets and liabilities is determined definitively, the difference between the acquisition price and the book value of the acquired company is shown provisionally as goodwill.

When the definitive determination of goodwill is made in the financial statements of the year following the acquisition of the participation, the headings 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 date the participation was acquired.

Goodwill generated prior to the date of our transition to IFRS, i.e. January 1, 2008, is maintained at the net value booked at that date, while that generated later is booked using the acquisition method.

Goodwill is not amortized but an estimate is made at the end of each accounting period as to whether any impairment has occurred that reduces the recoverable value to below the net book cost, in which case an adjustment for impairment is made, as required by IAS 36.

E. Property, plant and equipment

The Society follows the cost method for the valuation of property, plant and equipment. Historic cost includes expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are shown as a separate asset, only when it is probable that future economic benefits associated with the elements of fixed assets are going to flow to the Group and the cost of the element can be determined reliably. The value of the component substituted is written off in the books. Other repairs and maintenance are charged to results in the period in which incurred.

Depreciation method and estimated useful life for property, plant and equipment:

The depreciation method applied by the Society reflects the extent to which the assets are used by the entity during the period in which they generate economic benefits. The Society therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (external specialist firms). The residual value and useful life of assets are revised and adjusted if necessary at each closing of the statement of financial position.

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount (Note 14).

Useful lives

The useful lives used for the calculation of depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits consideration that the useful life of some asset has been modified.

The assignment of the total useful life for assets is carried out on the basis of various factors, including the nature of the equipment. These factors generally include:

1. Nature of the component materials in equipment or buildings
2. Operating environment of the equipment
3. Intensity of use
4. Legal, regulatory or contractual limitations

The range of useful lives (in years) by type of asset is as follows:

ITEM	Useful life (years) minimum	Useful life (years) maximum
Buildings	25	80
Plant & equipment	5	50
Computer equipment	4	4
Fixed installations & accessories	5	80
Motor vehicles	7	10
Improvements to leased assets	5	5
Other property, plant & equipment	5	80

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Policy for estimating costs of dismantling, retirement or renovation of property, plant and equipment:

Due to the nature of the assets constructed in the Society and as there are no contractual obligations or other construction requirements like those mentioned in IFRS, the concept of dismantling costs is not applicable at the date of these consolidated financial statements.

Fixed asset sales policy

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are booked 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 at each closing date of the consolidated statement of financial position to see whether there exists any indication of impairment. Should this exist, the recoverable value is estimated of such assets in order to determine whether any impairment has been suffered. 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 this asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment or when there are indications that the asset might have suffered impairment before the end of the period.

The recoverable value is the greater of its fair value less sale costs and the value in use. In estimating the value in use, the present value is calculated of the future cash flows of the assets analyzed using a pre-tax discount rate that reflects both the actual conditions of the money market at the time and the specific risks associated with the asset.

When it is estimated 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, booking a loss for impairment in results immediately. When

a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided the adjusted book value does not exceed the book value that would have been determined if no loss for impairment of the asset (or cash-generating unit) had been booked in previous terms.

G. Leases**i. Financial leases**

Leases are classified as financial leases when the conditions of the lease transfer substantially all the risks and benefits of ownership to the lessee. All other leases are classified as operative leases.

Assets acquired under financial leases are booked initially as Group assets at the lower of fair value at the start of the lease and the present value of the minimum lease payments. The corresponding leasing obligation is included in the statement of position as a financial lease obligation.

Assets sold under financial leases are booked initially in the statement of position and shown as a receivable for an amount equal to the net investment in the lease.

All the lessor's risks are transferred in this operation, therefore all successive receivables are considered as revenue in each period.

The minimum lease payments are assigned between financial costs and a reduction in the obligation in order to obtain a constant rate of interest on the balance outstanding of the obligation. The financial costs are taken directly to results unless they are directly related to the qualified assets, in which case they are capitalized in accordance with the Group's general financing costs policy. The contingent lease payments are shown as expenses in the periods in which they are incurred.

The Society and its subsidiaries do not currently show financial leases acquired at the close of the periods.



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ii. Operative leases

Operative lease payments are booked as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses in the period in which they are incurred.

Should lease incentives be received in order to agree an operative lease, such incentives are booked 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 Society and subsidiaries revise their contracts to check the possible existence of implicit leases, in accordance with IFRIC 4.

H. Financial assets

Acquisitions and disposals of financial instruments are booked 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 are transferred and the Group has transferred substantially 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.
- Investments held to 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 their initial booking.

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 a rating of AAfm / 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 N-1 (instruments with the highest capacity for paying the principal and interest on the agreed terms and maturities).

The issuing institutions of these instruments are banks or their 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 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 income or expense over the whole corresponding period. 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 makes the net present value equal to its nominal amount.

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 at fair value with changes in results.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling or repurchasing in the immediate future; or
- It forms part of a portfolio of identified financial instruments

which the Group manages together and for which there is evidence of a recent and real pattern of obtaining short-term benefits; or

- It is a derivative that has not been designated nor is effective as a hedge instrument

A financial asset that has not been held for trading may be classified at fair value with changes in results in the initial booking if:

- Such designation eliminates or significantly reduces some inconsistency in the valuation or the booking that would arise by using different criteria for valuing assets, or in booking their losses or gains on different bases; or
- It forms part of a group of financial assets which is managed and its return evaluated according to fair value criteria, in accordance with an investment and risk management strategy documented by the Company; or
- It is an implicit derivative that has to be separated from its original contract, as indicated in IAS 39.

Financial assets at fair value with changes in results are valued at fair value and any resultant loss or gain is booked in results. The net loss or gain booked in results includes any dividend or interest received on the financial asset.

As of December 31, 2014, the Society and its subsidiary Aguas del Maipo S.A. 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.

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iii. Financial assets held to maturity

Financial assets held to maturity correspond to non-derivative financial assets with fixed or determinable payments and established maturity dates that the Group has the intention and capacity to hold until maturity. Financial assets held to maturity are booked at amortized cost using the effective interest-rate method less any impairment of value, and income is booked on the basis of the effective return. The Society and its subsidiaries currently have no assets held to maturity at the close of these consolidated financial statements.

iv. Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets, which have fixed or determinable payments and which are not traded on an active market, classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any loss for impairment, except for short-term accounts receivable where the booking of interest would be immaterial.

Trade debtors and other accounts receivable.

Trade debtors relate to the billing of water consumption, sewerage services, sewage treatment and other services, and to the accrued revenue from consumption between the date of the last meter reading (according to an established monthly routine) and the closing date of the financial statements. These are shown net of the estimate of bad accounts or of doubtful recovery.

The trade debtors policy is subject to the credit policy which sets the payment conditions, and also the different scenarios for reaching agreements with overdue customers.

Policy for impairment of trade debtors and other accounts receivable

The Society periodically evaluates impairments affecting its financial assets. The amount is booked as a bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used and the loss is booked in the statement of comprehensive results in "other expenses". When an account receivable is not recoverable, it is written off against provisions for accounts receivable.

Estimates are based on the following historic information: recovery statistics which indicate that following the eighth month from billing, the possibility of recovery is marginal, i.e. the probability of recovery of the amount billed is minimal.

In Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manquehue 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 Manquehue S.A. and Essal S.A., a provision of 100% of the agreed balance is made for consumption debts transformed 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 of debts of customers overdue more than 120 days.

A 100% provision is made for overdue notes receivable.

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v. Financial assets available for sale

Financial assets available for sale are non-derivative financial instruments that cannot be classified in the previous three categories or are specifically designated as available for sale. These are booked at fair value. Loss and gains arising from changes in the fair value are shown directly in equity in the reserve account for assets available for sale, except for impairment losses, interest calculated using the effective-rate method and losses and/or gains in foreign currency of monetary items, which are booked directly in results. When a financial asset is sold or it is determined that it is impaired, the accumulated loss or gain booked previously in reserves for assets available for sale is taken to results for the period.

At the date of these consolidated financial statements, the Group has no financial assets available for sale.

I. INVENTORIES

Materials, spares and inputs are shown at cost which does not exceed their net realization value. The costing method is the weighted average cost. Inventories that have not turned over during the previous 12 months are valued annually and are booked at market value, if less.

J. DIVIDEND POLICY

The Society's dividend policy is to distribute 30% of the earnings for each year as a final dividend, plus 70% as an additional dividend provided financial conditions permit, subject to approval by the ordinary shareholder meeting and provided the present level of capitalization is maintained and it is compatible with the investment policies.

The booking of the minimum dividend established in the Corporations Law will be shown at the end of each period if there were no interim dividend or if this were less than the 30% mentioned in that law.

K. FOREIGN CURRENCY TRANSACTIONS

Assets and liabilities in foreign currency are shown at their respective exchange rates at the close of each period, these being:

Currency	31-12-2014 \$	31-12-2013 \$
US Dollar	606.75	524.61
Euro	738.05	724.30

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. 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 statement of comprehensive results.

Exchange differences are booked to results for the period in which they accrue.

L. FINANCIAL LIABILITIES

Loans, bonds payable and similar documents are shown initially at their fair value, net of the costs incurred in the transaction. They are later shown at amortized cost, using the effective interest rate, except for transactions for which hedge contracts have been signed, which are 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 is governed by the Group's financial-risk management policies, which establish the guidelines for their use.

The Group does not use derivative financial instruments for speculative purposes but exclusively as hedging instruments to eliminate or significantly reduce interest-rate and exchange risks on current positions to which it is exposed due to its business.

The treatment of hedge operations with derivative instruments is as follows:

Hedges of fair value

Changes in the market value of derivative financial instruments designated as hedges, as well as the items hedged, are shown as a credit or charge to financial results in the respective result accounts.

Hedges of cash flows and net foreign-currency investments

Changes in the fair value of these derivative financial instruments are shown, for the part that is effective, directly in an equity reserve called "cash flow hedge", while the ineffective part is shown in results. The amount shown in equity is not passed to the results account until the results of the transactions hedged are shown there or until the expiry date of such transactions.

In the event of discontinuation of the hedge, the loss or gain accumulated to that date in equity is maintained until the underlying hedged transaction is realized. At that moment, the accumulated loss or gain in equity will be reversed in the results account affecting that transaction.

Financial instruments are shown at their fair value at the close of each period. In the case of derivatives not traded on organized markets, the Group uses assumptions based on market conditions on that date for their valuation.

Effectiveness

A hedge is considered to be highly effective when the changes in fair value or the cash flows of the underlying item directly attributable to the risk hedged are offset by changes in the fair value or cash flows of the hedge instrument, with an effectiveness between 80% and 125%.

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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 principal contract, provided the combination is not being booked at fair value. If they are not closely related, they are booked separately, with the variations in value being taken directly to the consolidated statement of results.

The Group has no derivative financial instruments in its consolidated financial statements as of December 31, 2014 and December 31, 2013.

N. PROVISIONS AND CONTINGENT LIABILITIES

The Group makes a provision when there is a present obligation as a consequence of past events, for which it is probable that the Group will use resources to settle the obligation and of which a fair estimate of the amount of the obligation can be made.

The quantification of the provisions is made taking into account the best available information 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 shown, their full or partial revision being required when such risks disappear or reduce.

Contingent liabilities are those possible obligations arising as a result of 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, they would be detailed in Note 15.

O. EMPLOYEE BENEFITS

The obligation for termination benefits which 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 rates of turnover, mortality, wage increases or discount rate, are determined in accordance with IAS 19, in other comprehensive results, thus directly affecting equity, and then later re-classified in accumulated earnings.

Aguas Andinas S.A.

Termination benefits 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 agreements and those, who through their individual work contract, enjoy this benefit. The amount in any event accumulated to that date is adjusted quarterly in line with changes in the consumer price index. The mentioned collective agreement also states that workers who retire from Aguas Andinas S.A. within 120 days of the date when they reach the legal retirement age, can have access to the benefits under the collective contract, and continue to accrue this benefit after July 2002.

Aguas Cordillera S.A. and Aguas Manquehue S.A.

The termination benefits in Aguas Cordillera S.A. and Aguas Manquehue S.A. are governed as indicated in 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 agreements and for those, who through their individual work contract, are extended this benefit. The amount in any event accumulated to that date is adjusted quarterly in line with changes in the consumer price index. The mentioned collective agreement also states that workers who retire from Aguas Cordillera S.A. and Aguas Manquehue S.A. continue to accrue this benefit after December 2002.



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**Essal S.A.**

Indemnities to workers forming part of or who are incorporated into the current collective 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 limit of six months for purposes of payment. In other cases, the rules of the Labor Code apply, i.e. they have no right to an indemnity except for dismissal and with a limit of 11 months wages.

Advances granted to personnel against these funds are shown deducted from outstanding obligations. These will be imputed in the final indexed settlement in accordance with the provisions of the mentioned contracts.

There are no benefits of this kind in the other subsidiaries.

P. INCOME TAX AND DEFERRED TAXES

The charge for income tax relates to the sum of income tax payable and variations in deferred tax assets and liabilities

Income tax payable is determined on the basis of the tax result for the period. The income tax payable by the Group is calculated using the tax rates that have been approved or that are in the approval process, on the closing date of the statement of financial position.

Deferred taxes are shown on the basis of differences between the book values of assets and liabilities in the financial statements and the corresponding tax figures used in the calculation of the tax result, and are booked in accordance with the liability method. Deferred tax liabilities are booked for all taxable timing differences, and deferred tax assets are shown for all deductible timing differences provided it is probable that there will be future tax benefits to be able to offset such differences. Deferred tax assets or liabilities are not booked if the timing differences arise from the reduced value or initial booking (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or financial results.

The book value of deferred tax assets is revised on each closing date of the statement of financial position and is reduced to the extent that it is improbable that there will be sufficient tax results available to permit the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time that the liability is settled or asset realized, based on the tax rates that have been approved or are in the approval process at the close of the statement of financial position. The measurement of deferred assets and liabilities reflects the tax consequences produced in the way the Group expects to recover or settle the book values of its assets and liabilities at the date of report.

Deferred tax assets and liabilities are offset when there is a legal right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

Q. ORDINARY REVENUE**Policy for accounting for ordinary revenue**

Revenue is booked arising from all normal operations and other events at the fair value of the payment received or receivable taking into account the terms of payment, rebates and credit notes, and provided the amount of revenue can be measured reliably.

Policy for booking of ordinary revenue from sales of goods

Revenue from sales of goods is booked once the risk and significant advantages deriving from ownership of the goods are transferred, the Society retains no relationship with the asset sold, the amount of revenue can be measured reliably, it is probable that the company will receive the economic benefits associated with the sale and the costs incurred in the transaction can also be measured reliably.

Policy for booking of ordinary 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 of the consideration receivable, net of returns, trade discounts and rebates, so the revenue is booked when it is transferred to the client and recovery is considered probable, and the associated costs and possible discounts for erroneous billings can be estimated reliably.

The services area of the sanitation companies is divided into billing groups which determine dates for meter readings and later billing. This process is developed based on a calendar month, which leads to the end of each month are unread consumption, and therefore, not billed. For the purposes of revenue accounting, the society makes an estimate of unbilled consumption.

For some sanitation service billing groups, information is held on consumption metered, to which the corresponding tariff is applied. For other groups, there is no metering data available at the date of the monthly closing; an estimate is therefore made on the basis of data from the previous month valued at the current tariff, whether normal or on consumption. Any difference between the actual and estimated consumption is corrected the following month.

The transfer of risks and benefits varies according the business of the company. For the sanitation service companies, the provision of services and all associated charges are made according to actual consumption, and a monthly provision is made for consumption not yet billed, based on the previous billing. For the companies Anam S.A., Ecoriles S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A., invoicing is made on the basis of work performed.

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Method used for determining state of termination of services

The provision of the sanitation services is confirmed through the metering of consumption, in accordance with corresponding legislation, while the non-sanitation subsidiaries do so once the services and/or respective reports are completed.

Revenue under agreements with property developers is booked as ordinary revenue provided it complies with the conditions of each contract that ensure that the related economic benefits will flow to the Society.

R. EARNINGS PER SHARE

Basic earnings per share is calculated as the earnings (loss) attributable to the holders of equity of the controller divided by the average weighted number of common shares in circulation during the period ended December 31, 2014.

During the period 2014 and year 2013, the Group has not carried out any kind of operation with a potential diluting effect that supposes that diluted earnings per share are any different to basic earnings per share.

S. THE ENVIRONMENT

Assets of an environmental kind are those used constantly in the business of the Society and subsidiaries, whose principal objective is to minimize adverse environmental impacts and ensure the protection and improvement of the environment, including the reduction or elimination of the future contamination of Aguas Andinas S.A. and subsidiaries's businesses.

These assets are valued at cost, like any other asset. The Society and subsidiaries amortize these elements on a straight-line basis as a function of the estimated remaining years of useful lives of the different elements.

T. CONSOLIDATED STATEMENT OF CASH FLOWS

The cash flow statement records the cash movements during the period which include VAT, determined by the direct method under the following criteria:

Cash and cash equivalents: Inflows and outflows of cash and equivalent financial assets, these being understood to be easily-liquidated short-term investments with a low risk of variation in their value (maximum term of 3 months from investment date, and unrestricted).

Operating activities: Typical activities of the normal business operation of the Society and subsidiaries, plus others that cannot otherwise be defined as for investment or financing activities.

Investment activities: The acquisition, disposal or use by other means of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: Activities that produce changes in the amount and composition of net equity and liabilities not forming part of the ordinary activities.

U. CONSTRUCTION CONTRACTS

The Group uses the "percentage progress method" for booking revenues and expenses referring to a contract being carried out. By this method, the revenues under the contract are compared with the related costs incurred according to the degree of progress made, which results in the amount of the ordinary revenue, expenses and earnings that may be attributed to the portion of the contract carried out.

Contract costs are booked when incurred. When the result of a construction contract cannot be estimated reliably, and it is probable that the contract is going to be profitable, contract revenues are booked over the term of the contract. When it is probable that the contract costs are going to exceed the total

revenues, the expected loss is booked immediately as an expense in the period. When the result of a construction contract cannot be estimated reliably enough, contract revenues are booked only to the extent of the contract costs incurred that will probably be recovered.

The Group shows as an asset the gross amount due by customers for the work of all the contracts in progress for which the costs incurred plus booked profits (less booked losses) exceed the partial invoicing. Partial invoicing still unpaid by customers and the withholdings are included in "trade debtors and other accounts receivable".

The Group shows as a liability the gross amount due to customers for the work of all contracts in progress for which the partial invoicing exceeds the costs incurred plus booked profits (less booked losses).

V. CAPITALIZED FINANCING COSTS**Interest-bearing loans policy:**

The costs of loans directly attributable to the acquisition, construction or production of assets that meet the conditions for their qualification, are capitalized, thus forming part of the cost of such assets.

Interest-cost capitalization policy:

Interest paid or accrued on debt used to finance qualified assets is 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 in the construction project financed, up to the total amount of such interest, applying the respective rate to the disbursements made to the date of presentation of the financial statements.

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W. RECLASSIFICATIONS

For comparison purposes, certain reclassifications have been made to the statement of financial position as of December 31, 2013, according to the following detail:

Reclassifications	Increase/ Decrease ThChs
Statement of financial position:	
Trade accounts and other accounts receivables	167
Accounts receivable from related parties	-167
Trade accounts and other accounts payables	4,109
Accounts payable to related parties	-4,109
Statement of result by nature:	
Revenue	1,255,891
Other earnings	-1,255,891

2.3 ACCOUNTING CHANGES

The Superintendence of Securities and Insurance (SVS), under its authority, dated October 17, 2014, issued the Circular 856 that instructs the auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780. The above, changed the preparation and presentation frame of financial report adopted until that date, given that previous frame (IFRS) needs to be adopted comprehensively, explicit and unreserved.

As of December 31 2014 and for the year finished on this date, the quantification of the accounting framework meant a lower charge to results of ThCh\$ 9,391,825 (ThCh\$ 5,496,265 corresponding to the owners of the controller and ThCh\$ 3,895,560 corresponding to minority interests).

3_ EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER

The capital of the Society is divided into 6,118,965,160 nominative shares of no par value, totally subscribed and paid at December 31, 2014, corresponding 94.97% to series A and 5.03% to series B.

Series B shares has a veto o preference, contained in Article 5 of the Society's Statues, consisting of special quorum required for the extraordinary shareholders to decide about acts and contracts related to water use rights and sanitation concessions of Aguas Andinas.

The composition of each series is as follows:

The capital as of December 31, 2014 and December 31, 2013 amounts to ThCh\$155,567,354.

	31-12-2014	31-12-2013
Series A Shares	5,811,030,417	5,811,029,417
Series B Shares	307,934,743	307,935,743
Total	6,118,965,160	6,118,965,160

There are no own shares held in the portfolio, nor are there any preference shares.

The Society manages its capital to ensure permanent and expedite access to financial markets, which permits it to carry out its objectives of growth, solvency and profitability.

There have been no changes in the capital management objectives or policies in the periods reported.

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During the 2014 term, the following dividends were agreed upon and paid for:

- In the Board of Directors meeting held on December 17, 2014, the Board unanimously agreed to distribute among shareholders the sum of ThCh\$38,855,429, as an interim dividend, against the earnings for 2014. Because of this, the interim dividend No 59 of the Company amounted to Ch\$6.35 per share. This payment was made on January 13, 2015.
- The Ordinary Shareholders' Meeting held on April 29, 2014 agreed to distribute 100% of earnings for 2013, after deducting the interim dividend paid in January 2014. Because of this, the dividend No 58 of the Company amounted to ThCh\$79,675,352 equivalent to Ch\$13.021 per share. The payment was payable from May 26, 2014 and 6,118,965,160 shares were entitled to this payment.

During the 2013 term, the following dividends were agreed upon and paid for:

- The Ordinary Shareholders' Meeting held on April 23, 2013 agreed to distribute 100% of the earnings for 2012, after deducting the interim dividend paid in November 2012. Because of this, the dividend No. 56 of the Company amounted to ThCh\$ 85,813,215 equivalent to Ch\$ 14.024 per share. This payment was required from May 22, 2013, having entitled to 6,118,965,160 shares.
- The Ordinary Board Meeting held on November 26, 2013 unanimously agreed to distribute the sum of ThCh\$37,000,158 against the earnings for 2013 as an interim dividend. The amount of dividend No.57 was therefore Ch\$6.0468 per share, payable from January 14, 2014.
- **Provision for minimum dividend**
In accordance with the policy described in Note 2.2. J, the Society has made no provision for the minimum dividend

as of December 31, 2014. As of December 31, 2012 were paid ThCh\$924,524 against the earnings for the previous term.

- **Accumulated earnings**

The amounts booked for revaluation of land and intangible assets and other adjustments on the first adoption of IFRS are included in accumulated earnings and are subject to restrictions on their distribution as they first have to be booked as realized, through their use or sale, as established in IAS 16 and Circular 456 of June 20, 2008 of the SVS. 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 balances as of December 31, 2014 and December 31, 2013 are ThCh\$297,097,777 and ThCh\$302,875,246 respectively.

As of December 31, 2013, Aguas Cordillera S.A. sold some water rights which generated an adjustment to the first-adoption reserve of ThCh\$82,798. During the same period, Aguas Andinas S.A. sold land revalued under the first-adoption exception which generated the application of the reserve for ThCh\$59,075.

The reduction for transfers and other changes of ThCh\$5,496,263, is the impact of the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20.780, and booked to equity in accordance with the instructions given in Circular No. 856 published by the Superintendence of Securities and Insurance on October 17, 2014.



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In addition to this, modifications were made to the calculation parameters in the actuarial earnings and losses on compensation, which generated a register in accumulated results of ThCh\$1,172,899 (see Note 2.0)

- **Share Premium**

The amount registered in Share premium is the premium on the sale of shares produced in 1999 due to the capital increase. The balance as of December 31, 2014 and December 31, 2013 amounted to ThCh\$164,064,038 for each term.

- **Other equity participations**

The amount registered in Other participations refers to the monetary correction capital paid in 2008, the year of transition to IFRS, in accordance with SVS Circular 456, and the effects of the combination of businesses of companies under common control made in 2007 and 2008. The balance as of December 31, 2014 and December 31, 2013 is ThCh\$-5,965,550 for each period.

4_ EQUITY ATTRIBUTABLE TO NON-CONTROLLER PARTICIPATIONS

The detail by society of the effects caused by the participation of third parties in equity and results as of December 31, 2014 and 2013 is as follows:

Society	% Participation		Non-Controller Participation			
	31-12-2014	31-12-2013	31-12-2014		31-12-2013	
	%	%	Equity ThCh\$	Result ThCh\$	Equity ThCh\$	Result ThCh\$
Aguas Cordillera S.A.	0.00997%	0.00997%	19,466	2,121	20,268	1,830
Essal S.A. ⁽¹⁾	46.49350%	46.49350%	55,614,686	3,635,913	61,107,294	3,031,755
Totales			55,634,152	3,638,034	61,127,562	3,033,585

(1) Includes third party participations through the assignment to market value of the assets and liabilities arising from the purchase of Inversiones Iberaguas Ltda. and Essal S.A. at the time of the combination of businesses.

The amount recorded in non-controlling interests is the impact of the changes in corporate income tax on equity, according to the provisions of Circular No. 856 issued by the Superintendence of Securities and Insurance, for ThCh\$3,895,560.

The amount corresponding to the actuarial earnings and losses due to the modifications in the calculation parameters amounted to ThCh\$14,090.

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5_ OTHER REVENUE AND EXPENSES

The following shows additional information according to IAS 1, referring to other non-operating revenues and expenses:

Non-operating revenue & expenses	31-12-2014 ThChs	31-12-2013 ThChs
Other earnings		
Gain on sale of non-current assets, not held for sale	481,205	74,674
Other losses	-66,719	-3,889
Total	414,486	70,785
Financial Costs		
Bank loans	-4,667,943	-5,538,544
AFR interest expenses	-4,662,188	-4,545,056
Bond interest expense	-18,099,258	-17,646,854
Other interest costs	-730,749	-316,229
Amortization of loan agreement complementary costs	-2,578,618	-839,157
Total	-30,738,756	-28,885,840
Financial Revenues		
Interest income	4,494,489	6,246,530
Gain on redemption & extinction of debt	809,346	719,322
Total	5,303,835	6,965,852

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6_FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

The following is summarized information on the statement of financial position and statement of comprehensive results of each of the subsidiaries included in the consolidated financial statements:

STATEMENT OF FINANCIAL POSITION OF SUBSIDIARIES (SUMMARIZED) AS OF DECEMBER 31, 2014

31-12-2014	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	ThChs	ThChs	ThChs	ThChs	ThChs
Aguas Cordillera S.A.	20,751,194	243,394,965	14,691,450	54,212,972	195,241,737
Aguas Manquehue S.A.	4,473,100	71,239,462	7,114,700	18,465,022	50,132,840
Inversiones Iberaguas Ltda.	2,386,677	65,102,306	44,714	0	67,444,269
Empresa de Servicios Sanitarios de Los Lagos S.A.	14,736,199	133,248,212	14,019,578	58,698,964	75,265,869
Ecoriles S.A.	4,460,897	349,256	1,824,643	0	2,985,510
Gestión y Servicios S.A.	6,617,684	378,776	2,473,253	76,560	4,446,647
Análisis Ambientales S.A.	3,605,573	1,507,230	1,139,501	0	3,973,302
Aguas del Maipo S.A.	2,272,296	8,569,107	410,504	34,092	10,396,807

STATEMENT OF COMPREHENSIVE RESULTS OF SUBSIDIARIES (SUMMARIZED) AS OF DECEMBER 31, 2014

31-12-2014	Result for the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiaries	ThChs	ThChs	ThChs	ThChs
Aguas Cordillera S.A.	21,275,864	48,830,273	-28,797,317	1,242,908
Aguas Manquehue S.A.	5,249,916	12,371,031	-5,820,842	-1,300,273
Inversiones Iberaguas Ltda.	5,831,132	5,061	-5,515	5,831,586
Empresa de Servicios Sanitarios de Los Lagos S.A.	11,519,412	45,158,426	-25,836,974	-7,802,040
Ecoriles S.A.	1,640,245	11,865,133	-9,872,519	-352,369
Gestión y Servicios S.A.	454,183	8,951,259	-8,387,024	-110,052
Análisis Ambientales S.A.	1,090,093	6,603,852	-5,283,498	-230,261
Aguas del Maipo S.A.	682,044	772,291	-563,449	473,202

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STATEMENT OF FINANCIAL POSITION OF SUBSIDIARIES (SUMMARIZED) AS OF DECEMBER 31, 2013

31-12-2013	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	22,101,279	236,931,260	26,668,425	29,081,201	203,282,913
Aguas Manquehue S.A.	5,848,456	61,779,211	5,478,224	14,413,065	47,736,378
Inversiones Iberaguas Ltda.	2,134,761	67,327,751	24,090	0	69,438,422
Empresa de Servicios Sanitarios de Los Lagos S.A.	15,763,160	130,139,567	12,806,767	53,466,475	79,629,485
Ecoriles S.A.	4,396,638	300,765	1,334,144	0	3,363,259
Gestión y Servicios S.A.	6,485,193	422,369	2,130,391	64,668	4,712,503
Análisis Ambientales S.A.	3,673,948	1,343,539	716,039	0	4,301,448
Aguas del Maipo S.A.	1,483,124	8,681,362	221,386	25,895	9,917,205

STATEMENT OF COMPREHENSIVE RESULTS OF SUBSIDIARIES (SUMMARIZED) AS OF DECEMBER 31, 2013

31-12-2013	Result for the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiaries	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	18,358,198	45,726,292	-26,687,890	-680,204
Aguas Manquehue S.A.	3,662,976	9,204,103	-4,707,977	-833,150
Inversiones Iberaguas Ltda.	5,453,869	0	-5,098	5,458,967
Empresa de Servicios Sanitarios de Los Lagos S.A.	10,735,266	40,442,239	-23,997,322	-5,709,651
Ecoriles S.A.	1,539,224	12,402,284	-10,542,408	-320,652
Gestión y Servicios S.A.	596,273	9,925,119	-9,107,218	-221,628
Análisis Ambientales S.A.	1,129,858	5,839,345	-4,505,730	-203,757
Aguas del Maipo S.A.	850,339	760,846	-673,083	762,576

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DETAIL OF SIGNIFICANT SUBSIDIARIES

The definition of significant subsidiaries is based on their percentage participation in the operating results, their participation in fixed assets and results for the period with respect to the consolidated financial statements. The following are considered to be significant subsidiaries:

Name of significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.
Country	Chile	Chile	Chile
Functional currency	Chilean Pesos	Chilean Pesos	Chilean Pesos
Percentage share in significant subsidiary	99.99003%	100.00000%	53.50650%
Percentage voting rights in significant subsidiary	99.99003%	100.00000%	53.50650%
Percentage of consolidated values			
Contribution margin	9.66%	3.16%	6.63%
Property, plant and equipment	7.32%	3.77%	16.40%
Net income for the period	13.34%	4.34%	3.29%

7_CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash and cash equivalents	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Banks	2,747,248	3,343,981
Term deposits (Note 8.6)	23,454,906	35,315,000
Total	26,202,154	38,658,981

Cash equivalents relate to financial assets in term deposits with maturities of less than 90 days from the date of the transaction.

Detail of some items of the statement of cash flows

- **Other proceeds from operating activities:**
Correspond to services connected with the business, mainly agreements signed with property developers.
- **Other payments from operating activities:**
Mainly correspond to the payment of value added tax (VAT).
- **Other outflows from investment activities:**
Mainly correspond to interest associated with bond issues, which have been capitalized as a result of investments in property, plant and equipment.

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8_FINANCIAL INSTRUMENTS

8.1 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that Group entities continue as a going concern through the maximization of profitability for shareholders by the optimization of the debt and capital structure. 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, the capital attributable to equity holders of the controller, which includes the capital, reserves and retained earnings which are shown in Note 3.

8.2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods adopted, including accounting criteria, the bases of measurement and the bases on which the revenues and expenses are booked, with respect to each class of financial assets and financial obligations, are described in Notes 2H, 2L and 2M to these consolidated financial statements.

8.3 TYPES OF FINANCIAL INSTRUMENTS

Types of financial instruments				31-12-2014	31-12-2013
				ThChs	ThChs
Trade debtors				96,757,009	89,828,072
Trade debtors, current				94,559,029	87,948,310
Trade debtors & other accounts receivable, current	CLP	8.5	94,510,475	87,911,113	
Trade debtors & other accounts receivable, current	USD	8.5	30,233	24,366	
Trade debtors & other accounts receivable, current	EUR	8.5	18,321	12,831	
Fees receivable, non-current				2,197,980	1,879,762
Fees receivable, non-current	CLP		2,197,980	1,879,762	
Other financial liabilities, current				56,680,231	93,620,208
Bank loans	CLP	8.4	21,118,729	8,119,586	
Bonds	CLP	8.4	33,176,766	81,065,933	
Reimbursable financial contributions (AFR)	CLP	8.4	2,384,736	4,434,689	
Other financial liabilities, non-current				698,421,729	626,272,073
Bank loans	CLP	8.4	90,504,265	70,467,745	
Bonds	CLP	8.4	456,075,129	430,733,178	
Reimbursable financial contributions (AFR)	CLP	8.4	151,842,335	125,071,150	
Trade creditors				85,008,730	91,898,910
Trade accounts & other accounts payable, current				83,324,297	90,036,301
Trade accounts & other accounts payable, current	CLP	8.7	83,181,583	89,781,336	
Trade accounts & other accounts payable, current	USD	8.7	102,359	191,010	
Trade accounts & other accounts payable, current	EUR	8.7	40,355	63,955	
Other accounts payable, non-current				1,684,433	1,862,609
Other accounts payable, non-current	CLP	8.7	1,684,433	1,862,609	

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8.4 INFORMATION ON FINANCIAL LIABILITIES

Other financial liabilities

Other financial liabilities include bank loans, bonds and reimbursable financial contributions (AFRs) are valued at amortized cost, as explained below:

Reimbursable financial contributions (AFRs)

In accordance with article 42-A of decree MINECON 453 of 1989, “reimbursable financial contributions for extension and for capacity constitute a financing alternative for the provider (company that provides sanitation services) for carrying out sanitation works of extension and capacity which, under the law, are at its expense and cost.”

They consist of certain amounts of money or works that sanitation public utilities can require of those asking to be incorporated as customers or who request an expansion of service and which, according to current regulations, have defined forms and terms for their reimbursement.

The reimbursement of the amounts contributed by customers is made basically through the issue of endorsable promissory notes at 10 or 15 years and, in some minor cases, through reimbursement by the provision of sanitation services.

The detail of bank loans as of December 31, 2014 and December 31, 2013 is as follows:

Book value = principal +/- issue over/below – issue costs + accrued interest by effective interest-rate method – interest and principal paid
Nominal value = principal + accrued interest at issue rate - interest and principal payments

BANK LOAN BALANCES, CURRENT TERM

Debtor tax no.	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.809.310-K
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile
Creditor Tax N°	97.032.000-8	97.004.000-5	97.036.000-K	97.006.000-6	97.032.000-8
Bank or financial institution	BANCO BBVA	BANCO DE CHILE	BANCO SANTANDER	BANCO BCI	BANCO BBVA
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP
Repayment	Semi-annual	Semi-annual	Semi-annual	At maturity	Semi-annual
Effective rate	4.05%	4.77%	4.05%	4.05%	4.01%
Nominal rate	4.00%	4.58%	4.00%	4.05%	4.01%

Nominal Values

To 1 year	2,660,318	8,260,313	9,669,458	283,337	281,250	21,154,676
To 90 days	1,421,131	4,634,817		283,337	281,250	6,620,535
Over 90 days to 1 year	1,239,187	3,625,496	9,669,458			14,534,141
Over 1 year to 3 years	10,621,600	40,631,070	0	0	0	51,252,670
Over 1 year to 2 years	10,621,600	7,235,670				17,857,270
Over 2 years to 3 years	0	33,395,400				33,395,400
Over 3 years to 5 years	0	0	0	19,270,304	20,000,000	39,270,304
Over 3 years to 4 years						0
Over 4 years to 5 years				19,270,304	20,000,000	39,270,304
Over 5 years						0
Total nominal values	13,281,918	48,891,383	9,669,458	19,553,641	20,281,250	111,677,650

Book Values

Current bank loans	2,655,424	8,232,231	9,666,486	283,338	281,250	21,118,729
To 90 days	1,416,237	4,614,396		283,338	281,250	6,595,221
Over 90 days to 1 year	1,239,187	3,617,835	9,666,486			14,523,508
Non-current bank loans	10,618,835	40,615,126	0	19,270,304	20,000,000	90,504,265
Over 1 year to 3 years	10,618,835	40,615,126	0	0	0	51,233,961
Over 1 year to 2 years	10,618,835	7,232,831				17,851,666
Over 2 years to 3 years	0	33,382,295				33,382,295
Over 3 years to 5 years	0	0	0	19,270,304	20,000,000	39,270,304
Over 3 years to 4 years						0
Over 4 years to 5 years					20,000,000	20,000,000
Over 5 years				19,270,304		19,270,304
Total bank loans	13,274,259	48,847,357	9,666,486	19,553,642	20,281,250	111,622,994

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BANK LOAN BALANCES, PREVIOUS TERM

Debtor tax no.	61808000-5	61808000-5	61808000-5	61808000-5
Debtor name	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A
Debtor country	Chile	Chile	Chile	Chile
Bank or financial institution	BANCO BBVA	BANCO DE CHILE	BANCO SANTANDER	BANCO DE CHILE
Currency or indexation unit	CLP	CLP	CLP	CLP
Repayment	Semi-annual	Semi-annual	Semi-annual	Semi-annual
Effective rate	6.04%	6.07%	5.91%	6.07%
Nominal rate	5.87%	6.02%	5.87%	6.02%

Nominal Values

To 1 year	2,615,255	1,022,958	194,383	4,318,707	8,151,303
To 90 days	1,464,582	649,893	194,383	2,743,707	5,052,565
Over 90 days to 1 year	1,150,673	373,065	0	1,575,000	3,098,738
Over 1 year to 3 years	13,099,973	2,771,340	9,537,000	11,700,000	37,108,313
Over 1 year to 2 years	2,478,373	1,385,670	9,537,000	5,850,000	19,251,043
Over 2 years to 3 years	10,621,600	1,385,670	0	5,850,000	17,857,270
Over 3 years to 5 years	0	6,395,400	0	27,000,000	33,395,400
Over 3 years to 4 years	0	0	0	0	0
Over 4 years to 5 years	0	6,395,400	0	27,000,000	33,395,400
Over 5 years	0	0	0	0	0
Total nominal values	15,715,228	10,189,698	9,731,383	43,018,707	78,655,016

Book Values

Bank loans current	2,607,829	1,019,103	189,494	4,303,160	8,119,586
To 90 days	1,460,870	647,965	189,494	2,735,934	5,034,263
Over 90 days to 1 year	1,146,959	371,138	0	1,567,226	3,085,323
Non-current bank loans	13,094,296	9,162,121	9,535,343	38,675,985	70,467,745
Over 1 year to 3 years	13,094,296	2,769,944	9,535,343	11,692,740	37,092,323
Over 1 year to 2 years	2,477,299	1,384,972	9,535,343	5,846,370	19,243,984
Over 2 years to 3 years	10,616,997	1,384,972	0	5,846,370	17,848,339
Over 3 years to 5 years	0	6,392,177	0	26,983,245	33,375,422
Over 3 years to 4 years	0	0	0	0	0
Over 4 years to 5 years	0	6,392,177	0	26,983,245	33,375,422
Over 5 years	0	0	0	0	0
Total bank loans	15,702,125	10,181,224	9,724,837	42,979,145	78,587,331

Book value = principal +/- issue over/below - issue costs + accrued interest by effective interest-rate method - interest and principal paid
 Nominal value = principal + accrued interest at issue rate - interest and principal payments

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The detail of reimbursable financial contributions as of December 31, 2014 and December 31, 2013 is as follows:

REIMBURSABLE FINANCIAL CONTRIBUTIONS, CURRENT PORTION

Registration No. or Identification of the Instrument	Currency indexation unit	Residual UF	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Issuer tax No.	Repayment	Secured (Yes/No)
			31-12-2014	31-12-2013							
			ThCh\$	ThCh\$							
AFR	UF	77,635	2,217,213	2,022,813	2.59%	2.51%	Chile	Aguas Andinas S.A	61.808.000-5	At maturity	No
AFR	UF	8,632	167,523	2,175,404	2.52%	2.44%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	0	0	236,472	-	-	Chile	Aguas Manquehue S.A	89.221.000-4	At maturity	No
Total		86,267	2,384,736	4,434,689							

REIMBURSABLE FINANCIAL CONTRIBUTIONS, NON-CURRENT PORTION

Registration No. or Identification of the Instrument	Currency indexation unit	Residual UF	Book value		Maturity Date	Contract real interest rate	Effective rate	Issuer	Issuer tax No,	Repayment	Secured (Yes/No)
			31-12-2014	31-12-2013							
			ThCh\$	ThCh\$							
AFR	UF	4,321,273	107,509,452	89,233,486	25-09-2029	3.91%	3.79%	Aguas Andinas S,A	61,808,000-5	At maturity	No
AFR	UF	1,078,867	26,858,207	21,980,886	11-09-2029	4.14%	3.98%	Aguas Cordillera S,A,	96,809,310-k	At maturity	No
AFR	UF	450,149	11,192,604	8,707,256	22-04-2029	3.79%	3.63%	Aguas Manquehue S,A	89,221,000-4	At maturity	No
AFR	UF	255,088	6,282,072	5,149,522	01-12-2029	3.70%	3.70%	Essal S,A,	96,579,800-5	At maturity	No
Total		6,105,377	151,842,335	125,071,150							

The detail of bonds outstanding as of December 31, 2014 and December 31, 2013 is as follows:

TOTAL PUBLIC OBLIGATIONS, CURRENT TERM

Debtor tax n°.	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
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	580	305	527	580	580	629	630	654	654	655	346	346	284
Series	BAGUA-I	BAGUA-J	BAGUA-K	BAGUA-M	BAGUA-N	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BESAL-B
Maturity	01-12-2015	01-12-2018	01-10-2016	01-04-2031	01-10-2016	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2037	01-04-2037	01-06-2037	01-06-2028
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Repayment	Semi-annual	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	Semi-annual
Effective rate	4.18%	3.07%	4.06%	3.36%	3.81%	3.94%	3.67%	3.93%	3.81%	3.50%	3.48%	3.16%	6.63%
Nominal rate	3.70%	4.00%	2.90%	4.20%	3.17%	3.86%	4.00%	3.30%	3.90%	3.80%	3.60%	3.30%	6.00%

Nominal Values

To 1 year	17,785,688	81,286	4,032,515	447,868	242,054	353,097	134,122	5,674,212	546,967	463,556	427,256	154,501	2,851,558	33,194,680
To 90 days	0													0
Over 90 days to 1 year	17,785,688	81,286	4,032,515	447,868	242,054	353,097	134,122	5,674,212	546,967	463,556	427,256	154,501	2,851,558	33,194,680
Over 1 year to 3 years	0	0	8,865,756	0	30,783,875	0	0	10,945,378	0	0	0	0	5,703,116	56,298,125
Over 1 year to 2 years	0	0	8,865,756	0	30,783,875	0	0	5,472,689	0	0	0	0	5,703,116	50,825,436
Over 2 years to 3 years	0	0	0	0	0	0	0	5,472,689	0	0	0	0		5,472,689
Over 3 years to 5 years	0	24,627,100	0	43,097,425	0	36,940,650	40,634,715	8,209,034	56,642,330	49,254,200	49,254,200	56,642,330	34,015,405	399,317,389
Over 3 years to 4 years	0	24,627,100	0	0	0	0	0	5,472,689	0	0	0	0	5,703,116	35,802,905
Over 4 years to 5 years	0	0	0	0	0	0	0	2,736,345	0	0	0	0		2,736,345
Over 5 years	0	0	0	43,097,425	0	36,940,650	40,634,715	0	56,642,330	49,254,200	49,254,200	56,642,330	28,312,289	360,778,139
Total nominal values	17,785,688	24,708,386	12,898,271	43,545,293	31,025,929	37,293,747	40,768,837	24,828,624	57,189,297	49,717,756	49,681,456	56,796,831	42,570,079	488,810,194

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Current public obligations	17,749,996	49,871	4,015,190	458,370	190,005	361,505	145,966	5,645,619	540,078	460,813	427,256	196,146	2,935,951	33,176,766
To 90 days														0
Over 90 days to 1 year	17,749,996	49,871	4,015,190	458,370	190,005	361,505	145,966	5,645,619	540,078	460,813	427,256	196,146	2,935,951	33,176,766
Non-current public obligations	0	24,509,817	8,858,638	43,333,829	30,770,796	37,156,440	40,911,569	19,035,918	56,449,179	49,161,239	49,254,200	57,688,997	38,944,507	456,075,129
Over 1 year to 3 years	0	0	8,858,638	0	30,770,796	0	0	10,892,714	0	0	0	0	5,579,274	56,101,422
Over 1 year to 2 years	0	0	8,858,638	0	30,770,796	0	0	5,446,357	0	0	0	0	5,579,274	50,655,065
Over 2 years to 3 years	0	0	0	0	0	0	0	5,446,357	0	0	0	0	0	5,446,357
Over 3 years to 5 years	0	24,509,817	0	43,333,829	0	37,156,440	40,911,569	8,143,204	56,449,179	49,161,239	49,254,200	57,688,997	33,365,233	399,973,707
Over 3 years to 4 years	0	24,509,817	0	0	0	0	0	5,446,357	0	0	0	0	5,579,274	35,535,448
Over 4 years to 5 years	0	0	0	0	0	0	0	2,710,013	0	0	0	0	0	2,710,013
Over 5 years	0	0	0	43,333,829	0	37,156,440	40,911,569	-13,166	56,449,179	49,161,239	49,254,200	57,688,997	27,785,959	361,728,246
Total public obligations	17,749,996	24,559,688	12,873,828	43,792,199	30,960,801	37,517,945	41,057,535	24,681,537	56,989,257	49,622,052	49,681,456	57,885,143	41,880,458	489,251,895

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TOTAL PUBLIC OBLIGATIONS, CURRENT TERM

Debtor tax n°.	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
Debtor name	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Aguas Andinas S.A	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	305	527	580	580	629	630	654	654	655	346	346	713	284
Series	BAGUA-F	BAGUA-G	BAGUA-I	BAGUA-J	BAGUA-K	BAGUA-M	BAGUA-N	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BESAL-B
Maturity	01-12-2026	01-04-2014	01-12-2015	01-12-2018	01-10-2016	01-04-2031	01-10-2016	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-06-2028
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Repayment	Semi-annual	At maturity	Semi-annual	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	At maturity	At maturity	Semi-annual
Effective rate	4.68%	3.39%	4.03%	4.17%	3.08%	4.14%	3.33%	3.81%	3.94%	3.62%	3.93%	3.81%	6.63%
Nominal rate	4.15%	3.00%	3.70%	4.00%	2.90%	4.20%	3.17%	3.86%	4.00%	3.30%	3.90%	3.80%	6.00%

Nominal Values

To 1 year	6,407,071	58,707,720	7,533,126	76,937	3,843,621	423,908	224,496	327,485	124,393	186,906	507,292	2,846,697	2,699,001	83,908,653
To 90 days	272,974	433,820	74,067	76,937	114,091	423,908	224,496	327,485	124,393	186,906	507,292	201,980	0	2,968,349
Over 90 days to 1 year	6,134,097	58,273,900	7,459,059	0	3,729,530	0	0	0	0	0	0	2,644,717	2,699,001	80,940,304
Over 1 year to 3 years	12,268,194	0	16,782,883	0	12,120,972	0	29,136,950	0	0	10,359,804	0	0	6,046,546	86,715,349
Over 1 year to 2 years	6,134,097	0	16,782,883	0	3,729,530	0	0	0	0	5,179,902	0	0	3,023,273	34,849,685
Over 2 years to 3 years	6,134,097	0	0	0	8,391,442	0	29,136,950	0	0	5,179,902	0	0	3,023,273	51,865,664
Over 3 years to 5 years	61,340,925	0	0	23,309,560	0	40,791,673	0	34,964,340	38,460,774	12,949,755	53,611,988	46,619,120	34,767,662	346,815,797
Over 3 years to 4 years	6,134,097	0	0	0	0	0	0	0	0	5,179,902	0	0	3,023,273	14,337,272
Over 4 years to 5 years	6,134,097	0	0	23,309,560	0	0	0	0	0	5,179,902	0	0	3,023,273	37,646,832
Over 5 years	49,072,731	0	0	0	0	40,791,673	0	34,964,340	38,460,774	2,589,951	53,611,988	46,619,120	28,721,116	294,831,693
Total nominal values	80,016,190	58,707,720	24,316,009	23,386,497	15,964,593	41,215,581	29,361,446	35,291,825	38,585,167	23,496,465	54,119,280	49,465,817	43,513,209	517,439,799

Book Values

Current public obligations	6,105,922	58,654,377	7,465,304	46,104	3,820,445	434,930	187,480	342,308	138,264	142,219	510,948	435,962	2,781,670	81,065,933
To 90 days	272,974	433,820	74,067	46,104	114,091	434,930	187,480	342,308	138,264	142,219	510,948	435,962	192,827	3,325,994
Over 90 days to 1 year	5,832,948	58,220,557	7,391,237	0	3,706,354	0	0	0	0	0	0	0	2,588,843	77,739,939
Non-current public obligations	71,667,323	0	16,747,187	23,157,374	12,096,556	41,058,203	29,060,917	35,188,538	38,747,406	23,139,396	53,411,981	46,523,512	39,934,785	430,733,178
Over 1 year to 3 years	11,944,562	0	16,747,187	0	12,096,556	0	29,060,917	0	0	10,284,176	0	0	5,916,262	86,049,660
Over 1 year to 2 years	5,972,281	0	16,747,187	0	3,722,017	0	0	0	0	5,142,088	0	0	2,958,131	34,541,704
Over 2 years to 3 years	5,972,281	0	0	0	8,374,539	0	29,060,917	0	0	5,142,088	0	0	2,958,131	51,507,956
Over 3 years to 5 years	59,722,761	0	0	23,157,374	0	41,058,203	0	35,188,538	38,747,406	12,855,220	53,411,981	46,523,512	34,018,523	344,683,518
Over 3 years to 4 years	5,972,281	0	0	0	0	0	0	0	0	5,142,088	0	0	2,958,131	14,072,500
Over 4 years to 5 years	5,972,281	0	0	23,157,374	0	0	0	0	0	5,142,088	0	0	2,958,131	37,229,874
Over 5 years	47,778,199	0	0	0	0	41,058,203	0	35,188,538	38,747,406	2,571,044	53,411,981	46,523,512	28,102,261	293,381,144
Total public obligations	77,773,245	58,654,377	24,212,491	23,203,478	15,917,001	41,493,133	29,248,397	35,530,846	38,885,670	23,281,615	53,922,929	46,959,474	42,716,455	511,799,111

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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 economic flows of the Group's assets and liabilities.

This management is carried out through the identification of the risks, the determination of tolerance to each risk, the hedging of such financial risks and the control of hedge transactions.

Financial risk management is therefore based on hedging all significant exposures, provided 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 sanitation subsidiaries have a well-spread market which implies that the risk of a customer credit in particular is not significant.

The objective is to maintain minimum levels of bad debts. There is a credit policy which sets the conditions and types of payment and also conditions for reaching payment agreements with overdue customers. The management processes are to control, estimate and evaluate bad debts in order to take corrective actions to achieve the objectives. One of the principal actions and measures for maintaining low levels of bad debts is to suspend supplies.

The method for analysis is based on historic data on customer accounts receivable and other debtors.

Credit risk	31-12-2014	31-12-2013
	ThCh\$	ThCh\$
Gross exposure per balance sheet for risks of accounts receivable	133,672,007	121,803,399
Gross exposure per estimates of risks of accounts receivable	-36,915,040	-31,975,327
Net exposure, risk concentration	96,756,967	89,828,072

Movement of credit risk, accounts receivable	ThCh\$
Initial balance at 01-01-2014	31,975,327
Increase in existing provisions	5,189,375
Reductions	-249,662
Changes, total	4,939,713
Closing balance at 31-12-2014	36,915,040

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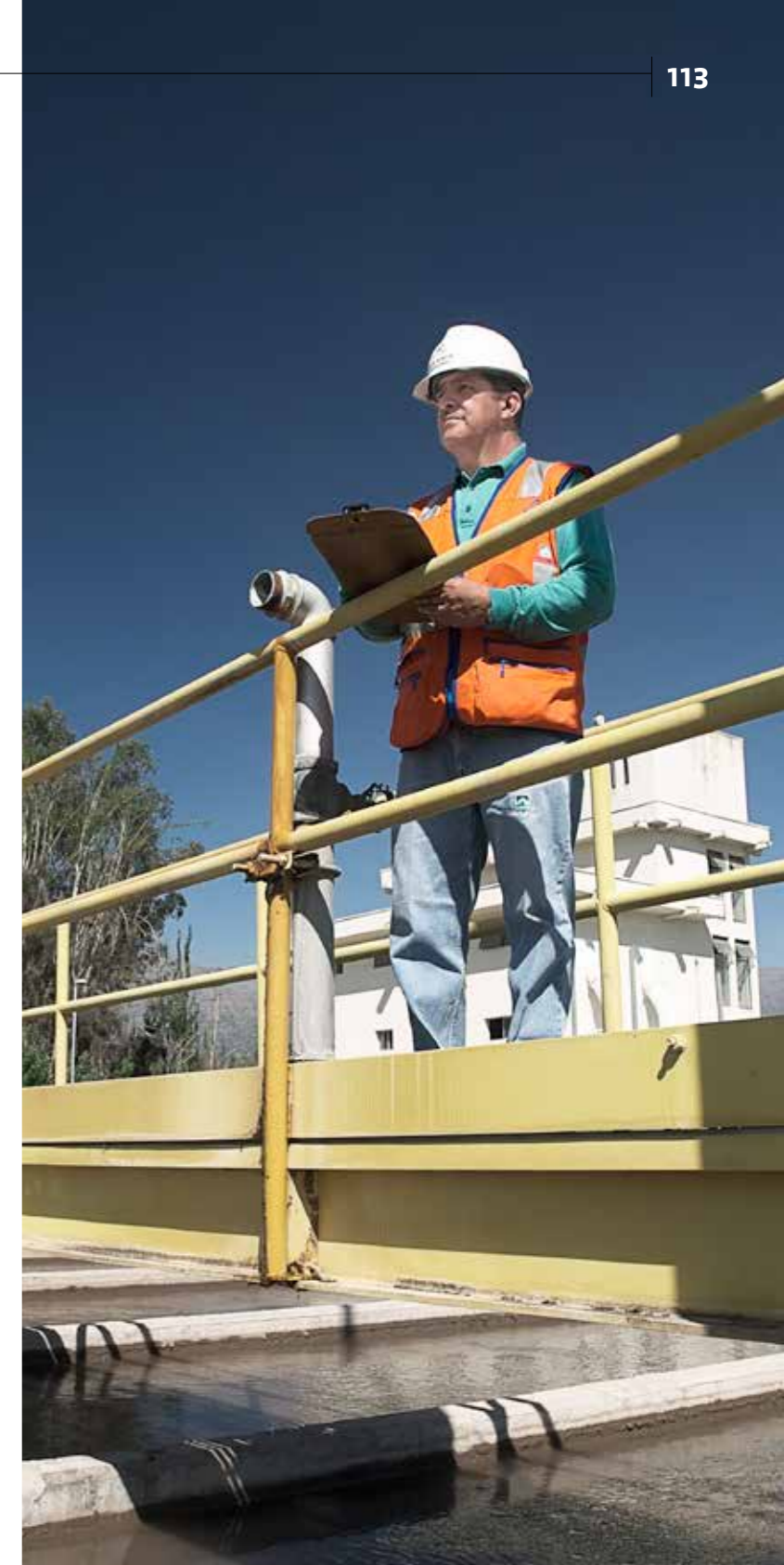
The following shows the composition of the ageing of gross debt:

Ageing of debt	31-12-2014	31-12-2013
	ThChs	ThChs
Less than three months	93,967,247	85,149,909
Three to six months	1,267,420	2,537,104
Six to eight months	654,829	1,014,474
More than eight months	37,782,511	33,101,912
Total	133,672,007	121,803,399

As required by IFRS 7 Financial Instruments, the following details the past-due gross debt by age:

Past-due debt	31-12-2014	31-12-2013
	ThChs	ThChs
Less than three months	9,035,546	10,199,591
Three to six months	993,925	1,289,628
Six to eight months	570,545	624,320
More than eight months	35,100,759	30,837,880
Total	45,700,775	42,951,419

Past-due gross debt comprises all receivables over two months past due, as the counterparty has ceased to pay when contractually due. From that moment, it is considered to be a past-due balance.



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ii. Liquidity risk

Liquidity risk is the possibility that adverse situations in the capital markets prevent the Group from having access to financing and from being able to finance its acquired commitments like long-term investments and working capital needs at reasonable market prices.

Management controls forecasts of the Group's liquidity reserve as a function of expected cash flows.

The preventive measures taken to manage liquidity risk include the following:

- Diversification of financing sources and instruments.
- Agree maturity dates with creditors in order to avoid the concentration of large repayments in one period.

MATURITY STRUCTURE (NON-DISCOUNTED FLOWS)

Balance at 31-12-2014	Up to 90 days		91 days to 1 year		13 months to 3 years		3 to 5 years		More than 5 years	
	ThChs	Contract interest rate	ThChs	Contract interest rate	ThChs	Contract interest rate	ThChs	Contract interest rate	ThChs	Contract interest rate
Bank loans	7,197,279	4.41%	16,625,683	4.14%	58,039,090	4.45%	22,756,624	4.05%	19,655,710	4.01%
Bonds	-	-	47,991,340	3.60%	94,158,231	3.52%	62,625,612	3.50%	576,048,835	3.50%
AFR	397,486	2.33%	2,001,460	2.84%	44,052,033	4.50%	29,164,036	3.77%	134,462,700	3.65%
Total	7,594,765		66,618,483		196,249,354		114,546,272		730,167,245	

Liquidity risk is controlled periodically in order to perceive, detect and correct deviations for mitigating the possible effects on results.

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iii. Interest rate risk

Aguas Andinas has an interest-rate structure of both floating and fixed rates, as shown in the following table:

Debt instruments	Rate	%
Bank Loans	Variable	14.75%
Bonds	UF	64.73%
AFR	UF	20.52%
Total		100.00%

Interest rate sensitivity analysis

A rate analysis is made, with respect to TAB (Banking Asset Rate), assuming that all the other variables remain constant. The method consists of measuring the positive or negative changes in nominal TAB at the date of presentation of the report with respect to the average TAB of the latest setting of the loans.

The analysis method is based on historic data with respect to the average daily market price of 180-day TAB over the past 3 years to the date of the report, with a reliability level of 95%.

Society	Nominal amount of debt ThCh\$	Variable rate	Points (+/-)	Impact on result (+/-) ThCh\$
Consolidated Aguas Andinas	111,669,989	TAB 180 days	151	1,689,867

For loans based on 180-day TAB, the positive or negative change in nominal TAB of 151 basis points, calculated annually, would have an impact on results of +/- ThCh\$1,689,867.

8.6_ CASH EQUIVALENTS.

The detail by instrument type for each Society is as follows:

Society	Instruments	31-12-2014	31-12-2013
		ThCh\$	ThCh\$
Aguas Andinas S.A.	Term deposit	8,600,000	11,515,000
Aguas Cordillera S.A.	Term deposit	7,010,000	12,350,000
Aguas Manquehue S.A.	Term deposit	1,100,000	3,080,000
Aguas del Maipo S.A.	Term deposit	2,050,000	750,000
Análisis Ambientales S.A.	Term deposit	1,855,000	1,300,000
Gestión y Servicios S.A.	Term deposit	0	115,000
Eco-Riles S.A.	Term deposit	800,000	805,000
ESSAL S.A.	Term deposit	2,039,906	5,400,000
Total (cash equivalent)		23,454,906	35,315,000

The Society and subsidiaries make investments with portfolio limits of a maximum of 40% of the total per issuing institution, and limits for types of instruments, e.g. mutual funds, 10% of the effective equity of the mutual fund and term deposits, 10% of the bank's equity.

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8.7_ TRADE CREDITORS AND OTHER ACCOUNTS PAYABLE

The main concepts included in this account are the following:

Trade creditors & other accounts payable, current	Currency or indexation unit	31-12-2014	31-12-2013
		ThCh\$	ThCh\$
Dividends	CLP	21,627,533	20,474,967
Taxes (VAT, prepayments, sole tax, others)	CLP	13,326,163	11,600,092
Suppliers for investments in progress	CLP	17,252,171	17,704,910
Personnel	CLP	2,795,596	2,638,281
Suppliers (expense)	CLP	10,846,749	13,967,086
Suppliers (expense)	USD	102,359	99,767
Suppliers (expense)	EUR	40,355	63,955
Suppliers (investment)	CLP	2,331,895	3,693,728
Accrued services	CLP	13,787,483	17,391,986
Accrued services	USD	0	91,243
AFR (expense)	CLP	591,800	1,641,618
Others (expense)	CLP	594,349	609,461
Others (investment)	CLP	27,844	59,207
Sub-total current		83,324,297	90,036,301
AFR water	CLP	531,838	523,620
Suppliers for investments in progress	CLP	1,082,200	1,268,889
Sundry creditors	CLP	70,395	70,100
Sub total non-current		1,684,433	1,862,609
Total current & non-current		85,008,730	91,898,910

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CURRENT TRADE ACCOUNTS:

CURRENT TERM

Current trade accounts according to term	31-12-2014			
	Goods ThCh\$	Services ThCh\$	Other ThCh\$	Total ThCh\$
To 30 days	868,191	1,230,016	62,034	2,160,241
From 31 to 60 days	179,892	23,766	663	204,321
From 61 to 90 days	19,937	0	0	19,937
From 91 to 120 days	0	10	0	10
From 121 to 365 days	0	145,008	0	145,008
More than 365 days	0	0	0	0
Total	1,068,020	1,398,800	62,697	2,529,517

PREVIOUS TERM

Current trade accounts according to term	31-12-2013			
	Goods ThCh\$	Services ThCh\$	Other ThCh\$	Total ThCh\$
To 30 days	1,123,586	3,117,406	37,442	4,278,434
From 31 to 60 days	280,181	54,309	0	334,490
From 61 to 90 days	267,171	1,492,646	0	1,759,817
From 91 to 120 days	0	6,666	0	6,666
From 121 to 365 days	9,134	3,618	0	12,752
More than 365 days	0	0	0	0
Total	1,680,072	4,674,645	37,442	6,392,159

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OVERDUE TRADE ACCOUNTS:

CURRENT TERM

Current trade accounts according to term	31-12-2014			
	Goods ThCh\$	Services ThCh\$	Other ThCh\$	Total ThCh\$
To 30 days	51,831	157,612	3,990	213,433
From 31 to 60 days	37,808	11,473	2,600	51,881
From 61 to 90 days	2,943	173,924	144	177,011
From 91 to 120 days	1,122	39,562	0	40,684
From 121 to 365 days	42,596	141,517	8,142	192,255
More than 365 days	16,087	24,133	184	40,404
Total	152,387	548,221	15,060	715,668

PREVIOUS TERM

Current trade accounts according to term	31-12-2013			
	Goods ThCh\$	Services ThCh\$	Other ThCh\$	Total ThCh\$
To 30 days	15,744	41,774	184	57,702
From 31 to 60 days	20,517	2,176	0	22,693
From 61 to 90 days	591	3,356	0	3,947
From 91 to 120 days	32	0	0	32
From 121 to 365 days	10,152	13,143	0	23,295
More than 365 days	5,635	13,006	0	18,641
Total	52,671	73,455	184	126,310

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8.8_FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments booked at amortized cost.

The following summarizes the fair values of the principal assets and financial obligations, including those that are not shown at fair value in the statement of financial position:

	31-12-2014	
	Amortized cost ThCh\$	Fair value ThCh\$
Investments booked at fair value	23,454,906	23,454,906
Term deposits	23,454,906	23,454,906
Other financial liabilities	755,101,960	793,131,535
Financial liabilities booked at amortized cost	755,101,960	793,131,535
Bank debt	111,622,994	113,665,811
Bonds	489,251,895	525,238,653
AFR	154,227,071	154,227,071

Methodology and assumptions used in the calculation of fair value

The fair values of financial assets and liabilities were determined using the following methodology:

- a) The amortized cost of term deposits is a good approximation of fair value as they are very 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 70).
- c) The fair value of bonds was determined based on 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 through the updating of the cash flows of each loan (principal and interest disbursements), applying the discount curves corresponding to the remaining term. This term corresponds to the number of days between the closing date of the financial statements and the date of the cash disbursement.

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Booking hierarchy of fair value measurements in the consolidated financial statements

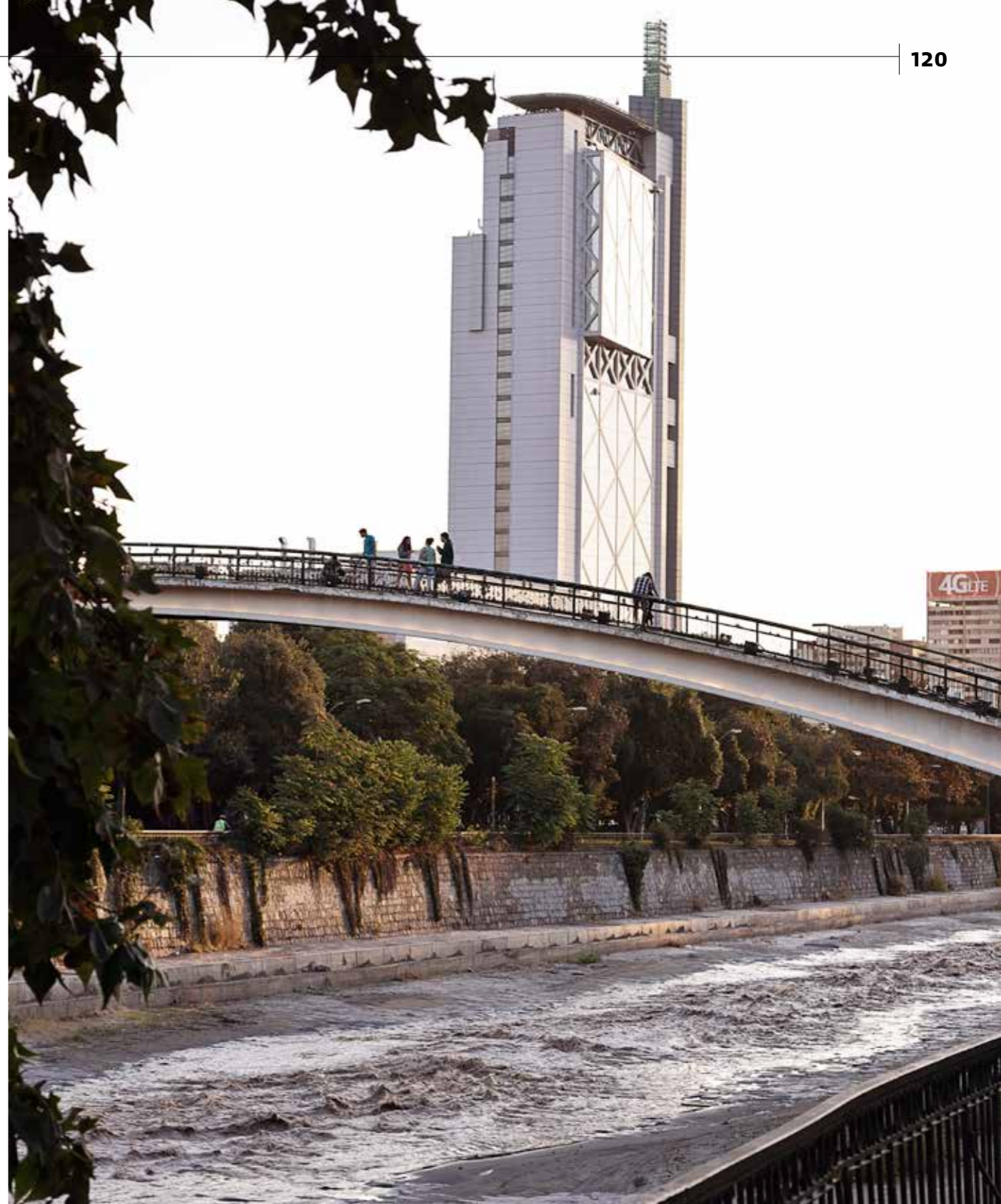
- Level 1 relates to fair-value measurement methodologies by market quotes (without adjustments) in active markets and considering the same assets and liabilities valued.
- Level 2 relates to fair-value measurement methodologies from market quotation data not included in Level 1, observable for the assets and liabilities valued, whether directly (prices) or indirectly (derivative of the prices).
- Level 3 relates to fair-value measurement methodologies by valuation techniques which include data on the assets and liabilities valued, not based on observable market data.

8.9_ OTHER FINANCIAL ASSETS

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of ThCh\$7,395,680 as of December 31, 2014 and December 31, 2013 (see Note 2.2, h, ii), over which the Group has no control or significant influence. The balance of ThCh\$17,517 relates to other financial investments in both periods.

8.10_ OTHER NON-FINANCIAL LIABILITIES

This is deferred income reflecting an obligation by the Company to the Asociación Sociedad de Canalistas del Maipo not to move the location of current water rights, for ThCh\$7,294,709 as of December 31, 2014 and December 31, 2013. The balance of ThCh\$511,135 and ThCh\$593,337 respectively is mainly related to agreements with real estate developers.



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9_INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

Transactions between the Company its subsidiary reflect conditions. These transactions have been eliminated in the consolidation and are not disclosed in this note.

ACCOUNTS RECEIVABLE FROM RELATED ENTITIES

Tax N° related party	Name of related party	Relationship	Country of origin	Transaction with related party	Currency	Term	Security	31-12-2014 ThCh\$	31-12-2013 ThCh\$
96.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	2,275	2,289
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	CL	Sewage & liquid waste analysis services	CLP	30 days	Unsecured	6,729	10,378
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	59,825	26,107
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Cleaning of Units	CLP	30 days	Unsecured	1,800	
Total								70,629	38,774

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ACCOUNTS PAYABLE TO RELATED ENTITIES

Tax N° related party	Name of related party	Relationship	Country of origin	Transaction with related party	Currency	Term	Security	31-12-2014 ThCh\$	31-12-2013 ThCh\$
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Hydraulic efficiency project	CLP	30 days	Unsecured	1,086,207	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Change of Method Adsorption of arsenic to Quilicura plant	CLP	30 days	Unsecured	31,932	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Ice-Pigging network cleaning service contract	CLP	30 days	Performance bond ThCh\$26,600	103,211	137,081
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Lo Pinto project	CLP	30 days	Guarantee UF22.470	2,357,458	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Design, construction & start-up contract of La Unión percolated filter	CLP	30 days	Performance bond ThCh\$95,869	93,112	216,567
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Construction and expansion of sludge line La Union	CLP	30 days	Performance bond ThCh\$47,110	74,355	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Update service of the operation and security of dam Pudeto and Gamboa	CLP	30 days	Performance bond ThCh\$705	54,828	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Cleaning & maintenance service sludge anaerobic digester at Talagante sewage treatment plant	CLP	30 days	Performance bond UF2,084	0	261,194
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Modeling odor panels	CLP	30 days	Unsecured	18,523	0
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the controller	CL	Purchase of materials	CLP	60 days	Performance bond ThCh\$27,298	553,550	434,082
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the controller	CL	Consultancy for computer development of self-service system Aguas Andinas S.A.	CLP	30 days	Performance bond UF168	0	29,295
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the controller	CL	Customer management consultancy service	CLP	30 days	Unsecured	0	10,000
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the controller	CL	Implementation of geographic information system Essal S.A.	CLP	30 days	Performance bond UF887	102,652	108,004
76.046.628-K	Asterión S.A.	Related to the controller	CL	Process re-engineering service contract & implementation of new customer service information systems	CLP	30 days	Performance bond ThCh\$845,149	395,343	5,061,598

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Tax N° related party	Name of related party	Relationship	Country of origin	Transaction with related party	Currency	Term	Security	31-12-2014 ThCh\$	31-12-2013 ThCh\$
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	CL	La Farfana sewage treatment plant operation & maintenance services	CLP	30 days	Performance bond UF194,249.62	24,545	2,959,632
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	CL	Digested sludge metanogenic activity	CLP	30 days	Unsecured	0	678
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	CL	Biogas plant operation services	CLP	30 days	Unsecured	37,161	33,699
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	CL	Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage treatment plant	CLP	90 days	Performance bond UF357,863	5,039,821	2,190,816
None	Labagua S.A.	Related to the controller	CL	Sewage analysis technical services	CLP	30 days	Unsecured	0	586
None	Aqua Development Network S.A.	Related to the controller	CL	Training services	CLP	30 days	Unsecured	43,671	0
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends payable	CLP	30 days	Unsecured	19,467,478	18,537,945
Total								29,483,847	29,981,177

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TRANSACTIONS

Tax N° related party	Name of related party	Relationship	Country of origin	Transaction	Currency	31-12-14		31-12-13	
						Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
79.046.628-K	Asterión S.A.	Related to the controller	CL	Process re-engineering service contract & implementation of new information systems for customer service	CLP	-2,143,238	-403,884	5,200,279	-325,211
None	Aqua Development Network	Related to the controller	CL	Integrated talent management contract	CLP	541,432	-541,432	0	0
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the controller	CL	Purchase of materials	CLP	2,363,783	-2,363,783	2,453,286	-2,453,286
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Ice-Pigging network cleaning service	CLP	194,074	-194,074	210,515	-210,515
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Lo Pinto project	CLP	3,778,331	0	0	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Hydraulic efficiency project	CLP	1,000,215	0	0	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Design, construction & start-up contract of La Unión percolated filter	CLP	381,247	0	364,230	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Cocule Plant	CLP	392,736	0	0	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Cleaning & maintenance service sludge anaerobic digester at Talagante sewage treatment plant	CLP	0	0	390,494	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage treatment plant	CLP	13,608,263	-11,939,580	10,826,552	-9,023,394
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Operation & maintenance services La Farfana sewage treatment plant	CLP	13,091,050	-10,394,397	15,345,115	-12,085,747
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Operation & maintenance services biogas purification plant	CLP	37,161	-37,161	178,212	-178,212
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends paid	CLP	19,467,478	0	42,994,433	0

The materiality criteria for reporting transactions with related parties is amounts of over ThCh\$ 100,000.

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REMUNERATION PAID TO THE DIRECTORS OF AGUAS ANDINAS S.A. AND SUBSIDIARIES, AND TO MEMBERS OF THE DIRECTORS' COMMITTEE

	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Directors	370,884	391,098
Directors' committee	30,298	24,377
Total	401,182	415,475

These are fees related to their functions as members of the board and directors' committee as defined and agreed by the ordinary shareholders' meeting.

At the end of the 2014 term, the managerial and key executive payroll of Aguas Andinas S.A. and its subsidiaries was composed of 73 professionals. The total remuneration perceived during the year was Ch\$ 6,811 million and the key executive compensation for years of service amounted to Ch\$ 328 million.

Detail of related parties and transactions with related parties by the directors and executives.

The management of the Society is unaware of any transactions between related parties and directors and/or executives, other than their fees and remuneration.

10_ INVENTORIES

Inventory class	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Spares & meters	3,210,332	2,972,896
Supplies for production	591,598	588,153
Others	101,013	47,040
Total	3,902,943	3,608,089

The cost of the inventories shown as an expense in the statement of results during periods 2014 and 2013 amounts to ThCh\$10,341,300 and ThCh\$10,845,205 respectively.

11_ INTANGIBLE ASSETS OTHER THAN GOODWILL

The following shows the required information on the Society's intangible assets, as per IAS 38 Intangible assets:

	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Intangible assets, net	232,174,750	227,347,269
Trademarks, net	13,000	13,000
Computer programs, net	15,439,243	10,916,343
Other intangible assets, net	216,722,507	216,417,926
Intangible assets, gross	267,732,735	259,153,301
Trademarks, gross	13,000	13,000
Computer programs, gross	38,804,351	30,716,721
Other intangible assets, gross	228,915,384	228,423,580
Intangible assets, accumulated amortization	35,557,985	31,806,032
Trademarks, accumulated amortization	0	0
Computer programs, accumulated amortization	23,365,108	19,800,378
Other intangible assets, accumulated amortization	12,192,877	12,005,654

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MOVEMENT OF INTANGIBLE ASSETS

Movement of intangible assets to December 31, 2014

Intangible asset movements	Trademarks, net ThCh\$	Computer programs, net ThCh\$	Other intangible assets, net ThCh\$	Total ThCh\$
Initial balance at 01-01-2014	13,000	10,916,343	216,417,926	227,347,269
Amortization	0	-5,384,303	-187,223	-5,571,526
Increases (reductions) for transfers	0	3,828,805	-123,156	3,705,649
Increases (reductions) for other changes	0	6,078,398	616,934	6,695,332
Disposals and withdrawals from service	0	0	-1,974	-1,974
Changes, total	0	4,522,900	304,581	4,827,481
Closing balance	13,000	15,439,243	216,722,507	232,174,750

Movement of intangible assets to December 31, 2013

Intangible asset movements	Trademarks, net ThCh\$	Computer programs, net ThCh\$	Other intangible assets, net ThCh\$	Total ThCh\$
Initial balance at 01-01-2013	13,000	9,304,987	215,954,530	225,272,517
Amortization	0	-3,693,522	-187,223	-3,880,745
Increases (reductions) for transfers	0	1,789,556	72,352	1,861,908
Increases (reductions) for other changes	0	3,515,322	682,458	4,197,780
Disposals and withdrawals from service	0	0	-104,191	-104,191
Changes, total	0	1,611,356	463,396	2,074,752
Closing balance 31-12-2013	13,000	10,916,343	216,417,926	227,347,269

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DISCLOSURE INFORMATION ON INTANGIBLE ASSETS (GROSS VALUE)

CURRENT TERM 31-12-2014

Intangible asset movements	Trademarks, gross ThChs	Computer programs, gross ThChs	Other intangible assets, gross ThChs	Total ThChs
Initial balance at 01-01-2014	13,000	30,716,721	228,423,580	259,153,301
Increases (reductions) for transfers	0	3,828,805	-123,156	3,705,649
Increases (reductions) for other changes	0	6,078,398	616,934	6,695,332
Disposals and withdrawals from service	0	-1,819,573	-1,974	-1,821,547
Changes, total	0	8,087,630	491,804	8,579,434
Closing balance	13,000	38,804,351	228,915,384	267,732,735

PREVIOUS TERM 31-12-2013

Intangible asset movements	Trademarks, gross ThChs	Computer programs, gross ThChs	Other intangible assets, gross ThChs	Total ThChs
Initial balance at 01-01-2013	13,000	25,432,885	227,777,164	253,223,049
Increases (reductions) for transfers	0	1,789,556	72,352	1,861,908
Increases (reductions) for other changes	0	3,494,280	682,458	4,176,738
Disposals and withdrawals from service	0	0	-108,394	-108,394
Changes, total	0	5,283,836	646,416	5,930,252
Closing balance 31-12-2013	13,000	30,716,721	228,423,580	259,153,301

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DISCLOSURE INFORMATION ON INTANGIBLE ASSETS (ACCUMULATED AMORTIZATION)

CURRENT TERM 31-12-2014

Intangible asset movements	Trademarks, accumulated amortization ThChs	Computer programs, accumulated amortization ThChs	Other intangible assets, accumulated amortization ThChs	Total ThChs
Initial balance at 01-01-2014	0	19,800,378	12,005,654	31,806,032
Amortization	0	5,384,303	187,223	5,571,526
Increases (reductions) for transfers	0	0	0	0
Increases (reductions) for other changes	0	0	0	0
Disposals and withdrawals from service	0	-1,819,573	0	-1,819,573
Changes, total	0	3,564,730	187,223	3,751,953
Closing balance	0	23,365,108	12,192,877	35,557,985

PREVIOUS TERM 31-12-2013

Intangible asset movements	Trademarks, accumulated amortization ThChs	Computer programs, accumulated amortization ThChs	Other intangible assets, accumulated amortization ThChs	Total ThChs
Initial balance at 01-01-2013	0	16,127,898	11,822,634	27,950,532
Amortization	0	3,693,522	187,223	3,880,745
Increases (reductions) for transfers	0	0	0	0
Increases (reductions) for other changes	0	-21,042	0	-21,042
Disposals and withdrawals from service	0	0	-4,203	-4,203
Changes, total	0	3,672,480	183,020	3,855,500
Closing balance 31-12-2013	0	19,800,378	12,005,654	31,806,032

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DETAIL OF SIGNIFICANT INDIVIDUAL INTANGIBLE ASSETS:

Water rights and easements are the main intangible assets with indefinite useful lives; their detail by society is as follows:

Society	31-12-2014			31-12-2013		
	Water rights ThCh\$	Easements ThCh\$	Others ThCh\$	Water rights ThCh\$	Easements ThCh\$	Others ThCh\$
Aguas Andinas S.A.	74,178,930	8,031,096	5,322,126	74,145,612	7,907,294	5,510,142
Aguas Cordillera S.A.	92,438,131	7,866,530	0	92,438,138	7,866,530	0
Aguas Manquehue S.A.	21,625,505	900,294	0	21,275,956	951,812	0
Essal S.A.	5,217,790	1,087,305	0	5,231,660	1,035,982	0
Aguas del Maipo S.A.	13,700	0	0	13,700	0	0
Ecoriles S.A.	13,700	0	0	13,700	0	0
Gestión y Servicios S.A.	13,700	0	0	13,700	0	0
Análisis Ambientales S.A.	13,700	0	0	13,700	0	0
Total	193,515,156	17,885,225	5,322,126	193,146,166	17,761,618	5,510,142

INTANGIBLE ASSETS WITH UNDEFINED USEFUL LIVES:

Both the water rights and easements are rights of the Society for which it is not possible to establish a foreseeable useful life, i.e. the period of economic benefits associated with these assets are indefinite. Both assets are legal rights that are not extinguished nor affected by restrictions.

COMMITMENTS FOR ACQUIRING INTANGIBLE ASSETS:

Commitments for acquisitions of intangible assets for the period 2015 relate to water rights, easements and computer programs necessary for the normal operation of the Group companies and in particular for new works under development or prior study stages, plus the expansion of concession zones, shown as follows:

Society	ThCh\$
Aguas Andinas S.A.	1,095,474
Aguas Cordillera S.A.	33,750
Aguas Manquehue S.A.	160,300
Essal S.A.	459,802
Análisis Ambientales S.A.	160,000
Total	1,909,326

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12_ GOODWILL

The detail of goodwill follows for the different cash-generating units or groups to which they are assigned and its movement in periods 2014 and 2013.

Tax N°	Society	31-12-2014 ThCh\$	31-12-2013 ThCh\$
96.809.310-K	Aguas Cordillera S.A.	33,823,049	33,823,049
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A. (Essal 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

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13_ PROPERTY, PLANT AND EQUIPMENT

	31-12-2014 ThChs	31-12-2013 ThChs
Property, plant & equipment, net	1,188,402,068	1,171,182,828
Land	158,072,457	152,074,916
Buildings	74,015,778	72,743,012
Machinery	112,453,483	117,271,761
Transport vehicles	2,441,287	2,151,180
Fixed installations & accessories	591,523	348,018
Computer equipment	2,349,503	2,062,523
Improvements to leased assets	77,977	32,621
Construction in progress	72,421,357	107,134,077
Other property, plant & equipment *	765,978,703	717,364,720
Property, plant & equipment, gross	2,222,113,886	2,158,573,619
Land	158,072,457	152,074,916
Buildings	99,239,758	96,074,956
Machinery	291,343,330	282,654,119
Transport vehicles	6,291,303	6,399,977
Fixed installations & accessories	4,949,375	4,855,235
Computer equipment	8,770,905	11,595,066
Improvements to leased assets	573,520	511,903
Construction in progress	72,421,357	107,134,077
Other property, plant & equipment	1,580,451,881	1,497,273,370
Accumulated depreciation	1,033,711,818	987,390,791
Buildings	25,223,980	23,331,944
Machinery	178,889,847	165,382,358
Transport vehicles	3,850,016	4,248,797
Fixed installations & accessories	4,357,852	4,507,217
Computer equipment	6,421,402	9,532,543
Improvements to leased assets	495,543	479,282
Other property, plant & equipment	814,473,178	779,908,650

* Mainly relate to drinking water and sewage.

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RECONCILIATION OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT BY CLASS:

The following is information on each of the Company's classes of property, plant and equipment, as required by IAS 16, paragraph 73:

CURRENT TERM 31-12-2014

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	152,074,916	0	157,169	5,969,509	-129,137	5,997,541	158,072,457
Buildings	72,743,012	-1,908,062	1,706,562	1,475,844	-1,578	1,272,766	74,015,778
Machinery	117,271,761	-21,281,824	10,264,849	6,362,362	-163,665	-4,818,278	112,453,483
Transport vehicles	2,151,180	-476,826	196,556	656,458	-86,081	290,107	2,441,287
Fixed installations & accessories	348,018	-102,150	136,685	208,970	0	243,505	591,523
Computer equipment	2,062,523	-1,148,146	433,830	1,001,300	-4	286,980	2,349,503
Improvements to leased assets	32,621	-16,261	243	61,374	0	45,356	77,977
Construction in progress	107,134,077	0	-73,806,314	39,182,939	-89,345	-34,712,720	72,421,357
Other property, plant & equipment	717,364,720	-35,720,417	57,204,767	27,209,217	-79,584	48,613,983	765,978,703
Total property, plant & equipment, net	1,171,182,828	-60,653,686	-3,705,653	82,127,973	-549,394	17,219,240	1,188,402,068

PREVIOUS TERM 31-12-2013

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	151,936,301	0	-72,353	262,776	-51,808	138,615	152,074,916
Buildings	73,170,996	-1,868,323	595,390	848,087	-3,138	-427,984	72,743,012
Machinery	116,776,753	-20,749,890	5,694,226	15,551,505	-833	495,008	117,271,761
Transport vehicles	1,014,333	-543,381	642,836	1,065,763	-28,371	1,136,847	2,151,180
Fixed installations & accessories	385,049	-97,850	30,192	30,628	-1	-37,031	348,018
Computer equipment	2,012,781	-1,027,756	169,563	908,325	-390	49,742	2,062,523
Improvements to leased assets	31,477	-15,113	5,834	10,423	0	1,144	32,621
Construction in progress	91,448,969	0	-29,743,739	45,440,539	-11,692	15,685,108	107,134,077
Other property, plant & equipment	715,524,232	-36,521,831	20,816,144	17,614,024	-67,849	1,840,488	717,364,720
Total property, plant & equipment, net	1,152,300,891	-60,824,144	-1,861,907	81,732,070	-164,082	18,881,937	1,171,182,828

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DISCLOSURE INFORMATION FOR PROPERTY, PLANT AND EQUIPMENT (GROSS VALUE)

CURRENT TERM 31-12-2014

Concept	Initial balance	Increases (reductions) for transfers from Construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	152,074,916	157,169	5,969,509	-129,137	5,997,541	158,072,457
Buildings	96,074,956	1,706,562	1,475,844	-17,604	3,164,802	99,239,758
Machinery	282,654,119	10,264,849	6,362,374	-7,938,012	8,689,211	291,343,330
Transport vehicles	6,399,977	196,556	638,919	-944,149	-108,674	6,291,303
Fixed installations & accessories	4,855,235	136,685	208,970	-251,515	94,140	4,949,375
Computer equipment	11,595,066	433,830	1,001,288	-4,259,279	-2,824,161	8,770,905
Improvements to leased assets	511,903	243	61,374	0	61,617	573,520
Construction in progress	107,134,077	-73,806,314	39,182,939	-89,345	-34,712,720	72,421,357
Other property, plant & equipment	1,497,273,370	57,204,767	27,226,756	-1,253,012	83,178,511	1,580,451,881
Total property, plant & equipment, gross	2,158,573,619	-3,705,653	82,127,973	-14,882,053	63,540,267	2,222,113,886

PREVIOUS TERM 31-12-2013

Concept	Initial balance	Increases (reductions) for transfers from Construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	151,936,301	-72,353	262,776	-51,808	138,615	152,074,916
Buildings	94,672,107	595,390	848,087	-40,628	1,402,849	96,074,956
Machinery	264,117,154	5,694,226	14,495,187	-1,652,448	18,536,965	282,654,119
Transport vehicles	4,768,271	642,836	1,065,763	-76,893	1,631,706	6,399,977
Fixed installations & accessories	4,847,101	30,192	30,628	-52,686	8,134	4,855,235
Computer equipment	10,518,469	169,563	908,325	-1,291	1,076,597	11,595,066
Improvements to leased assets	495,646	5,834	10,423	0	16,257	511,903
Construction in progress	91,448,969	-29,743,739	45,440,539	-11,692	15,685,108	107,134,077
Other property, plant & equipment	1,459,722,565	20,816,144	17,284,589	-549,928	37,550,805	1,497,273,370
Total property, plant & equipment, gross	2,082,526,583	-1,861,907	80,346,317	-2,437,374	76,047,036	2,158,573,619

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DISCLOSURE INFORMATION FOR PROPERTY, PLANT AND EQUIPMENT (ACCUMULATED DEPRECIATION)

CURRENT TERM 31-12-2014

Concept	Initial balance	Depreciation	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	ThChs	ThChs	ThChs	ThChs	ThChs	ThChs
Buildings	23,331,944	1,908,062	0	-16,026	1,892,036	25,223,980
Machinery	165,382,358	21,281,824	12	-7,774,347	13,507,489	178,889,847
Transport vehicles	4,248,797	476,826	-17,539	-858,068	-398,781	3,850,016
Fixed installations & accessories	4,507,217	102,150	0	-251,515	-149,365	4,357,852
Computer equipment	9,532,543	1,148,146	-12	-4,259,275	-3,111,141	6,421,402
Improvements to leased assets	479,282	16,261	0	0	16,261	495,543
Other property, plant & equipment	779,908,650	35,720,417	17,539	-1,173,428	34,564,528	814,473,178
Total property, plant & equipment, accumulated depreciation	987,390,791	60,653,686	0	-14,332,659	46,321,027	1,033,711,818

PREVIOUS TERM 31-12-2013

Concept	Initial balance	Depreciation	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	ThChs	ThChs	ThChs	ThChs	ThChs	ThChs
Buildings	21,501,111	1,868,323		-37,490	1,830,833	23,331,944
Machinery	147,340,401	20,749,890	-1,056,318	-1,651,615	18,041,957	165,382,358
Transport vehicles	3,753,938	543,381		-48,522	494,859	4,248,797
Fixed installations & accessories	4,462,052	97,850		-52,685	45,165	4,507,217
Computer equipment	8,505,688	1,027,756		-901	1,026,855	9,532,543
Improvements to leased assets	464,169	15,113			15,113	479,282
Other property, plant & equipment	744,198,333	36,521,831	-329,435	-482,079	35,710,317	779,908,650
Total property, plant & equipment, accumulated depreciation	930,225,692	60,824,144	-1,385,753	-2,273,292	57,165,099	987,390,791

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The detail of the amounts of future commitments for the acquisition of property, plant, and equipment for each Society of the Group at a consolidated level for the 2015 term, is as follows:

Society	ThChs
Aguas Andinas S.A.	88,994,445
Aguas Cordillera S.A.	14,771,338
Aguas Manquehue S.A.	8,582,378
Essal S.A.	11,000,000
Ecoriles S.A.	114,502
Gestión y Servicios S.A.	16,400
Análisis Ambientales S.A.	9,481
Total	123,488,544

Elements of property, plant and equipment temporarily out of service:

Society	Gross Value ThChs	Accumulated Depreciation ThChs	Net Value ThChs
Aguas Andinas S.A.	1,971,253	-1,882,489	88,764
Aguas Cordillera S.A.	274,332	-112,058	162,274
Total	2,245,585	-1,994,547	251,038

14. IMPAIRMENT OF VALUE OF ASSETS

Asset impairment by cash generating unit:

Each society as a whole is defined as a cash-generating unit as each is individually capable of generating future economic benefits and represents the smallest group of assets that generate independent cash flows. According to the accounting standards, the Society evaluates on each closing of its statement of financial position whether there is any sign of impairment of value of any asset. If there is, the Society will estimate the amount recoverable for the asset. For assets with an indefinite useful life and goodwill, the impairment test will be made at least at the close of the period or when there are signs.

The Society and subsidiaries make annual impairment tests of their intangible assets of indefinite useful life, and goodwill.

The respective tests for impairment were made at the end of the period 2014 based on the Group's estimates and projections. These estimates indicated that the benefits attributable to the participations with lower associated values exceed individually their consolidated book values in all cases.

No impairment of assets has been booked as of December, 2014 and 2013 and there are no indications of impairment at the end of those periods.

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15_ PROVISIONS AND CONTINGENT LIABILITIES

A. PROVISIONS

The detail of these as of December 2014 and December 2013 is as follows:

Types of provisions	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Provision for legal claims	591,098	918,556
Provisions, current	591,098	918,556
Other provisions, non-current	1,187,618	1,118,746
Provisions, non-current	1,187,618	1,118,746

The movement in current provisions for the periods was:

	Legal claims	
	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Initial balance provisions	918,556	1,331,679
Changes in provisions		
Increase in existing provisions	246,666	405,257
Provision used	-446,174	-690,235
Other increases (decreases)	-127,950	-128,145
Changes in provisions, total	-327,458	-413,123
Closing balance provisions	591,098	918,556

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The provisions under this heading are described as follows:

1.- LEGAL CLAIMS

The Society makes the corresponding provision for lawsuits currently before the courts and about which there is some probability that the result might be unfavorable to the Society and subsidiaries.

The following are the provisions for legal claims that might affect the Society:

- a) Nature of class of provision:** Superintendence of Sanitation Services (SISS) has ordered fines on Aguas Andinas S.A. and subsidiaries, mainly for non-compliance with instructions and breach of the continuity and quality of the service provided by the Society.
Timetable foreseen for release of class of provision: Not determined.
Uncertainties about the timing and amount of a class of provision: It is believed that the Society did not commit the breach and therefore that its appeals will be accepted.
- b) Nature of class of provision:** There is a lawsuit relating to labor demands against Aguas Andinas, under the sub-contracting legislation, i.e. severally with the contractor.
Timetable foreseen for release of class of provision: Undetermined.
Uncertainties about the timing and amount of a class of provision: The lawsuits relate to labor demands amounting to ThCh\$ 5,348.-
Principal assumptions regarding future events relating to the class of provision: The demand was accepted and the defendant ordered to pay the principal. Aguas Andinas, was additionally ordered to pay, the main defendant appealed against the final decision, but this was rejected.
- c) Nature of class of provision:** The SISS began proceedings to sanction Aguas Andinas S.A. with respect to overflows of waste waters due to an obstruction of the trunk sewer in the districts of El Bosque and San Bernardo. Currently in the discussion stage.

Timetable foreseen for release of class of provision:

Undetermined.

Uncertainties about the timing and amount of a class of provision:

Aguas Andinas S.A. was fined the sum of 301 UTA. An administrative appeal against that decision was made, which has not been resolved.

- d) Nature of class of provision:** The SISS brought two sanction proceedings against Aguas Andinas S.A. concerning alleged breaches of Law 18.902, article 11, a) b) & c), as a result of water cuts produced by mains bursts in the districts of Puente Alto and Macul.

Timetable foreseen for release of class of provision:

Undetermined.

Uncertainties about the timing and amount of a class of provision:

The fine demanded from Aguas Andinas S.A. is 101 UTA for each sanction made. Prior to claim the fine was paid. The parties are called to hear sentence. In accordance to the status of the case, is not possible to estimate the result.

- e) Nature of class of provision:** The Metropolitan COREMA (regional environmental authority) applied a fine of 500 UTM by its Resolution 177/2004 of May 28, 2004 for the alleged infringement of the environmental qualification resolution for the La Farfana sewage treatment plant.

Timetable foreseen for release of class of provision:

Not determined.

Uncertainties about the timing and amount of a class of provision:

10% of the fine was paid into court to start the claim. Pending the realization of an expert report ordered by the court. The record is filed in the court file. There are moderate probabilities that the demand will be accepted.

- f) Nature of class of provision:** CONAMA (the national environmental authority) applied a fine of 300 UTM through Resolution 069/2005 of February 17, 2005, for alleged infringement caused by foul odors originating from the La Farfana sewage treatment plant.

Timetable foreseen for release of class of provision:

Not determined.

Uncertainties about the timing and amount of a class of provision:

10% of the fine has been paid in order to bring an appeal to the courts. There are low probabilities that the demand will be accepted. Pending notification of the sentence in the first instance rejecting the appeal made by the company.

- g) Nature of class of provision:** CONAMA applied a fine of 500 UTM for non-compliance with RCA 458/01.

Timetable foreseen for release of class of provision:

Not determined.

Uncertainties about the timing and amount of a class of provision:

10% of the fine has been paid in order to bring an appeal to the courts. Final sentence given rejecting the appeal. An appeal has been made by Aguas Andinas to the Santiago courts of appeal which was fully accepted revoking the interposed fine. The claimed made an appeal, which was accepted, so the amount outstanding should now be determined.

- h) Nature of class of provision:** Superintendence of Sanitation Services has applied administrative sanctioning processes to subsidiary Essal S.A., which are in process of legal claim by the society.

Timetable foreseen for release of class of provision:

Not determined.

Uncertainties about the timing and amount of a class of provision:

The legal claims corresponding to sanctions imposed by Chilean Treasury amounted to ThCh\$89,212.

- i) Nature of class of provision:** The CEA (the environmental evaluation commission) applied a fine of 500 UTM, for non-compliance with RCA 458/01.

Timetable foreseen for release of class of provision:

Not determined.

Uncertainties about the timing and amount of a class of provision:

The fine was paid. Sentence was given rejecting the demand, the case has ended.

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2.- Other provisions, non-current

These relate basically to a transaction on July 10, 2007, signed before the notary María Gloria Acharan Toledo, between Aguas Cordillera S.A. and property developers by which should Aguas Cordillera S.A. in the future abandon and sell the land transferred to it, it would pay at least U.F.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 by the National Corporation of Consumers and Users of Chile, CONADECUS, for breach of the supply contract and the terms of the water production and distribution concession, by delivering bad quality water, not providing water and not informing supply cuts promptly on January 21 and 22, and February 8 and 9, 2013. The damage caused to customers of Aguas Andinas S.A. would be the lack of this vital element for ordinary consumption, food preparation, not having water for the bathroom and personal cleanliness and being deprived of water for sanitation purposes. Users affected by the cuts would amount to around 4,000,000 people. The court upheld an administrative appeal by Aguas Andinas, declaring the collective action inadmissible. The plaintiffs filed an appeal against that decision, and against a presentation by Aguas Andinas which sought their appeal to be time barred. Currently the administrative appeal by CONADECUS was declared inadmissible and untimely respectively. The plaintiffs appealed "in fact" before the Court of Appeals of Santiago asking to be declared as admissible the case that was dismissed at first ruling. In turn Andinas appealed against the "in fact" appeal by CONADECUS, which is pending judgement.
2. There is a demand for damages against Aguas Andinas S.A. with respect to bad odors from the El Trebal sewage treatment plant. The lawyer Bertolone, representing 314 residents of the district of El Trebal, adjoining this sewage plant, alleges moral damages produced by odors coming from the plant, plus other environmental damage. The demands amount to a total of ThCh\$10,990,000, plus interest, indexation and costs. Currently pending summons to hear sentence.

3. The Treasury has issued a demand against Aguas Andinas S.A. and Aguas Cordillera S.A., seeking the return of sums paid during 2004 with respect to the transfer of sanitation infrastructure in the Costanera Norte section. This demand amounts to ThCh\$2,745,993 plus indexation, interest and costs. Currently some cases have reached the ruling stage (ThCh\$541,058), which have been paid to court. The remaining cases are pending, due to an objection by the Chilean Treasury regarding the settlement of the amounts issued by the court. The management believes that this will have no adverse effect on the financial statements.
4. Aguas Andinas S.A. was sued for damages for injuries allegedly suffered by a Mining Company for the installation of infrastructure on land on which the applicant had mining properties, thereby preventing mineral extraction and causing alleged damages. The amount claimed is ThCh\$1,093,564.- The case is at the discussion stage.

The Society and subsidiaries are parties to other lawsuits of smaller amounts. It is believed that these will not have a material adverse effect on the financial statements of the respective societies.

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16_ GUARANTEES AND RESTRICTIONS

A) DIRECT GUARANTEES

Guarantee policies and performance bonds have been granted in favor of various institutions, the principal ones being the SISS, to guarantee the conditions for the provision of services and development programs in the Company's concession areas, SERVIU

Metropolitano to guarantee the replacement of paving, and other institutions, for ThCh\$35,051,026 and ThCh\$30,138,094 as of December 31, 2014 and December 31, 2013 respectively.

The detail of guarantees exceeding ThCh\$ 10,000.- is as follows:

Creditor	Debtor	Type of guarantee	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Asociación Canal Sociedad Maipo	Aguas Andinas S.A.	Performance bond	6,962,028	6,525,205
Chilectra S.A.	Aguas Andinas S.A.	Performance bond	0	11,655
Constructora San Francisco	Aguas Andinas S.A.	Performance bond	190,860	174,822
Dirección de Obras Hidraulica	Aguas Andinas S.A.	Performance bond	439,132	300,902
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance bond	376,745	14,499
Director de Vialidad	Aguas Andinas S.A.	Performance bond	0	337,989
Gobierno Regional Metropolitano	Aguas Andinas S.A.	Performance bond	0	44,526
Ministerio de Obras Publicas - Dirección General de Aguas	Aguas Andinas S.A.	Performance bond	369,628	632,691
Municipalidad de Calera de Tango	Aguas Andinas S.A.	Performance bond	25,403	8,958
Municipalidad de La Florida	Aguas Andinas S.A.	Performance bond	412,430	0
Municipalidad de La Pintana	Aguas Andinas S.A.	Performance bond	57,903	31,440
Municipalidad de Las Condes	Aguas Andinas S.A.	Performance bond	10,000	10,000
Municipalidad de Macul	Aguas Andinas S.A.	Performance bond	17,288	0
Municipalidad de Melipilla	Aguas Andinas S.A.	Performance bond	63,363	0
Municipalidad de Peñalolen	Aguas Andinas S.A.	Performance bond	0	37,851
Municipalidad de Providencia	Aguas Andinas S.A.	Performance bond	101,365	47,971
Municipalidad de San Joaquín	Aguas Andinas S.A.	Performance bond	11,304	0
Municipalidad de Santiago	Aguas Andinas S.A.	Performance bond	22,903	37,858
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Andinas S.A.	Performance bond	6,374,779	4,526,044
Superintendencia de Servicios Sanitarios	Aguas Andinas S.A.	Performance bond	6,663,724	5,910,187
Asociación Canal de Maipo	Aguas Cordillera S.A.	Performance bond	850,362	804,868

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Creditor	Debtor	Type of guarantee	31-12-2014 ThChs	31-12-2013 ThChs
Superintendencia de Servicios Sanitarios	Aguas Cordillera S.A.	Performance bond	535,713	507,053
Ministerio de Obras Publicas - Dirección General de Aguas	Aguas Cordillera S.A.	Performance bond	366,501	346,893
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Cordillera S.A.	Performance bond	406,347	303,024
Municipalidad de Vitacura	Aguas Cordillera S.A.	Performance bond	49,254	46,619
Municipalidad de Las Condes	Aguas Cordillera S.A.	Performance bond	30,000	30,000
Municipalidad Lo Barnechea	Aguas Cordillera S.A.	Performance bond	12,314	17,013
Asociación Canal de Maipo	Aguas Manquehue S.A.	Performance bond	956,587	905,410
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Manquehue S.A.	Performance bond	701,899	99,527
Superintendencia de Servicios Sanitarios	Aguas Manquehue S.A.	Performance bond	689,189	574,371
Servicio de Vivienda y Urbanismo	Gestión y Servicios S.A.	Performance bond	2,314,053	2,308,566
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance bond	18,470	17,482
Empresa Servicios Sanitarios del BioBio S.A.	Anam S.A.	Performance bond	279,827	31,468
Siderúrgica Huachipato	Anam S.A.	Performance bond	49,254	46,619
Compañía Cervecerías Unidas S.A.	Anam S.A.	Performance bond	37,662	120,794
Compañía Minera Doña Inés de Collahuasi	Anam S.A.	Performance bond	14,598	14,598
Minera Nevada	Anam S.A.	Performance bond	0	57,536
Director de Obras Hidraulicas	Essal S.A.	Performance bond	901,552	1,334,591
Servicio de Vivienda y Urbanismo	Essal S.A.	Performance bond	21,230	352,284
Director General del Territorio Marítimo y de Marina Mercante	Essal S.A.	Performance bond	13,350	12,969
Municipalidad de Futaleufú	Essal S.A.	Performance bond	0	16,604
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance bond	147,681	162,338
Director de Vialidad	Essal S.A.	Performance bond	24,627	169,627
Empresa de Ferrocarriles del Estado	Essal S.A.	Performance bond	0	7,002
Superintendencia de Servicios Sanitarios	Essal S.A.	Insurance policy	3,779,890	2,734,941
Cooperativa Agrícola y Lechera de la Unión Ltda.	Essal S.A.	Performance bond	26,000	26,000
Municipalidad de Futrono	Essal S.A.	Performance bond	0	10,676
Exportadora Los Fiordos Ltda.	Essal S.A.	Performance bond	11,739	0
Secretaría Regional	Essal S.A.	Performance bond	27,582	0
Total			34,364,536	29,711,471

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B) BOND ISSUE COVENANTS

i. Aguas Andinas S.A.

The Society has restrictions and covenants relating to bond issuances made on the domestic market, as follows:

- 1.- Send to the bond-holders' representative a copy of the consolidated financial statements, and of the subsidiaries registered with the SVS, both the quarterly and the audited annual statements, within the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.
- 2.- Book in its accounts the provisions arising from adverse contingencies which, in the opinion of the Society's management, should be reflected in its financial statements and/or those of its subsidiaries.
- 3.- Maintain insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the society's kind.
- 4.- Obligation to ensure that transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5.- At the end of each quarter maintain a debt ratio not exceeding 1.5 times. Nonetheless, the above limit is adjusted according to the ratio of the Consumer Price Index for the month in which the debt ratio is calculated and the Consumer Price Index at December 2009. The maximum limit will be 2 times.

The debt ratio is defined as the ratio of Total Liabilities/Total Equity. Total Liabilities are defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities in the Financial Statements of the Issuer.

For purposes of determining the aforementioned index, is included in the Liabilities amount of all joint or several guarantees, bonds, debts or other securities, which the Issuer or its subsidiaries have granted to

secure the obligations of third parties, 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 health 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 Financial Statements of the Issuer.

The detail of the abovementioned accounts as of December 31, 2014 is as follows (ThCh\$):

Total current liabilities	176,505,576
Total non-current liabilities	763,568,279
Total IFRS liabilities	940,073,855
Third party guarantees (*)	381,642
Total liabilities	940,455,497
Total assets	1,606,471,626
Total current liabilities	-176,505,576
Total non-current liabilities	-763,568,279
Total net equity	666,397,771

The debt ratio was 1.41 times as of December 31, 2014.

* All joint or several guarantees, bonds, debts or other securities, which the Issuer or its subsidiaries have granted to secure the obligations of third parties, 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 health legislation and execution of works in public spaces.

The variation in the debt ratio as of December 31, 2014 was the following:

31-12-09	IPC Base 2009		Covenant	
	31-12-14	Accumulated inflation	Base	Limit
90.28	106.22	17.65%	1.5	1.76

6.- Not 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 societies.

The Society is in compliance with all the covenants established in the bond indentures as of December 31, 2014 and December 31, 2013.

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ii. Empresa de Servicios Sanitarios de Los Lagos S.A. (Essal S.A.)

The company has restrictions and covenants relating to bond issues made on the domestic market, as follows:

- 1.- Send to the bond-holders' representative a copy of the financial statements, both the quarterly and the audited annual statements, within the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.
- 2.- Book in its accounts the provisions arising from adverse contingencies which, in the opinion of the society's management, should be reflected in its financial statements.
- 3.- Maintain insurance to reasonably protect its assets in line with usual practices for industries of the society's kind.
- 4.- Obligation to ensure that transactions carried out with related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5.- Maintain a debt ratio no higher than 1.29:1, measured on its balance sheets, defined as the debt to equity ratio.

From 2010, the above covenant was adjusted according to the difference between the consumer price index (CPI) of the month in which the debt level is calculated and the CPI for December 2009. This ratio will be adjusted up to a maximum of 2.0:1 (debt ratio = total liabilities/total equity). As of December 31, 2014, the debt ratio was 0.97:1.

- 6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5:1. As of December 31, 2014, the ratio was 9.06:1.
- 7.- Not to sell, assign or transfer essential assets.

The Society is in compliance with all the covenants established in the bond indentures as of December 31, 2014 and December 31, 2013.

C) BANK LOAN COVENANTS

The Society has covenants and restrictions in loan agreements with various banks in Chile, as follows:

- 1.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and unconsolidated balance sheets, defined as the ratio of total liabilities to equity.
- 2.- Prohibition on the disposal or loss of title to essential assets, except for contributions or transfers of essential assets to subsidiary societies.
- 3.- Send to the different banks with which the company has loans, a copy of the individual and consolidated financial statements, both the quarterly and the audited annual statements, within no more than five days of their presentation to the SVS.
- 4.- Book in its accounts the provisions arising from adverse contingencies which, in the opinion of the Society's management, should be reflected in its financial statements.
- 5.- Maintain insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the society's kind.
- 6.- Send a certificate signed by the society's chief executive officer declaring compliance with the obligations under the loan agreement.
- 7.- Prohibition on distribution of dividends, except for the obligatory minimum, if there is a situation of default or delay in the payment of any loan installment.
- 8.- Maintain a financial expense coverage ratio of at least 3:1, measured on the figures in its consolidated and unconsolidated statements of financial position, defined as the ratio between

operating income plus depreciation for the period and amortization of intangible assets divided by financial expenses.

- 9.- Prohibition on liquidating or dissolving the society, 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.- Ensure that transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

The Society is in compliance with all the covenants set out in bank loan agreements as of December 31, 2014.

The Society and sanitation subsidiaries are in compliance with all the provisions of DFL N° 382 of the General Sanitation Services Law of 1988, and its Regulations (D.S. MOP N°1199/2004 published in November 2005).

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D) GUARANTEES RECEIVED FROM THIRD PARTIES

As of December 31, 2014 and December 31, 2013, the Society has received documents in guarantee for ThCh\$45,423,369 and ThCh\$53,486,864 respectively, arising mainly from works contracts with construction companies to guarantee their due performance. There are also other guarantees for service contracts and acquisition of materials to ensure timely delivery.

A detail of the most important bank guarantees received as of December 31, 2014 is summarized below:

Contractor or supplier	ThChs	Expiry date
EMPPRESA DEPURADORA DE AGUAS SERVIDAS MAPOCHO TREBAL LTDA.	12,777,625	30-07-2018
EMPPRESA DEPURADORA DE AGUAS SERVIDAS MAPOCHO TREBAL LTDA.	4,783,805	31-12-2017
EMPPRESA DEPURADORA DE AGUAS SERVIDAS MAPOCHO TREBAL LTDA.	4,172,964	01-06-2017
DRAGADOS S.A. AGENCIA EN CHILE	771,845	15-04-2015
AQUALOGY MEDIOAMBIENTE CHILE S.A.	691,726	15-05-2015
INMOBILIARIA LAMPA ORIENTE S.A.	591,050	15-07-2015
AQUALOGY MEDIOAMBIENTE CHILE S.A.	553,371	19-11-2015
COMPAÑÍA DE PETROLEOS DE CHILE S.A.	414,100	15-03-2015
AQUALOGY MEDIOAMBIENTE CHILE S.A.	369,209	01-09-2016
CONSTRUCTORA CON-PAX S.A.	324,462	18-05-2015
CAPTAGUA INGENIERIA S.A.	267,700	09-07-2015
COSTANERA CENTER S.A	262,944	10-05-2016
AQUALOGY DEVELOPMENT NETWORK S.A.	261,589	30-07-2016
CONSTRUCTORA CON-PAX S.A.	250,000	09-03-2015
BESALCO S.A.	250,000	09-03-2015
FERROVIAL AGROMAN CHILE S.A.	250,000	07-02-2015
INGENIERIA Y CONSTRUCCIÓN SIGDO KOPPERS S.A.	250,000	02-03-2015
AQUALIA S.A.	250,000	29-03-2015
DEGREMONT S.A.S.	250,000	21-03-2015
CHILECTRA S.A.	246,271	03-08-2015
KDM S.A.	246,271	20-01-2015
CHILECTRA S.A.	246,271	11-07-2015
SECURITAS S.A.	225,323	15-11-2015
BAPA S.A.	225,141	25-07-2015
BAPA S.A.	224,033	16-04-2015
AQUALOGY SOLUTIONS CHILE LTDA.	197,643	03-05-2016
INMOBILIARIA MONTE ACONCAGUA S.A.	197,017	16-11-2016
INLAC S.A.	196,913	31-03-2015
DESARROLLOS CONSTRUCTIVOS AXIS S.A	196,913	31-03-2015
CONSTRUCTORA COSAL S.A.	192,091	02-06-2015
BAPA S.A.	187,806	25-07-2015
ECOSAN LTDA.	169,755	31-10-2015
CONSTRUCTORA PEREZ Y GOMEZ LTDA.	162,803	16-04-2015
CHAMISERO S.A.	160,076	14-04-2015

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Contractor or supplier	ThChs	Expiry date
BAPA S.A.	160,002	17-03-2015
CONSTRUCTORA PEREZ Y GOMEZ LTDA.	157,032	07-11-2015
DROGUETT Y RABY INGENIERIA Y SERVICIOS LTDA.	155,765	28-02-2015
AQUALOGY SOLUTIONS CHILE LTDA.	152,079	30-04-2015
INLAC S.A.	151,330	01-03-2016
EMP CONST QUEYLEN S.A.	150,000	15-01-2015
DRAGADOS S.A. AGENCIA EN CHILE	150,000	31-03-2015
BROTEC CONSTRUCCIÓN LTDA.	150,000	28-02-2015
INGENIERÍA Y CONSTRUCCION MST S.A.	149,594	14-10-2015
EMP CONST QUEYLEN S.A.	147,763	21-07-2015
CONSTRUCTORA OLBERTZ LTDA.	146,704	30-11-2015
INM. Y CONST NVA. PACIFI. SUR LTDA.	146,221	16-03-2015
DALCO INGENIERIA LTDA.	142,432	30-03-2016
INLAC S.A.	138,060	30-06-2015
CONSTRUCTORA PEREZ Y GOMEZ LTDA.	137,770	10-03-2015
MAURICIO LEVY JOFRE	135,400	11-02-2016
CONSTRUCTORA OLBERTZ LTDA.	133,113	02-05-2016
TRANSPORTE CENTRO SUR - NORTE S.A.	130,031	03-02-2015
INMOBILIARIA TERRAZAS DE CHAMISERO S.A.	127,741	31-03-2015
COMPAÑÍA DE LEASING TATTERSALL S.A.	127,273	05-09-2016
I C M S.A.	126,411	05-03-2015
CONSTRUCTORA OLBERTZ LTDA.	123,179	02-05-2016
DES. DE TECN. Y SISTEMAS LTDA.	123,136	30-06-2015
EME SERVICIOS GENERALES LTDA.	123,136	02-05-2015
BAPA S.A.	122,889	25-07-2015
INMOBILIARIA TERRAZAS DE CHAMISERO S.A.	118,530	31-03-2015
XYLEM WATER SOLUTIONS CHILE S.A.	115,871	02-01-2017
TRANSPORTES ARAYA LTDA.	110,822	30-04-2015
AQUALOGY SOLUTIONS CHILE LTDA.	109,196	18-04-2015
DALCO INGENIERIA LTDA.	102,146	28-09-2015
CLARO, VICUÑA, VALENZUELA S.A.	100,000	31-03-2015
CONST. Y OBRAS LLORENTE S.A	100,000	10-02-2015
INGENIERIA Y MONTAJES AMBIENTALES SPA	147,047	28-03-2015
INMOBILIARIA LAS PATAGUAS SPA	106,340	30-01-2015
Total	35,333,730	

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17_ ORDINARY REVENUE

The detail of ordinary revenue generated by Group companies is as follows:

Classes of ordinary revenue	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Sales of goods	8,308,462	9,376,220
Provision of services	432,425,710	394,503,262
Total	440,734,172	403,879,482

18. LEASES

Financial lease disclosures as lessor:

Financial leases, lessor	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Total gross investment	0	86,913
Minimum amounts receivable under financial leases	0	15,804
Minimum amounts receivable under financial leases	Gross ThCh\$	Interest ThCh\$
Up to 1 year	0	0
Total	0	0
Lease installments booked in statement of results, total	0	894

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Operative lease disclosures as lessee

Included under this heading are certain installations where mainly commercial agencies operate.

	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Future minimum non-cancellable lease payments up to 1 year, lessees	1,770,654	1,566,972
Future minimum non-cancellable lease payments, 1 to 5 years, lessees	4,377,752	3,840,103
Future minimum non-cancellable lease payments, lessees, total	6,148,406	5,407,075
Minimum lease payments under operative leases	3,450,029	2,905,626
Lease & sub-lease installments booked in statement of results, total	3,450,029	2,905,626

Significant operative leasing agreements:

The most significant operative leases relate to the commercial agencies in different districts of the Metropolitan Region. In these cases, the terms range from 1 to 5 years with automatic one-year renewals. These contracts may be terminated in advance subject to giving notice within the term and conditions established with each lessor, which would not generate contingent payments.

Bases for determining a contingent rental:

Should it be decided to terminate in advance without complying with the period of notice, the installments stipulated in the original contract must be paid.

Existence and terms of renewal or purchase options and revision clauses, operative lease contracts:

There are agreed automatic one-year renewal periods.

Operative leases as lessors:

The Society has contracts of this kind where it acts as lessor, referring principally to parts of its operative premises, which are mostly used by telecommunications companies. The terms fluctuate between one and ten years, but the Society has the power to terminate them in advance at any time.

Future minimum non-cancellable lease receivables, lessors	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	244,538	282,993
Amount of rentals booked in the statement of results	649,171	439,394
Total	893,709	722,387

Significant operative leases of the lessor:

Income from these sources is immaterial for the society.

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19_ EMPLOYEE BENEFITS

The Society at the consolidated level has a workforce of 1,878, of whom 73 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,456 and 33 respectively, while 389 workers are covered by the Labor Code.

The collective agreement relating to the employees and operatives No. 1 and 2 Unions was signed on July 31, 2014, for a four year term. The collective agreement with the Professionals and Technicians Syndicate N°3 was signed on June 22, 2012, for a four year term.

The current collective agreements of Aguas Cordillera S.A., and personnel of Aguas Manquehue S.A., were signed on December 1, 2014 and December 23, 2014 for the N°1 and 2 Syndicates and the Workers and Supervisors Syndicate respectively, all for terms of four years.

The current collective agreements of Essal S.A. were signed on December 31, 2013 by the company's two syndicates, covering the period to December 31, 2016.

Policies for defined benefits plans

Workers who are not party to the collective agreements of Aguas Andinas S.A. and its subsidiaries are governed by the rules contained in articles 159, 160 and 161 of the Labor Code, for which no provision is made for termination benefits.

The actuarial calculation is applied for workers who have 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 form part of or were incorporated into current collective agreements at the date of the financial statements, the actuarial valuation calculation is applied for termination benefits.

Accounting policies for gains and losses on defined benefits plans

The termination benefits obligation which it is estimated will accrue to 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 rates of turnover, mortality, wage increases or discount rate are booked directly to Other comprehensive results in accordance with IAS 19R revised, directly affecting equity, which are later reclassified in Accumulated Results. This procedure began to be applied in 2013 following the effective date of IAS 19 revised. Until 2012, all variations in estimates and parameters used determined a direct effect on results for the year.

Actuarial assumptions

Years of service: In Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A. it is assumed that workers will remain with those companies until reaching the legal retirement age (women at 60 years of age and men at 65). In the subsidiary Essal S.A., there is a limit of 6 months indemnity payable to people who retire or die.

Participants in each plan: These benefits are extended to all workers who are part of a union agreement (indicated above) and to workers with individual contracts including an indemnity clause in any event. Workers forming part of the calculation of the actuarial indemnity are as follows, by company: Aguas Andinas S.A.: 856, Aguas Cordillera S.A.: 114, Aguas Manquehue S.A.: 19, and Essal S.A. 257.

Mortality: The RV-2009 mortality tables of the SVS are used.



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Employee turnover and disability rates and early retirements: Based on the Group's statistical experience, the turnover rate used is 6.6% (six point six) for the period 2014 and 6.5% (six point five) during the period 2013 for the objective workers. Disabled and early retirements have not been considered due to their infrequent nature.

Discount rate: During periods 2014 and 2013, the rate of 5.20% and 5.70% p.a. is used respectively, corresponding to the risk-free rate, plus the estimate of expected long-term inflation.

Inflation rate: The forecast long-term inflation rate of 3.0% reported by the Central Bank of Chile was used for making long-term estimates for both 2014 and 2013.

Wage increase rate: The rate uses for the 2014 and 2013 periods were 5.6% and 3.6% respectively.

General description of defined benefits plans

The following benefits are in addition to those indicated in Note 2, O: In the event of the death of a worker, an indemnity will be paid to their direct family in accordance with article 60 of the Labor Code.

In the case of the worker who retires from the Company in accordance with Nos. 2, 4 or 5 of article 159, 1 a) or No.6 of article 160 of the Labor Code, he will be paid as an indemnity the accumulated amount for this concept until July 31, 2002 in Aguas Andinas S.A., and December 31, 2002 in Aguas Cordillera S.A., adjusted quarterly for changes in the consumer price index, provided the change is positive.

Workers of Aguas Andinas S.A. and its subsidiaries who are not a party to their collective agreements, are covered by their individual work contracts. The non-sanitation companies, Gestión y Servicios S.A., Ecoriles S.A., Anam S.A. and Aguas del Maipo S.A., apply the provisions of the Labor Code.

The provision for the indemnity is shown after deducting advances made to the employees.

The following is the movement in actuarial provisions as of December 2014 and December 2013:

Provisions for employee benefits	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Movement in actuarial provision		
Initial balance	9,276,593	8,575,854
Cost of services	1,590,390	968,344
Interest cost	469,711	422,473
Actuarial gains or losses	1,626,011	0
Benefits paid	-1,438,545	-704,006
Special severance allowance for seniority(1)	1,099,483	0
Provision termination benefits	251,926	13,928
Sub-total	12,875,569	9,276,593
Profit sharing & bonuses	3,417,191	3,464,215
Total provisions for employee benefits current	4,310,289	4,198,437
Total provisions for employee benefits non-current	11,982,471	8,542,371

(1) During 2014, collective negotiations were conducted with the syndicates of Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., Ecoriles S.A., and Anam S.A., in which a special allowance for seniority was agreed. This compensation is in any event, and in addition to any other legal or conventional compensation.

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Expected payment flows

The collective contract of Aguas Andinas S.A. indicates, in its 15th clause, that workers who resign voluntarily to be entitled to retirement shall have 120 days from the date they reach the legal retirement age to make their resignation effective.

The collective contracts of Aguas Cordillera S.A. and Aguas Manquehue S.A. indicate that a termination benefit will be made to workers who resign voluntarily on reaching the legal retirement age.

According to the mentioned benefits plans, the following are the flows for the present and following period:

Society	Number of employees	Expected payment flow	Year
A. Andinas S.A	9	366,930	2015
A. Cordillera S.A	1	31,048	2015
Essal S.A	3	19,734	2015
Total		417,712	

Projected liabilities to December 31, 2015

To calculate the projected liabilities for indemnities at actuarial value to December 2015, as indicated in IAS 19, the actuarial assumptions at December 31, 2014 have been used, already commented in this note. Only the amount of the legal bonus has been increased, in line with the minimum wage proposed by the government.

The following is the summary by Society:

Society	Number of employees	Cost of services ThChs	Interest costs ThChs
Aguas Andinas S.A	856	2,371,889	540,800
Aguas Cordillera S.A	114	294,724	62,618
Aguas Manquehue S.A.	19	61,946	11,037
Gestión y Servicios S.A	2	2,126	303
ESSAL S.A.	257	68,556	3,761
Total		2,799,241	618,519

Assumptions sensitivities

Based on the actuarial calculations as of December 31 2014, the sensitivity of the main assumptions have been tested, determining the following impacts:

Concept	Base	More than 0.5% ThChs	Less than 0.5% ThChs
Discount rate	5.2%	-385,978	466,350
Turnover rate	6.6%	-784,778	955,581
Wage increase rate	5.6%	402,937	-329,949

Benefits on termination of the contractual relationship

The indemnity on termination of the labor relationship is governed by the provisions of the Labor Code, except for any special clauses in the respective collective agreements or individual contracts.

Profit sharing and bonuses

This relates to the Society's obligation with its personnel with respect to profit-sharing bonuses payable in February and March the following year. The accrued participation payable to personnel, as stipulated in current contracts, is settled during February on the basis of the statement of financial position for the immediately-preceding year. In periods 2014 and 2013, the amounts are ThCh\$3,417,191 and ThCh\$3,464,215 respectively. In addition, advances are made against this bonus in the months of March, June, September and December each year.

The annual amount will depend on the earnings of each Society whithing the Group.

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Personnel expenses

Personnel expenses to December 2014 and 2013 are as follows:

Personnel expenses	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Wages & salaries	-27,767,623	-25,904,555
Defined benefits	-11,667,902	-11,142,305
Termination benefits	-3,669,581	-1,778,216
Other personnel expenses	-2,226,339	-1,630,673
Total	-45,331,445	-40,455,749

20_ EFFECT OF EXCHANGE DIFFERENCES

The detail of the Group's exchange differences is as follows:

Exchange differences	Currency	31-12-2014	31-12-2013
Trade debtors & other accounts receivable	EURO	-600	685
	USD	-8,703	1,084
Total variation assets		-9,303	1,769
Trade accounts & other accounts payable	EURO	-27,432	-2,863
	USD	2,835	-728
	EURO	-29	-308
Total variation liabilities		-24,626	-3,899
Loss from exchange differences		-33,929	-2,130

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21_ OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Treatment plant operation	-28,207,375	-26,939,259
Commercial services	-13,530,573	-17,067,208
Insurance, taxation, licenses & permits	-6,014,972	-4,926,539
Maintenance of networks, equipment and enclosures	-19,484,782	-19,233,472
Supplies & basic services	-10,055,313	-8,221,731
Other expenses	-14,290,043	-11,086,104
Total	-91,583,058	-87,474,313

22_ CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs to December 31, 2014 and December 31, 2013 is as follows:

Capitalized interest costs:

Capitalized interest costs, property, plant & equipment	31-12-2014	31-12-2013
Rate of capitalization of capitalized interest costs, property, plant & equipment	7.23%	6.72%
Amount of capitalized interest, property, plant & equipment	2,429,963	2,103,201

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23_ INCOME TAX AND DEFERRED TAXES

As established in IAS 12, the following shows the net position of deferred tax assets and liabilities, determined by each individual entity and is shown in the consolidated statement of financial position by aggregating each position.

Deferred tax net	31-12-2014 ThChs	31-12-2013 ThChs
Deferred tax assets	12,254,100	263,122
Deferred tax liabilities	-42,486,184	-34,162,915
Net position of deferred taxes	-30,232,084	-33,899,793

The net position shown originates from a variety of concepts constituting timing and permanent differences which at the consolidated level permit being shown under the following concepts.

Deferred tax assets

Deferred tax assets	31-12-2014 ThChs	31-12-2013 ThChs
Water rights (amortization)	374,168	217,739
Provision for doubtful accounts	9,245,101	6,447,559
Provision for vacations	456,756	369,602
Litigation	740,986	689,240
Termination benefits	2,560,456	1,274,207
Other provisions	108,172	214,829
Revenue received in advance	9,188	29,868
Variation monetary correction & depreciation assets	59,936,509	35,570,106
Deferred income	1,969,571	1,466,817
La Dehesa dam transaction	347,582	276,169
Amortization	292,413	0
Others	708,622	1,468,357
Deferred tax assets	76,749,524	48,024,493

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Deferred tax liabilities

Deferred tax liabilities	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Depreciation fixed assets	22,310,547	17,049,329
Amortization	463,889	882,602
Expense investment related companies	114,266	84,641
Revaluation of land	22,669,870	16,792,496
Revaluations of water rights	45,611,780	33,786,504
Fair value of assets on purchase Essal S.A.	15,754,843	13,315,870
Others	56,413	12,844
Deferred tax liabilities	106,981,608	81,924,286
Net position of deferred taxes	30,232,084	33,899,793

On September 29, 2014 Law N° 20,780 was published, which establishes a permanent change in corporate income tax. Therefore, in accordance with IAS 12, deferred taxes were revalued using the new rates according to the corresponding year. These will increase from 20% to 21% in 2014, 22.5% in 2015, 24% in 2016, 25.5% in 2017 and 27% in 2018 onwards.

According to the provisions of Circular No. 856 of the Superintendence of Securities and Insurance, published on October 17, 2014, the changes resulting from these amendments to tax rates were recorded in equity and amounted to ThCh\$9,391,825, the main impact being on the revaluation of property, plant and equipment and intangibles.

In addition, the effect on the result related to increased provision of income tax, resulting from the change rate of 20% to 21%, amounted to ThCh\$1,788,635.

	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Movement in deferred tax liabilities		
Deferred tax liabilities, initial balance	81,924,286	83,125,884
Increases (decreases) in deferred tax liabilities	22,618,349	-147,985
Increases (decreases) in acquisitions through combinations of businesses	2,438,973	-1,053,613
Changes in deferred tax liabilities	25,057,322	-1,201,598
Changes in deferred tax liabilities, total	106,981,608	81,924,286

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Income tax expenses

Expense (credit) for income taxes by current and deferred parts	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Current income tax expense		
Expense for current taxes	-37,554,308	-31,410,521
Tax expense adjustment for the previous term	64,288	-185,596
Expense for current taxes	-37,490,020	-31,596,117
Deferred income (expenses) for taxes related to the creation and reversal of timing differences	12,620,511	3,333,123
Sole tax expense (rejected expenses)	-175,665	-1,048,614
Tax expense	12,444,846	2,284,509
Expense (credit) for income taxes	-25,045,174	-29,311,608

Numerical reconciliation of the charge (credit) for tax and the result of multiplying the accounting gain by the applicable tax rates.

	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Tax expense using the statutory rate	-31,102,193	-29,804,145
Permanent difference for monetary correction tax equity	5,009,142	1,961,515
Permanent difference for rejected expenses	-175,665	-1,048,614
Permanent difference for previous years' income tax	64,288	-185,596
Other permanent differences	1,159,254	-234,768
Adjustments to tax charge using the statutory rate	6,057,019	492,537
Tax charge using the effective rate	-25,045,174	-29,311,608

Reconciliation of the statutory rate and the effective tax rate

	31-12-2014	31-12-2013
Statutory tax rate	21.00%	20.00%
Permanent difference for monetary correction tax equity	-3.38%	-1.32%
Permanent difference for rejected expenses	0.12%	0.70%
Permanent difference for previous years' income tax	-0.04%	0.12%
Other permanent differences	-0.79%	0.17%
Effective tax rate	16.91%	19.67%

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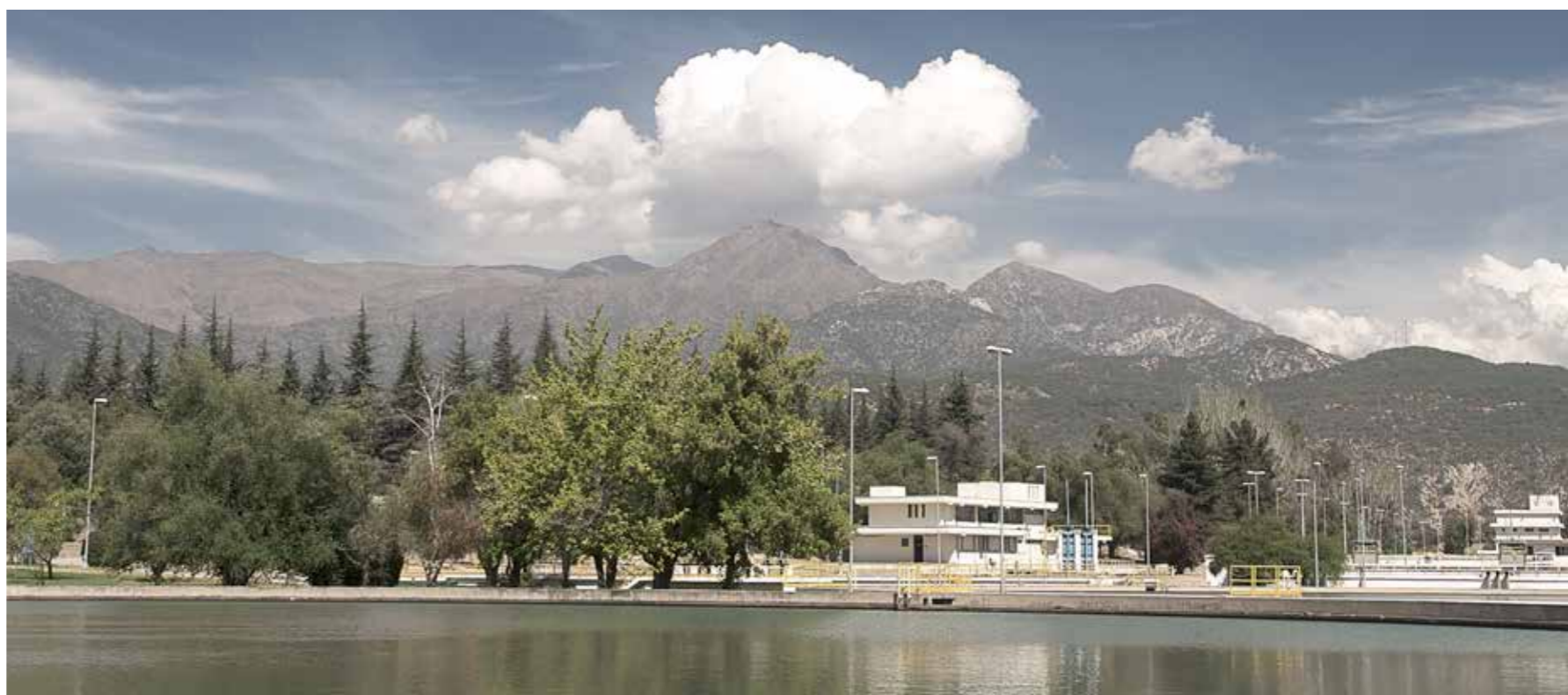
24_ EARNINGS PER SHARE

Basic earnings per share are calculated as the earnings (loss) for the period attributable to holders of net equity instruments of the controller divided by the weighted average number of common shares in circulation during that period.

	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Earnings attributable to shareholders in equity of the controller	119,422,474	116,675,534
Results available to common shareholders, basic	119,422,474	116,675,534
Weighted average number of shares, basic	6,118,965,160	6,118,965,160
Earnings per share	19.52	19.07

Diluted earnings (losses) per share

The Society has not carried out any type of transaction with a potential diluting effect that supposes diluted earnings per share to be different from basic earnings per share.



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25_ BUSINESS SEGMENTS

The Group discloses information by segment in accordance with IFRS 8, Operative Segments, which sets the reporting standards with respect to operative segments and related disclosures for products and services. The operative segments are defined as components of an entity for which separate financial information exists which is regularly used by management for taking decisions, assigning resources and evaluating performance.

The Group manages and measures the performance of its operations by business segment. The operative segments reported internally are the following:

- Operations related to the sanitation business (water).
- Operations unrelated to the sanitation business (non-water).

Types of products and services that provide the ordinary revenues of each segment reported.

The water segment consists only of sanitation services that permit the provision of products and production services, the distribution of water and the collection and treatment of sewage. This segment

comprises the subsidiaries Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., and Essal S.A. through Iberaguas Ltda.

The non-water segment consists of services related to environmental analysis, liquid waste treatment and comprehensive engineering services, plus the sale of products related to the sanitation services and energy projects. The subsidiaries included are EcoRiles S.A., Anam S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A.

General information on results, assets, and liabilities.

General information on results	31-12-2014		31-12-2013	
	Water ThCh\$	Non-water ThCh\$	Water ThCh\$	Non-water ThCh\$
Revenues from ordinary activities with external customers	416,403,600	24,330,572	378,546,727	24,076,865
Revenues from ordinary activities between segments	1,084,802	3,471,186	761,599	4,444,845
Operating expenses	-148,454,180	-23,198,994	-136,487,461	-23,959,148
Depreciation & amortization	-65,708,495	-516,717	-64,220,725	-484,164
Other revenue & expenses	413,031	1,455	1,199,026	21,218
Financial income	4,799,254	588,118	6,101,367	922,282
Financial costs	-30,805,192	-17,103	-28,872,565	-71,072
Result of indexation & exchange differences	-34,297,040	11,383	-12,967,744	9,677
Income tax charge	-24,241,837	-803,335	-28,466,797	-844,811
Earnings by segment	119,193,943	3,866,565	115,593,427	4,115,692
Earnings by segment attributable to owners of the controller	115,555,909	3,866,565	112,559,842	4,115,692
Earnings (losses) by segment attributable to non-controller participations	3,638,034	0	3,033,585	0

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Total assets, liabilities & equity	31-12-2014		31-12-2013	
	Water ThCh\$	Non-water ThCh\$	Water ThCh\$	Non-water ThCh\$
Current assets	113,014,717	16,881,894	119,506,390	15,432,291
Non-current assets	1,468,639,445	10,804,367	1,434,073,964	10,748,035
Total assets	1,581,654,162	27,686,261	1,553,580,354	26,180,326
Current liabilities	173,601,032	5,773,341	218,449,923	3,795,347
Non-current liabilities	763,457,626	110,653	679,756,199	90,563
Equity attributable to owners of the controller	588,961,352	21,802,267	594,246,670	22,294,416
Minority interest	55,634,152	0	61,127,562	0
Total equity & liabilities	1,581,654,162	27,686,261	1,553,580,354	26,180,326

Significant items of revenue and expenses by segment**Water and non-water segments**

The significant items of ordinary revenue and expenses are principally those related to the business of the segment. There are also significant sums in relation to expenses for depreciation, personnel and other sundry expenses including outsourced services.

Revenue

Revenue is mainly generated by the regulated services relating to the production and distribution of water, the collection, treatment and disposal of sewage and other regulated services (including revenue from suspending and restoring supplies, the monitoring of liquid waste discharges and fixed charges).

Detail of significant revenue items**Water Segment**

The significant items of ordinary revenues are principally those related to the water and sewage businesses, i.e. from the sale of water, excess consumption, variable charge, fixed charge, sewage service, sewer use and sewage treatment. It is also possible to identify revenue sales of fixed assets.

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 sanitation subsidiaries are regulated by the SISS and their tariffs are set in accordance with the Sanitation Services Tariffs Law (No.70 of 1988).

The tariffs are reviewed every five years and, during that period, are subject to additional adjustments linked to indexation if the accumulated variation since the previous adjustment is 3.0% or more, according to calculations made as a function of different inflation indices.

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, all published by the Chilean National Institute of Statistics. Tariffs are also subject to adjustment to reflect additional services previously authorized by the SISS.

Decree 60/2010 sets the tariffs for Aguas Andinas S.A., Decree 176/2010 sets those for Aguas Cordillera S.A and Decree 170/2010 those for Aguas Manquehue S.A., all for the same five-year period 2010 – 2015.

The tariffs of Essal S.A. were approved by Decree 116 of August 31, 2011 for the five-year period 2011 – 2016. To this date, the publication of new tariff decrees of Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Manquehue S.A. are in process for the periods 2015 to 2020, after the respective agreements that have been made with the Superintendence of Sanitation Services in their respective tariff setting processes.

Non-water segment

The significant items of ordinary revenues are mainly those related to a segment's business and are closely related to the principal business of each subsidiary, involving the sale of materials to third parties, operation of liquid-waste treatment plants, and drinking water and sewerage services and analysis and sale of biogas.

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Significant expense items**Water segment**

The significant expense items are mainly those related to remuneration, electricity, sewage treatment plant operation, depreciation of real and personal property, interest expenses and the charge for income tax.

Non-water segment

The significant items of expenses are mainly those related to remuneration, the cost of materials for sale and the charge for income tax.

Measurement of results, assets, liabilities and equity of each segment

The measurement applicable to the segment relates to the grouping of those subsidiaries directly related to the segment.

The accounting criteria relate to the booking of 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 spirit 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 as, according to the standard, there are no accounting policies that show different criteria of assignment of costs or similar.

Reconciliation of revenues from ordinary activities	00-01-1900 ThChs	00-01-1900 ThChs
Revenues from ordinary activities of the segments	445,290,160	407,830,036
Elimination of ordinary activity revenues between segments	-4,555,988	-3,950,554
Revenues from ordinary activities	440,734,172	403,879,482

Reconciliation of earnings	00-01-1900 ThChs	00-01-1900 ThChs
Total consolidated earnings (loss) of segments	123,060,510	119,709,120
Consolidation of elimination of earnings (loss) between segments	-3,638,036	-3,033,586
Consolidation of earnings (loss)	119,422,474	116,675,534

Reconciliations of segment assets, liabilities & equity of segments	00-01-1900 ThChs	00-01-1900 ThChs
Reconciliation of assets		
Consolidation total assets of segments	1,609,340,423	1,579,760,680
Elimination of accounts between segments	-2,868,797	-2,049,916
Total assets	1,606,471,626	1,577,710,764
Reconciliation of liabilities		
Consolidation total liabilities of segments	942,942,652	902,092,032
Elimination of accounts between segments	-2,868,797	-2,049,918
Total liabilities	940,073,855	900,042,114
Reconciliation of equity		
Consolidation total equities of segments	610,763,619	616,541,088
Elimination of accounts between segments	0	0
Equity attributable to owners of the controller	610,763,619	616,541,088

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Main customers of the subsidiaries:**Main water segment customers:**

- Administradora Plaza Vespucio S.A.
- Centro de detención preventiva Santiago 1
- Cervecera CCU Chile Ltda.
- Ejército de Chile
- Embotelladoras Chilenas Unidas S.A.
- Gendarmería de Chile
- Ilustre Municipalidad de Santiago
- Industrial Ochagavía Ltda.
- Pontificia Universidad Católica de Chile
- Soc. Concesionaria Autopista Central S.A.
- Soprole S.A.
- Universidad de Chile

Main non-water segment customers:

- CMPC Cordillera S.A.
- Tecnología, Ingeniería y Montaje Ltda.
- Eme Servicios Generales Ltda.
- Agroindustrial El Paico Ltda.
- Essbio S.A.
- Soprole S.A.
- Metrogas S.A.
- Watt's Osorno.
- Ingeniería y Construcción Santa Fe Ltda.
- Evercrisp.
- Empresas CMPC Cartulinas Maule
- Colun
- CCU S.A.
- Dalco Ingeniería Ltda.
- Inmobiliaria y Cont. Nueva Pacifico
- Inversiones Ada Ltda.

Types of products in the water and non-water segments:**Water segment**

The types of products and services for the water segment are:

- Production and distribution of water.
- Collection and treatment of sewage.

This segment comprises Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., Essal S.A. and Iberaguas Ltda.

Non-water segment

The types of products and services for the non-water segment are:

- Outsourcing service in operations of industrial waste treatment plants and the treatment of excess organic load (subsidiary Ecoriles S.A.).
- Physical, chemical and biological analysis of water, air and solids (subsidiary Anam S.A.).
- Comprehensive engineering services and sale of products like tubes, valves, taps and other related items (subsidiary Gestión y Servicios S.A.).
- Energy projects (subsidiary Aguas del Maipo S.A.).

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26_ THE ENVIRONMENT

Disbursements related to the environment:

The following disbursements related to the environment are reported in accordance with SVS Circular 1901 of October 30, 2008:

Detailed information on disbursements related to the environment:

Aguas Andinas S.A. Parent Company

Project Name	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Expansion & improvements Curacavi sewage treatment plant (STP)	1,652	151,925
Expansion & improvements Greater Santiago STP	7,121,288	27,546,729
Expansion & improvements Isla de Maipo STP	2,702,673	301,747
Expansion & improvements other districts STP	61,805	10,118
Expansion & improvements Paine STP	7,406	1,371,165
Expansion & improvements San José de Maipo STP	38,290	135,957
Expansion & improvements Talagante STP	4,673	18,589
Expansion & improvements Valdivia de Paine STP	3,097	57,987
Farfana - Trebal interceptor	0	317,551
Clean Urban Mapocho interceptor	17,261	355,964
Improvement & renewal equipment & installations	1,174,536	1,316,946
Total	11,132,681	31,584,678

Aguas Manquehue S.A.

Project Name	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Improvement & renewal equipment & installations	140,446	85,744
Total	140,446	85,744

ESSAL

Project Name	31-12-2014 ThCh\$	31-12-2013 ThCh\$
Improvement in disposal infrastructure	178,067	153,287
Improvement of EDAR system	29,283	109,773
Renewal of treatment & disposal equipment	204,600	306,985
Total	411,950	570,045

Projected environmental investments for the 2015 term:

Society	ThCh\$
Aguas Andinas S.A.	34,471,047
Aguas Manquehue S.A.	99,066
Essal S.A.	710,000
Total	35,280,113

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Indication of whether the disbursement forms part of the cost of an asset or is reflected as an expense, disbursements in the period:

All the projects mentioned form part of the cost of construction of the respective works.

Fixed or estimated date on which future disbursements will be made, disbursements in the period:

The projected disbursements are estimated to be made during the period 2015.

The Society and its subsidiaries are affected by disbursements relating to the environment, i.e. compliance with orders, laws relating to industrial processes and installations and any other that could directly or indirectly affect protection of the environment.

27_ EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

At the date of issue of these consolidated financial statements, the management of the Society and its subsidiaries is unaware of any other subsequent events that affect the financial position as of December 31, 2014.



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EARNINGS RELEASE

TERM ENDED DECEMBER 31, 2014

1. SUMMARY OF 2014

- The Company's results for 2014 were positively influenced with respect to 2013 due to the entry into operation of the Mapocho Sewage Treatment Plant, the entry into operation of potable water supply security works and due to the absence of the negative effects generated by the interruptions of potable water occurred during the summer of 2013. These interruptions happened after the summer rains and rockfalls in the Maipo River elevated the turbidity of the flow to extreme levels, preventing the production of water. It is worth noting that the drought persists in the country, situation that is reflected in a greater purchase of raw water with respect to the previous year. On the other hand, the Tax Reform increases the corporate tax provision due to a change in rate for this commercial year going from 20% to 21%.
- By the end of 2014, the Company's revenue rose to Ch\$440,734 million which is a Ch\$36,855 million (9.1%) increase over the revenue obtained in the same period of 2013. This increase was mainly due to greater sales volumes, the application of tariff increase associated to with the entry into operation of the Mapocho Sewage Treatment Plant and the increase in tariffs due to the entry into operation of new potable supply security works, together with tariff indexations registered in late September 2013, early April and October 2014. The Mapocho Sewage Treatment Plant allowed for the conclusion of the Sanitation plan for the Santiago Metropolitan Region treating 100% of sewage in the region.
- Costs increased by 7.6% due to higher employee benefits (Ch\$4,876 million) associated with the application of consumer price index adjustments and extraordinary benefits to personnel paid at the end of the process of collective bargaining which occurred in the

month of July. Additionally, there was an increase in insolvency provision for Ch\$1,683 million, a greater purchase of raw water for Ch\$1.886 due to the effects of the drought, greater network maintenance costs for Ch\$1,170 million and greater expenses in customer service for Ch\$1,277 million. With this, the EBITDA for the period reached Ch\$273,637 million, exhibiting a 10.1% increase with respect to the same period in the previous year.

- The financial result originated a loss for Ch\$59,721 million, Ch\$24.843 above to the one obtained to December 2013, as a consequence mainly from a greater revaluation of debt, readjustable in Unidades de Fomento (indexation units).
- During the month of August, the W Bond Series was issued. Its purpose was to pre-pay the F Bond Series and achieve favourable conditions for the Company. The prepayment of the F Bond Series had a negative effect on results of Ch\$2,042 million due to the application of capitalized expenses on its issuance. It is worth highlighting, also, that this placement allowed for the improvement of the debt structure going from a duration of 5.7 years to 16 years.
- By the end of the third quarter the Tax Reform was approved, which generated registries associated to the change in first category tax rates in the current year and following years. The Company operates under the Partially Integrated System until an extraordinary shareholders meeting agrees to opt for an alternative system. As a product of this, the rate change for the year (21%) has been included in the financial statements for effects of calculating the corporate tax provision with its corresponding impact on results for Ch\$1,788 million and the programming of increases up to 27% in 2018, for effects of determining deferred taxes. The impact of said change has been registered in Equity,

without affecting the results for the period, in virtue of what is disposed in the instruction issued by the SVS.

- Net income as of December 31, 2014 rose to Ch\$119,422 million, Ch\$2,746 (+2.4%) greater to the one obtained the previous year.

Events of the Quarter

- The year 2014 was one with the highest temperatures in Chilean history and this has had effects on the drought that afflicts the country for the fifth consecutive year. To ensure the water supply for the inhabitants of the Metropolitan Region, Aguas Andinas has continued with the implementation of its drought plan. This plan includes enabling new tanks (finished during the first quarter of 2014), purchasing raw water (Ch\$858 in the last quarter of the year, Ch\$1,886 million total in 2014), renting water usage rights from other members of Canalistas del Río Maipo, agreements with user organizations, amongst others. The correct management of the company has allowed for the continuity of service in spite of the existent deficit.
- The efficient management of the company's infrastructure, which in 2014 includes new tanks and safety wells and the operation of project CAYA, conduction work which allows water to flow from the El Yeso reservoir to the Azulillo zone, has allowed the Company to overcome increased turbidity episodes in the Maipo river at the end of a year and prevent service interruptions.

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2. RESULTS

Income Statement (Ch\$ millions)	Dec. 14	Dec. 13	% Var.	2014 / 2013
Revenues	440,734	403,879	9.10%	36,855
Operational Costs and Expenses	-167,097	-155,347	7.60%	-11,750
EBITDA	273,637	248,532	10.10%	25,105
Depreciation and Amortization	-66,225	-64,705	2.30%	-1,520
Operating Income	207,412	183,827	12.80%	23,585
Financial Result*	-59,721	-34,878	71.20%	-24,843
Tax Expenses	-25,045	-29,312	-14.60%	4,267
Net Income	119,422	116,676	2.40%	2,746

* Includes financial income, financial costs, exchange difference and results by indexation units.

2.1. Revenue Analysis

	Dec. 14		Dec. 13		Variación	
	Sales	% of Rev.	Sales	% of Rev.	Ch\$ millions	%
	Ch\$ millions		Ch\$ millions			
Potable Water	171,488	38.9%	157,307	39.0%	14,181	9.0%
Sewage	202,001	45.8%	184,299	45.6%	17,702	9.6%
Other Regulated Revenue	20,282	4.6%	16,557	4.1%	3,725	22.5%
Non-Regulated Revenue	46,963	10.7%	45,716	11.3%	1,247	2.7%
Total	440,734	100.0%	403,879	100.0%	36,855	9.1%

Sales Volume (Thousands of m3)	Dec. 14	Dec. 13	% Var.	Difference
Potable Water	558,555	548,932	1.80%	9,623
Sewage Collection	540,463	534,066	1.20%	6,397
Sewage Treatment and Disposal	473,688	466,934	1.40%	6,754
Interconnections*	119,260	119,056	0.20%	204

Clients	Dec. 14	Dec. 13	% Var.	Difference
Potable Water	2,096,999	2,039,298	2.80%	57,701
Sewage Collection	2,045,634	1,999,419	2.30%	46,215

* Interconnections include Sewage Treatment and Disposal from other sanitation companies

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REGULATED BUSINESSES

1. Potable Water

Potable water revenues for 2014 reached Ch\$171,488 million, which meant an increase of Ch\$14,181 million with respect to the same period for the previous year. The increased revenue is due, in part, to a greater sales volume in potable water billed during 2014, which was 1.8% superior to the level registered last year. In addition, there was a greater average tariff, given the application of new tariff rates. These new rates include new potable water supply safety works which came into effect in March 2014 and indexations registered at the end of September 2013, early April and October 2014. The latter adjusts tariffs in respect to the variations of the existing polynomial.

2. Sewage

Sewage revenue for 2014 reached Ch\$202,001 million, showing an increase of 9.6%, compared to the Ch\$184,299 million registered in 2013. The Ch\$17,702 increase was due to a greater sales volume of 6.4 million m³ together with a greater average tariff, because of the tariff indexation registered in late September 2013, early April, and October 2014.

3. Other Regulated Revenue

This item presents a Ch\$3,725 million increase which was mainly explained by the greater income generated by the fixed rate charged to clients, as a product of indexations experienced during the period, and the increase in the number of served clients, together with a greater provision of income for unbilled consumption.

NON-REGULATED REVENUE

Non-regulated revenue increased in Ch\$1.247 million by the end of 2014, compared to the same period of the previous year. This variation was explained by:

1. Sanitation Services

An increase of Ch\$1,066 million due mainly to greater agreements with developers and rural water income, compensated with lower revenue for modifications in sanitation infrastructure.

2. Non-Sanitation Services

The Ch\$181 million increase was explained mainly by greater services provided by Análisis Ambientales S.A. and to a greater level of activity in EcoRiles S.A.

(Ch\$ millions)	Dec. 14	Dec. 13	Var%
Gestión y Servicios S.A.	8,488	9,558	-11.20%
EcoRiles S.A.	12,174	11,520	5.70%
Anam S.A.	2,700	2,114	27.70%
Aguas del Maipo S.A.	772	761	1.40%
Non-regulated, non-sanitation products	24,134	23,953	0.80%

2.2. Cost Analysis

Raw Materials and Consumables Used

For the year ending December 31, 2014, costs for raw materials and consumables used reached Ch\$30,183 million, which is Ch\$2,766 million above the amount obtained at the end of 2013. The increase in these costs is due, mainly to the purchase of raw water made throughout the year, electric energy and a greater consumption of chemical supplies, by the EcoRiles subsidiary as well as regulated companies associated to an increase in production volume.

This is compensated partially by the decrease in the cost of sales for Gestión y Servicios due to a lower level of activity, mainly because of the effect of winding up operations in the collective negotiation period.

Personnel Expenses

By the end of the 2014 term, expenses for employee benefits reached Ch\$45,331 million, which is Ch\$4,876 million above the previous year. This is mainly explained due to higher personnel compensation linked to Consumer Price Index adjustments and extraordinary benefits to personnel associated to the collective negotiation for Aguas Andinas in July and Aguas Cordillera at the end of the year.

Expenses for depreciation and amortization

As of December 31, 2014, depreciation and amortization increased to Ch\$66,225 million, which is Ch\$1,520 million above the amount obtained in 2013. This increase was due, mainly to new investments included in the period such as the security works, for example.

Other expenses

By the end of the 2014 term, other expenses rose to Ch\$91,583 million, which is Ch\$4,109 million above the amount obtained for the same period in 2013. This is explained mainly by greater costs for Ch\$1,330 million in treatment plant operation, as a product of greater volume treated, an increase in insolvency provision for Ch\$1,683 million and Network Maintenance for Ch\$1,170 million. Additionally, there were greater costs in Customer Service for Ch\$1,277 million, greater costs in machinery and vehicle leasing for Ch\$872 million, greater costs in Insurance for Ch\$701 million, Municipal Licenses and Real Estate taxes for Ch\$281 million; this was compensated partially for Ch\$3,483 due to emergency episodes that occurred during January and February 2013.

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2.3. ANALYSIS OF FINANCIAL RESULT AND OTHER RESULTS

Financial Income

By the end of 2014, financial income amounted to Ch\$5,304 million, which is Ch\$1,662 million under the amount obtained in 2013, explained mainly by lower financial interest produced by lower availability of temporary cash surpluses.

Financial Costs

For the period ending December 31, 2014, financial costs reached Ch\$30,739 million, which meant an increase of these costs in Ch\$1,853 million in comparison to the ones obtained in the same period for 2013. This is explained mainly by the prepayment of the F Series Bond, which implied a charge to results for Ch\$2,042 million, corresponding to the application of the capitalized expenses, which was financed by the issuing of the W Series Bond for 2.3 million U.F. together with a bank loan.

Results from Indexation Units

By the end of the 2014 term, results from indexation units reached Ch\$34,252 million, Ch\$21,296 million higher with respect to 2013, explained mainly by a greater revaluing of debt due to the greater variation of the UF compared to 2013.

Expense (Revenue) from Income Tax

The provision for income taxes at the end of 2014 was of Ch\$25,045 million, which is Ch\$4,266 million lower compared to the same period for the previous year. This variation is justified in the effects that the greater inflation produces in the temporary differences between the financial and tax records, as well as a lower earnings before taxes for Ch\$915 million. This is compensated by the change in corporate tax rates from 20% to 21% due to the Tax Reform with its corresponding impact in results for Ch\$1,788 million.

Earnings

Net earnings to December 31, 2014 amounted to Ch\$119,422 million, which is Ch\$2,747 (+2.4%) above the amount obtained in 2013.

3. QUARTERLY RESULTS

Income Statement (Ch\$ millions)	4T14	4T13	% Var.	4T14 / 4T13
Revenues	122,467	111,444	9.90%	11,023
Operation Costs and Expenses	-42,452	-39,136	8.50%	-3,316
EBITDA	80,014	72,308	10.70%	7,707
Depreciation and Amortization	-17,049	-15,958	6.80%	-1,091
Operating Income (EBIT)	62,966	56,350	11.70%	6,616
Financial Result *	-17,416	-11,650	49.50%	-5,766
Tax Expenses	-6,816	-8,409	-18.90%	1,593
Net Income	38,022	35,336	7.60%	2,686

* Includes financial income, financial costs, exchange differences and results by indexation units.

3.1. REVENUE ANALYSIS

Operational Income

Ordinary income for the fourth quarter of 2014 rose to Ch\$122,467 million, which is Ch\$11,023 million (9.9%) above the amount obtained in the previous term. This variation was mainly due to greater average tariffs, due to new tariff rates, which came into effect with the entry into operation of works for the security of potable water supply, together with the indexation of the polynomial in April and October 2014.

3.2. COST ANALYSIS

Raw materials and consumables used

In the fourth quarter of 2014, costs of raw materials and consumables used reached Ch\$8,611 million, which is Ch\$1,687 million higher than during the same period in 2013. The increase was explained mainly by the purchase of raw water for Ch\$858 million, electric energy for Ch\$316 million and cost of materials sales in Gestión y Servicios for Ch\$467 million.

Expenses for Employee Benefits

During the fourth quarter of 2014, expenses for employee benefits reached Ch\$12,027 million, which is Ch\$929 million above the amount obtained for the same period during the previous year. This is due to higher personnel compensation linked to consumer price index adjustments together with greater compensations for years of service and extraordinary benefits to personnel associated to the collective negotiation of Aguas Cordillera.

Depreciation and Amortization

Depreciation and amortization for the fourth quarter of 2014 amounted to Ch\$17,049 million, which is Ch\$1,091 million higher than in the same period in 2013. This increase was due mainly to new investments included in the period, such as security works, for example.

Other expenses

During the fourth quarter of 2014, other expenses amounted to Ch\$21,814 million, which is Ch\$700 million higher than in the same quarter of 2013, explained mainly by greater treatment plant operation costs for Ch\$281 million associated with the greater volume treated and greater costs for Customer Service for Ch\$767 million.

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3.3. ANALYSIS OF FINANCIAL RESULT AND OTHER RESULTS

Financial Income

Financial income for the fourth quarter of 2014 reached Ch\$1,242 million, which is Ch\$20 million, slightly above the amount obtained in the same quarter for 2013.

Financial Costs

Financial costs for the fourth quarter of 2014 reached Ch\$7,213 million, which is Ch\$226 million higher than the amount obtained for the same period in 2013. This increase is explained mainly by greater bond interests.

Results by Indexation Units

In the fourth quarter of 2014, losses were obtained for Ch\$11,437 million, which is Ch\$5,549 million greater compared to the fourth quarter of 2013, explained mainly by a greater revaluing of debt, due to a greater variation of the UF compared to the same quarter for 2013.

Expense (Revenue) by Income Tax

Income tax provision by the end of the fourth quarter of 2014 was Ch\$6,816 million, which is Ch\$1,593 million lower compared to the same period for the previous year. This variation is explained mainly by deferred taxes; the variation is justified by the effects that greater inflation produces in the temporary differences between financial and tax records, compensated partially by the increase of the tax rate from 20% to 21% and by a greater earnings before taxes.

Earnings

Net earnings for the fourth quarter of 2014 amounted to Ch\$38,022 million, which is Ch\$2,686 million (+7.6%) above the amount obtained for the same quarter in 2013.

4. BALANCE SHEET

	Dec. 14 Ch\$ millions	Dec. 13 Ch\$ millions	% Var.
Assets			
Current Assets	127,111	132,972	-4.40%
Non-current Assets	1,479,361	1,444,739	2.40%
Total Assets	1,606,472	1,577,711	1.80%
Liabilities and Equity			
Current Liabilities	176,506	220,195	-19.80%
Non-current Liabilities	763,568	679,847	12.30%
Total Liabilities	940,074	900,042	4.40%
Equity attributable to owners of the controller	610,764	616,541	-0.90%
Minority interest	55,634	61,128	-9.00%
Total Equity	666,398	677,669	-1.70%
Total Liabilities and Equity	1,606,472	1,577,711	1.80%

Assets

Total consolidated assets for Aguas Andinas S.A. to December 31, 2014 presented a 1.8% increase with respect to December 2013, going from Ch\$1,577,711 million to Ch\$1,606,472 million.

Current assets decreased in Ch\$5,861 million, mainly due to the decrease in cash and cash equivalents for Ch\$12,457 million compensated with an increase of commercial debtors and other accounts receivable for Ch\$6,611 million, explain basically by the seasonality of the sales cycle.

Non-current assets increased Ch\$34,622 million, explained mainly by the increase of deferred taxes. This variation is produced mainly by the variation of rates and their effect on deferred taxes. In addition, there was an increase in Property, Plant and Equipment, mainly in Production Facilities, which is compensated by an increase in depreciations and a decrease in current asset under construction.

The following were the main investments during the period:

Investments (Ch\$ millions)	Dec. 14
Chamisero and Valle Grande Potable Water Works	7,350
Remedial Maintenance (Starters, DU, Valves, Others)	6,591
Preventive Renovation of Sewage	5,503

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Liabilities and Equity

Equity to December 2014 rose 4.4% (Ch\$40,032 million) compared to December 2013.

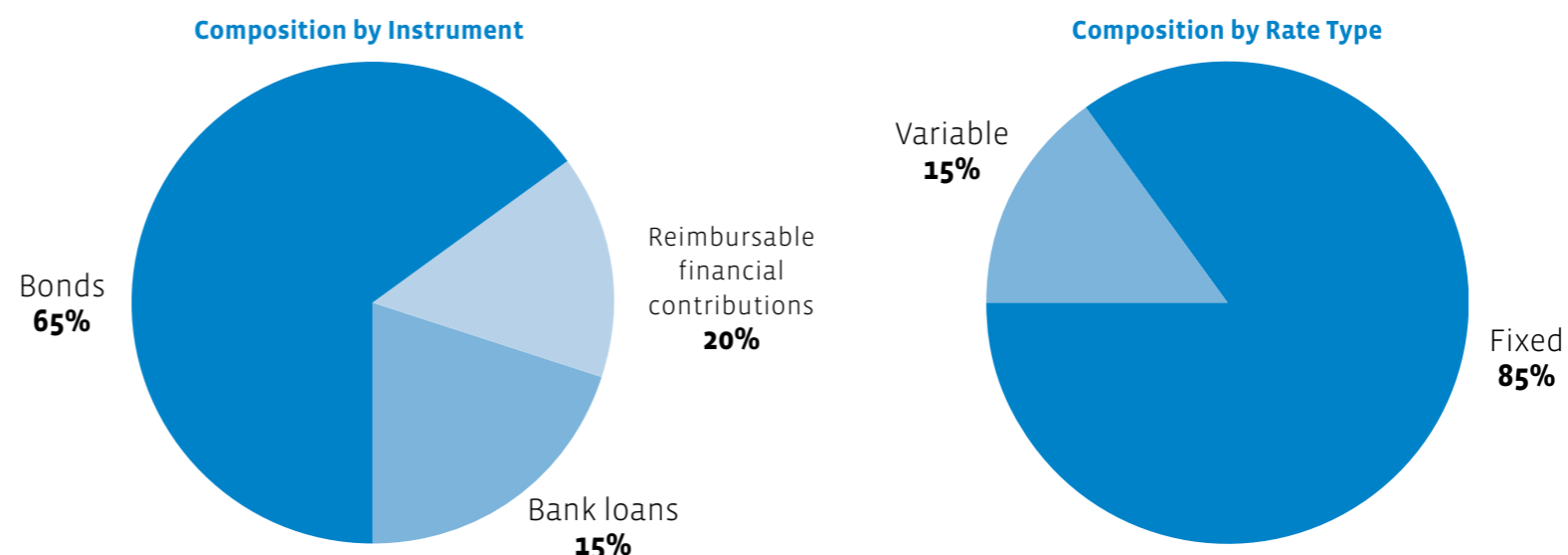
Current liabilities decreased Ch\$43,690 million. This variation was mainly due to a decrease in Other Financial Liabilities for Ch\$36,940 million associated to the payment of the G Series Bond for 2.5 million UF. Additionally, there was a decrease in Commercial Accounts and Other Accounts Payable for Ch\$6,712 million.

Non-current liabilities presented an increase of Ch\$83,722 million (12.3%). The main variations corresponded to the issuing of the V and W Series Bonds for 2.0 and 2.3 million UF respectively and to the contracting of a bank loan for Ch\$20,000 million, by the Aguas Cordillera S.A. subsidiary and a bank loan for Ch\$19,270 million by Aguas Andinas. Additionally, there exists a greater debt for Reimbursable Financial Contribution (AFRs) for Ch\$26,371 million. This is compensated partially by the prepayment of the F Series Bond for 3.3 million UF.

Total equity decreased Ch\$11,271 million, and net equity attributable to owners of the controller decreased \$5,777 million. This is explained by the distribution of dividends corresponding to the 2013 term, in addition to the change in deferred taxes caused by corporate tax rate change from 20% to 27% due to the Tax Reform. This is partially compensated by the earnings generated in the last quarter of 2014.

The following is the maturity profile of financial debt as of December 31, 2014 (figures include only capital in millions of Ch\$):

	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
Bonds	UF	481,537	29,996	56,298	38,539	356,704
Bank loans	S	109,774	19,251	51,253	20,000	19,270
Reimbursable Financial Contributions	UF	152,557	2,342	31,365	24,719	94,131
Totals		743,868	51,589	138,916	83,258	470,105

Financial Liabilities Structure

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5. Consolidated Cash Flows

Cash Flow Statement (Ch\$ millions)	Dec. 14	Dec. 13	% Var.
Operating Activities	204,599	204,345	0.10%
Investing Activities	-83,619	-119,029	-29.70%
Financing Activities	-133,438	-82,301	62.10%
Total Net Cash Flow for the Period	-12,458	3,015	-513.20%
Closing Balance of Cash	26,202	38,659	-32.20%

The net cash flow from operating activities decreased by Ch\$254 million when comparing December 2014 to December 2013.

The main variations were the following:

- An increase in the charges proceeding from sales of goods and provision of services for Ch\$48,900 million due mainly to a greater sales volume and a greater average tariffs due to the entry into operation of the Mapocho Sewage Treatment Plant.

These variations were partially offset by:

- An increase in payment to suppliers for Ch\$28,515 million associated to the increase of costs originated in the cubic meters treated due to the entry into operation of the Mapocho Sewage Treatment Plant and repairs to the potable water network.
- An increase in the payment of employee benefits for Ch\$5,466 million due to higher wages and bonus payments associated to consumer price index readjustments.
- An increase in other payments for operational activities for Ch\$8,393 million mainly due to a greater value-added tax payment, produced by a greater income level, compared to the quarter for

the previous year and lower level of additions in properties, plant and equipment.

- An increase in other cash outflows for Ch\$5,582 million for concepts of guarantee payments and severance payments for trials and consignment to the Ministry of Public Works.

Disbursement for investment activities decreased in Ch\$35,410 million, as a product of a lower addition of properties, plants and equipment which is mainly explained by the payments made in the previous term corresponding to the construction of the Mapocho Sewage Treatment Plant.

Financing activities generated a Ch\$51,137 million variation in the net flow (greater payments) mainly due to the payment of G and F Series Bonds for 2.5 and 3.3 million UF respectively, together with a greater dividend payment for Ch\$31,525 million, all partially compensated by an increase in financial debt of Ch\$137,956 million. The latter is mainly due to the issuance of V and W Series Bonds for 2.0 and 2.3 million UF respectively and to the acquisition of bank loans for Ch\$20,000 million in Aguas Cordillera and Ch\$19,270 in Aguas Andinas.

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6. Financial Ratios

		Dec. 14	Dec. 13
Liquidity			
Current Ratio	times	0.72	0.6
Acid Test Ratio	times	0.15	0.18
Leverage			
Total Leverage	times	1.41	1.33
Current Leverage	times	0.19	0.24
Non-current Leverage	times	0.81	0.76
Interest Coverage Ratio	times	5.82	6.16
Return			
ROE	%	19.46	18.84
ROA	%	7.5	7.47
Earnings per share	\$	19.52	19.07
Dividend Yield (*)	%	5.51	5.91

Current ratio: current 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 / total liabilities.

Interest rate coverage: net income before taxes / financial costs.

ROE: net income / average equity.

ROA: net income / average assets.

Earnings per share: net income / total shares.

Dividend Yield: dividends paid / share price.

(*)Share price to December 2014 was Ch\$351.31, whilst in December 2013 the share price was Ch\$339.38.

To December 31 2014, the current ratio increased by 20.0% due to a decrease in current liabilities for Ch\$43,689 million (19.8%), compensated by a decrease in current assets for Ch\$5,861 million (4.4%), with respect to December 2013. The main variations in the current assets are due to the decrease in cash and cash equivalents for Ch\$12,457 million which has been compensated by an increase of commercial debtor and other accounts payable for Ch\$6,611 million. The latter is mainly explained due to the seasonality of the sales cycle, whilst current liabilities decreased as a product of the payment of the G Series Bond for 2.5 million UF and a decrease in commercial accounts and other accounts payable for Ch\$6,712 million.

Total leverage ratio increased 6.2% due to an increase in total liabilities for Ch\$40,032 million explained by the issuance of V and W Series Bonds for 2.0 and 2.3 million UF respectively and to the contracting of bank loans for Ch\$39,270 million. Additionally, there has been higher debt by Reimbursable Financial Contributions (RFCs) of Ch\$26,371 million. This is partially compensated by the payments of the G and F Series Bonds for 2.5 and 3.3 million respectively. On the other hand, part of total equity decreased in Ch\$11,271 million, explained by the distribution of dividends corresponding to the 2013 term, in addition to the change in deferred taxes caused by corporate tax rate change from 20% to 27% due to the Tax Reform. This is partially compensated by the earnings generated in the last quarter of 2014.

Annualized return of equity attributable to the owners of the controller presented an increase of 3.3%, mainly due to a decrease in average annualized equity of Ch\$5,495 million and an increase of Ch\$2,747 million in earnings for the 2014 term, compared to the 2013 term.

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7. Other Information

Tariffs

The most important factor that determines the Company's results of operations and financial condition are the tariffs set for regulated services. As a water utility, the Company is regulated by the SISS, and our tariffs are set in accordance with the tariff law DFL No. 70 of 1988.

Tariffs are reviewed and set every five years and are adjusted in the interim period based on a polynomial index, which are apply when the accumulated variation since the previous adjustment is 3.0% or higher in accordance to calculation made based in various inflation indices. The polynomial index includes various inflation indices, specifically the Consumer Price Index (IPC), the Imported Goods of the Manufacturing Sector Price Index (IPBIM) and the Manufacturing Producers Price Index (IPPIIM). These indices are all published by the National Institute of Statistics (INE).

The latest adjustments for tariff indexations for each group/company were applied on the following dates:

AGUAS ANDINAS S.A.:

Group 1:	September 2013, March 2014 (application of new tariffs for security works), April and October 2014.
Group 2:	September 2013, April and October 2014
Rinconada de Maipú:	July 2012 and March 2014

AGUAS CORDILLERA S.A.:

August 2013, April and October 2014

AGUAS MANQUEHUE S.A.:

Santa María	July 2013, February 2014 and July 2014
Chicureo	August 2013, March 2014 and September 2014
Chamisero	July 2012 and March 2014
Valle Grande 3	July 2012 and March 2014

ESSAL S.A.:

Group 1	December 2013, April and October 2014
Group 2	December 2013 April and October 2014
Group 3	December 2013, April and October 2014
Chiniquihue	August 2013, February and September 2014
Los Alerces	April 2013, January and September 2014

In addition, tariffs may also be adjusted when additional services previously authorized by the SISS.

Current tariffs for Aguas Andinas S.A. for the 2010-2015 period were approved by Decree No. 60 dated February 2, 2010 by the Ministry of Economy, Development and Reconstruction and were applied beginning March 1, 2010. Current tariffs for Aguas Cordillera S.A. and Aguas Manquehue S.A. were approved by Decrees No. 176, on June 8, 2010, and No. 170, on May 20, 2010, respectively. Essal S.A. concluded its last tariff negotiation process in 2011 for the 2011-2016 period, and new rates were approved by Decree No. 116, on August 31, 2011.

To this date, the new tariff decrees for Aguas Andinas S.A., Aguas Cordillera S.A. y Aguas Manquehue S.A., for the 2015-2020 period are in the process of being published, after the respective agreements arrived at with the Superintendence of Sanitation Services, in their respective tariff setting processes.

Market Risk

Our company presents a favorable situation when it comes to risk, which is mainly due to the particular characteristics of the sanitation sector. Our business is seasonal and the operational results may vary from one quarter to another. We tend to record higher levels of demand and revenue during the summer months (December through March) and lower levels of demand and revenue during the winter months (June through September). In general, demand for water is greater during the warmest months and not in the months with milder temperatures, mainly due to the additional water requirements generated by irrigation systems and other external uses of water.

Adverse weather conditions could potentially affect optimal delivery of services, because the processes of extracting and producing drinking water depend largely on weather conditions that develop in watersheds. Climate factors such as rainfall, snow, hail, temperature and moisture as well as other factors such as sediment and water levels in rivers determine not only the quantity, quality and continuity of raw water available at each intake point, but also determine the probability that water is properly treated in the water treatment plants. During the months of January and February 2013, mudslides in the Cajón del Maipo area significantly increased the level of sediment in the Maipo river, forcing the Company to shut down its main water treatment plants which resulted in water stoppages for a significant number of customers.

In the event of prolonged drought, the Company has significant reserves of water that in the El Yeso, Laguna Negra and Lo Encañado reservoirs. Additionally the Company has developed contingency plans to mitigate the effects from adverse climate conditions that could affect our operations. In the current term the drought that has existed since 2010, still persists, which has led to the application of contingency plans such as the purchase of raw water, intensive use of wells, renting and purchase of water rights, among others. All of this with the objective of diminishing the impact of the drought and providing our services normally in terms of quality as well as continuity.

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Market Analysis

The market in which the Company participates has not varied given that by the nature of its services and under current legislation it has no competition in its concession area.

Aguas Andinas S.A. has 100% service coverage in drinking water, 98.7% service coverage in sewage collection and 100% service coverage in sewage treatment in Santiago.

Aguas Cordillera S.A. has 100% service coverage in drinking water, 98.7% service coverage in sewage collection and 100% service coverage in sewage treatment.

Aguas Manquehue S.A. has 100% service coverage in drinking water, 99.3% service coverage in sewage collection and 100% service coverage in sewage treatment.

Essal S.A. has 100% service coverage in drinking water, 95.4% service coverage in the X Region and 91.1% in the XIV Region of sewage collection and 100% service coverage in sewage treatment.

Capital Investments

One of the variables that impact the results of the operations and the financial condition of the Company are capital investments. There are two types:

Committed Investments

The Company has the obligation to agree on an investment plan with the industry regulator (S.I.S.S). The investment plan outlines investments that will be made in the subsequent 15 year period. Specifically, the plan includes certain projects related to maintaining certain quality standards and service coverage. The investment plan is subject to review every five years, and amendments may be made given certain circumstances.

Committed investments include several projects related to sewage treatment such as the construction of the Mapocho Urban Treatment Plan (MUL), in operation since 2010, the Mapocho Sewage Treatment Plant and the La Farfana-El Trebal Connector. These investments were important milestones in achieving the goal of 100% sewage

coverage treatment, which was reached in 2013. There are additional development projects and already in operation, included in the Safety Works of Drinking Water Provision; storage tanks, with the most relevant tank being one built at the Las Vizcachas plant which will have a capacity of 160,000 m³; the CAYA project which will connect the El Yeso reservoir with the Azulillos sector (capacity of 4.0 m³/s; length of connection is 5km); and additional drilling in the Cerro Negro area to increase capacity (500 l/s). These investments aimed to improve the quality and availability of water, especially in emergency situations.

Dates of approval and dates of updates to the investment plan for the Aguas Group:

AGUAS ANDINAS S.A.

Greater Santiago: May 16th, 2011

Other Locations: October 13th, 2011, September 12th, 2012, April 5th, 2013 and July 3rd, 2013.

AGUAS CORDILLERA S.A.

Aguas Cordillera and Villa Los Dominicos: October 18th, 2011

AGUAS MANQUEHUE S.A.

Santa María and Los Trapenses: December 28th, 2010

Chicureo, Chamisero and Valle Grande III: December 29th, 2011

Alto Lampa: November 22nd, 2013

ESSAL S.A.

X y XIV Regions: December 30th, 2010

Uncommitted Investments

Uncommitted investments are those that are not included in the committed investment plan that the Company chooses to carry out voluntarily to ensure the quality of services and to replace obsolete assets. These investments are generally related to the replacement of network infrastructure and other assets, the acquisition of certain water rights and investments in unregulated businesses, among others.

According to IAS 23 of the International Financial Reporting Standards (IFRS), the current accounting standard in Chile, interest on capital

investments is capitalized during the construction phase. IAS 23 outlines that when a company acquires debt in order to finance investments, the interest on that debt must be subtracted from financial expenses and incorporated into the financed construction project, for up to the full amount of interest, applying the respective rate of disbursements to the presentation date of financial statements. Consequently, the financial costs associated with our capital investment plan affects the amount of financial expenses recorded in the income statement. These financial costs are recorded along with ongoing works in the line item "Property, Plant and Equipment" of our statement of financial position.

Financial Aspects

Currency risks: Revenues are largely linked to the evolution of the local currency. Because of this factor, the Company's debt is mainly issued in that currency. As a result, the Company does not significant risk of foreign currency transactions.

As of December 31, 2014, the Company's interest rate profile consisted of 85.2% fixed rate and 14.8% variable rate. The fixed rate debt includes short-term and long-term bonds (75.9%) and reimbursable financial contributions (24.1%), while the variable rate debt includes bank debt with local financial institutions.

As of December 31, 2013, the Company's interest rate profile consisted of 89.2% fixed rate and 10.8% variable rate. The fixed rate debt includes short-term and long-term bonds (79.8%) and reimbursable financial contributions (20.2%), while the variable rate debt includes bank debt with local financial institutions.

The company has a policy of monitoring and managing its interest rate, with the aim of optimizing the cost of financing. It continuously evaluates available hedging instruments in the financial market.

This favourable situation has meant that the local rating agencies have assigned the Company a solvency rating of AA+. In the case of the shares, Fitch and ICR have assigned us a rating of first class Level 1 for the A series and first class Level 4 to B series.

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ANÁLISIS AMBIENTALES S.A.**General Background**

Name:	Análisis Ambientales S.A.
Entity type:	Closed corporation, it is mandated by its Statutes and by the applicable legislation.
Address:	Avda. Presidente Balmaceda N° 1398, Santiago
Phone number	(56-2) 569 22 30
Fax:	(56-2) 569 22 97
Tax number:	96.967.550-1
Subscribed and paid capital:	ThCh\$ 262,456
External auditors:	Ernst & Young
Tax number :	77.802.430-6

Corporate Purpose

The Company aims to perform all kinds of physical, chemical and biological analysis of water, air and solids, including soils, sludges and residues as well as any other element that is directly or indirectly related to the environment.

Constitution Documents

Análisis Ambientales S. A. was established by deed on August 20, 2001, before the notary public Ivan Torrealba Acevedo and its extract was published in the Official Journal on September 20, 2001, its trading name is ANAM S.A.

Board of Directors

President:	Felipe Larrain Aspillaga (President of Aguas Andinas S.A.)
Titular directors:	Jordi Valls R. (CEO of Aguas Andinas S.A.) Jorge Cosme Sagnier
CEO:	Juan Jose Gross Rudloff

Parent's percentage shareholding 99.00%

Proportion that the investment represents of the parent's assets:

The investment represents a proportion of 0.29%

Commercial relations with the parent

During the year 2014, the company maintained service contracts for physical, chemical and biological analyses of water and sludge, laboratory operations and rentals from its parent. It is expected to maintain similar commercial relations in the future.

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2. BASES OF PREPARATION AND ACCOUNTING POLICIES**2.1 Preparation**

These financial statements as of December 31, 2014 have been prepared in accordance with instructions and standards issued by the Superintendence of Securities and Insurance (SVS), which are composed of the International Financial Reporting Standards (IFRS), and what is established in Circular 856 of October 17, 2014 that instructs the auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780 with specific standards issued by the SVS. Consequently, these financial statements have not been prepared in accordance to IFRS.

If there is disagreement between IFRS and the instructions of SVS, the latter predominates. As of December 31, 2014, the only instruction of the SVS which contravenes the IFRS, refers to the particular register of effects on deferred taxes (see Note 2.2. j and Note 17).

These financial statements are the statement of financial position, the comprehensive results of its operations, changes in net equity and cash flows for periods ended December 31, 2014 and 2013.

The company complies with all the legal conditions of the environment in which it carries on its business and presents normal operating conditions in each area in which its activities are carried out, projecting a profitable operation with the ability to access the financial system to finance its business which, in the management's opinion, determines its ability to continue as an ongoing business, as established by the accounting standards under which these financial statements are issued.

Functional and presentation currency

The financial statements are shown using the currency of the principal economic environment in which the company operates (functional currency). For the purposes of the financial statements, the results and financial position of the Society are shown in Chilean pesos, which is the functional currency and the presentation currency of the Society for the financial statements.

New accounting pronouncements

- a) As of the date of these financial statements, the application has begun of IFRS 10, 12, IAS 27, 32, 36, 39 and IFRIC 21, which have been analyzed by the management which has determined that these do not affect the presentation and disclosures of the financial statements.
- b) The following new standards and interpretations have been issued but are not yet applicable:

New interpretations and amendments	Date of mandatory application
IFRS 9, Financial instruments, classification and measurement	Annual periods starting or after January 1, 2018
IFRS 14, Regulatory Deferral Accounts	Annual periods starting or after January 1, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2017
Improvements and modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting or after July 1, 2014
IFRS 3, Business Combinations	Annual periods starting or after July 1, 2014
IAS 40, Investment properties	Annual periods starting or after July 1, 2014
IAS 16, Property, Plant & Equipment	Annual periods starting or after January 1, 2016
IAS 38, Intangible Assets	Annual periods starting or after January 1, 2016
IAS 41, Agriculture	Annual periods starting or after January 1, 2016
IFRS 11, Joint Arrangements	Annual periods starting or after January 1, 2016
IAS 27, Separate Financial Statements	Annual periods starting or after January 1, 2016
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting or after January 1, 2016
IFRS 10, Consolidated Financial Statements	Annual periods starting or after January 1, 2016
IFRS 5, Non-current Assets Held for Sale and Discontinued Operations	Annual periods starting or after January 1, 2016
IFRS 7, Financial Instruments: Disclosures	Annual periods starting or after January 1, 2016
IFRS 12, Disclosure About Participation in other entities	Annual periods starting or after January 1, 2016
IAS 1, Presentation of Financial Statements	Annual periods starting or after January 1, 2016
IAS 34, Changes in Accounting Policy and Disclosures	Annual periods starting or after January 1, 2016

The management of the Company is analyzing the eventual impact of these standards and amendments on the Company's financial statements.

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Responsibility for the information and estimates made

The information contained in these financial statements is the responsibility of the board of the Society, which states that all the principles and criteria included in International Financial Reporting Standards (IFRS) and the instructions imparted by the SVS. The board on meeting held on March 20, 2015, approved these financial statements.

The financial statements of Análisis Ambientales S.A. for the period 2013 were approved by the board at its meeting held on March 21, 2014.

Estimates such as the following have been used in the preparation of the financial statements:

- Useful lives of fixed assets and intangible assets
- Losses through impairment of assets
- Revenues from supplies pending invoicing
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation

Although these estimates and judgments were made as a function of the best information available on the date of issue of these financial statements, it is possible that events may occur in the future that cause them to be amended (upward or downward) in following periods, which would be booked prospectively as soon as the variation is known, booking the effects of such changes in the corresponding future financial statements.

2.2 ACCOUNTING POLICIES

The following describes the principal accounting policies adopted in the preparation of these financial statements.

A. Intangible assets other than goodwill

The Society books an identifiable intangible asset when it can be shown that it is probable that future economic benefits attributed to it will flow to the entity and the cost can be correctly valued. The booking basis and measurement is the cost method.

i. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost less 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 revised at the closing of each statement of position, booking the effect of any change in the estimate from then on prospectively.

ii. Amortization method of intangible assets assets:**Intangible with defined useful life**

The amortization method employed by the Society reflects the pattern which is expected to be used, by the entity, the future economic benefits of the asset. The Society therefore uses the straight-line depreciation method.

Computer programs

The estimated useful life of software is 4 years. For those other assets with defined useful lives, the useful life for amortization relates to the periods defined in the contracts or rights originating them.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives relate mainly to water rights which were obtained on an indefinite basis, as established in the acquisition contracts.

Determination of useful life

The factors that should be considered for the estimation of the useful life include the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of products, changes in demand).
- Expected reactions of present or potential competitors.
- Natural or climatic factors and technological changes that affect the capacity to generate profits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the above-mentioned factors.

B. Property, plant and equipment

The Society follows the cost method for the valuation of property, plant and equipment. Historic cost includes expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are shown as a separate asset, only when it is probable that future economic benefits associated with the elements of fixed assets are going to flow to the Society and the cost of the element can be determined reliably. The value of the component substituted is written off in the books. Other repairs and maintenance are charged to results in the period in which incurred.

Depreciation method and estimated useful life for property, plant and equipment:

The depreciation method applied by the Society reflects the extent to which the assets are used by the entity during the period in which they generate economic benefits. The Society therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (external specialist firms). The residual value and useful life of assets are revised and adjusted if necessary at each closing of the statement of financial position.

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount.

Useful lives

The useful lives used for the calculation of depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits consideration that the useful life of some asset has been modified.

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The assignment of the total useful life for assets is carried out on the basis of various factors, including the nature of the equipment. These factors generally include:

1. Nature of the component materials in equipment or buildings
2. Operating environment of the equipment
3. Intensity of use
4. Legal, regulatory or contractual limitations

The range of useful lives (in years) by type of asset is as follows:

ITEM	Useful life (years) minimum	Useful life (years) maximum
Buildings	25	25
Plant & equipment	5	15
Computer equipment	4	4
Fixed installations & accessories	5	40
Motor vehicles	7	7

Policy for estimating costs of dismantling, retirement or renovation of property, plant and equipment:

Due to the nature of the assets constructed in the Society and as there are no contractual obligations or other construction requirements like those mentioned in IFRS, the concept of dismantling costs is not applicable at the date of these financial statements.

Fixed asset sales policy

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are booked in the statement of comprehensive results.

C. Impairment of tangible and intangible assets except goodwill

The Society revises the book values of its tangible and intangible assets at each closing date of the statement of financial position to see whether there exists any indication of impairment. Should this

exist, the recoverable value is estimated of such assets in order to determine whether any impairment has been suffered. When it is not possible to estimate the recoverable value of an asset in particular, the Society estimates the fair value of the cash-generating unit to which this asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment or when there are indications that the asset might have suffered impairment before the end of the period.

The recoverable value is the greater of its fair value less sale costs and the value in use. In estimating the value in use, the present value is calculated of the future cash flows of the assets analyzed using a pre-tax discount rate that reflects both the actual conditions of the money market at the time and the specific risks associated with the asset.

When it is estimated 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, booking a loss for impairment in results immediately. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided the adjusted book value does not exceed the book value that would have been determined if no loss for impairment of the asset (or cash-generating unit) had been booked in previous terms.

D. Leases

i. Financial leases

Leases are classified as financial leases when the conditions of the lease transfer substantially all the risks and benefits of ownership to the lessee. All other leases are classified as operative leases.

ii. Operative leases

Operative lease payments are booked as an expense on a straight-line basis over the term of the lease, except when another

systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses in the period in which they are incurred.

Should lease incentives be received in order to agree an operative lease, such incentives are booked 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 Society revise their contracts to check the possible existence of implicit leases, in accordance with IFRIC 4.

E. Financial assets

Acquisitions and disposals of financial instruments are booked on the date of trading, i.e. the date on which the Society commits to acquire or sell the asset. Investments are written down when the rights to receive cash flows from the investments are transferred and the Society has transferred substantially 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.
- Investments held to 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 their initial booking.

The Society invests in low-risk instruments that meet the classification standards established in their investment policies.

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The mutual funds invested in must therefore have a rating of AAfm / 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 N-1 (instruments with the highest capacity for paying the principal and interest on the agreed terms and maturities).

The issuing institutions of these instruments are banks or their 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 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 income or expense over the whole corresponding period. 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 makes the net present value equal to its nominal amount.

ii. Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets, which have fixed or determinable payments and which are not traded on an active market, classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any loss for impairment, except for short-term accounts receivable where the booking of interest would be immaterial.

Trade debtors and other accounts receivable.

Trade debtors and other accounts receivable are initially booked by its fair value, these are shown at net value of the estimate of bad accounts or of doubtful recovery.

The trade debtors policy is subject to the credit policy which sets the payment conditions, and also the different scenarios for reaching agreements with overdue customers.

Policy for impairment of trade debtors and other accounts receivable

The Society periodically evaluates impairments affecting its financial assets. The amount is booked in provisions account, resulting from the difference between the amount in book value of an asset and the present value of future estimated cash flows. The book value of an asset is reduced to the extent that the provision account is used and the loss is booked in the statement of comprehensive results in "other expenses". When an account receivable is not recoverable, it is written off against provisions for accounts receivable.

Estimates are based on the following ageing of debts and historic recovery:

A 100% provision is made of debts of customers overdue more than 120 days.

A 100% provision is made for overdue notes receivable.

F. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective

Currency	31-12-2014	31-12-2013
	\$	\$
US Dollar	606.75	524.61
Euro	738.05	724.30

exchange rates at the close of each period, these being:

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. 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 statement of comprehensive results. Exchange differences are booked to results for the period in which they accrue.

G. Financial liabilities

Loans and similar documents are shown initially at their fair value, net of the costs incurred in the transaction. They are later shown at amortized cost, using the effective interest rate.

H. Provisions and contingent liabilities

The Society makes a provision when there is a present obligation as a consequence of past events, for which it is probable that the Society will use resources to settle the obligation and of which a fair estimate of the amount of the obligation can be made.

The quantification of the provisions is made taking into account the best available information 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 shown, their full or partial revision being required when such risks disappear or reduce.

Contingent liabilities are those possible obligations arising as a result of past events, whose future materialization and associated equity effect is believed to be a low probability. In accordance with IFRS, the Society makes no provision for these concepts.

I. Employee benefits

The Society has 163 employees distributed in four senior executives and 61 professionals, 98 employees and administrative staff.

Policies for defined benefits plans

Workers of Análisis Ambientales S.A. are governed by the rules contained in articles 159, 160 and 161 of the Labor Code, for which no provision is made for termination benefits.

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J. Income tax and deferred taxes

The charge for income tax relates to the sum of income tax payable and variations in deferred tax assets and liabilities.

Income tax payable is determined on the basis of the tax result for the period. The income tax payable by the Society is calculated using the tax rates that have been approved or that are in the approval process, on the closing date of the statement of financial position.

Deferred taxes are shown on the basis of differences between the book values of assets and liabilities in the financial statements and the corresponding tax figures used in the calculation of the tax result, and are booked in accordance with the liability method. Deferred tax liabilities are booked for all taxable timing differences, and deferred tax assets are shown for all deductible timing differences provided it is probable that there will be future tax benefits to be able to offset such differences. Deferred tax assets or liabilities are not booked if the timing differences arise from the reduced value or initial booking (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or financial results.

The book value of deferred tax assets is revised on each closing date of the statement of financial position and is reduced to the extent that it is improbable that there will be sufficient tax results available to permit the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time that the liability is settled or asset realized, based on the tax rates that have been approved or are in the approval process at the close of the statement of financial position.

The measurement of deferred assets and liabilities reflects the tax consequences produced in the way the Society expects to recover or settle the book values of its assets and liabilities at the date of report.

Deferred tax assets and liabilities are offset when there is a legal right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

K. Ordinary revenue**Policy for accounting for ordinary revenue**

Revenue is booked arising from all normal operations and other events at the fair value of the payment received or receivable taking into account the terms of payment, rebates and credit notes. The amount of revenue can be measured reliably.

Policy for booking of ordinary 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 of the consideration receivable, net of returns, trade discounts and rebates, so the revenue is booked when it is transferred to the client and recovery is considered probable, and the associated costs and possible discounts for erroneous billings can be estimated reliably.

Policy for booking of ordinary revenue from sales of goods

If any sale of property, plants and equipment exists, the revenue will be booked when it could be measured reliably.

L. Statement of cash flows

The cash flow statement records the cash movements during the period which include VAT, determined by the direct method under the following criteria:

Cash and cash equivalents: Inflows and outflows of cash and equivalent financial assets, these being understood to be easily-liquidated short-term investments with a low risk of variation in their value (maximum term of 3 months from investment date, and unrestricted).

Operating activities: Typical activities of the normal business operation of the Society, plus others that cannot otherwise be defined as for investment or financing activities.

Investment activities: The acquisition, disposal or use by other means of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: Activities that produce changes in the amount and composition of net equity and liabilities not forming part of the ordinary activities.

2.3 Accounting changes

The Superintendence of Securities and Insurance (SVS), under its authority, dated October 17, 2014, issued the Circular 856 that instructs the auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780. The above, changed the preparation and presentation frame of financial report adopted until that date, given that previous frame (IFRS) needs to be adopted comprehensively, explicit and unreserved.

As of December 31, 2014 and for the year ended in that date, the quantification of change of the accounting framework meant a lower charge/payment to results of ThCh\$38,647.

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3_ OPERATIONS WITH RELATED ENTITIES

Balance and transactions with related entities

Transactions between the related entities are in line with market conditions.

ACCOUNTS RECEIVABLE FROM RELATED ENTITIES

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Term	Security	Current (ThCh\$)	
								31/12/2014	31/12/2013
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	411,682	345,969
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Property lease, U.F guarantee	CLP	30 days	Unsecured	3,492	3,305
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Sale of laboratory in construction	CLP	30 days	Unsecured		603,959
96.809.310-K	Aguas Cordillera S.A.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	46,567	41,495
89.221.000-4	Aguas Manquehue S.A.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	16,226	14,070
96.579.800-5	ESSAL S.A.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	178,560	187,511
96.945.210-3	Ecoriles S.A.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	74,109	67,764
96.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	2,275	2,275
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured		748
76.078.231-9	Emp. Dep. Agua Serv. Mapocho-Trebal Ltda.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	6,729	9,631
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	59,825	26,107
Total accounts receivable								799,465	1,302,833

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ACCOUNTS PAYABLE TO RELATED ENTITIES

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Term	Security	Current (ThCh\$)	
								31/12/2014	31/12/2013
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Reimbursement of personnel expenses	CLP	30 days	Unsecured	1,169	14
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Wellness discounts	CLP	30 days	Unsecured		230
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Dividends	CLP	30 days	Unsecured	323,758	0
96.809.310-K	Aguas Cordillera S.A.	Related to the Controller	CL	Dividends	CLP	30 days	Unsecured	3,270	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	18,523	
Total accounts payable								346,720	244

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TRANSACTIONS

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Current (ThCh\$)			
						31/12/2014		31/12/2013	
						Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
61.808.000-1	Aguas Andinas S.A.	Controller	CL	Laboratory analysis and sampling contract	CLP	2.333.627.673	1.961.859.234	2.860.810.392	1.895.179.630
61.808.000-1	Aguas Andinas S.A.	Controller	CL	Dividends	CLP	990.000.000		990.000.000	
96.809.310-K	Aguas Cordillera S.A.	Related to the Controller	CL	Laboratory analysis and sampling contract	CLP	299.970.120	252.276.875	301.698.343	253.561.362
89.221.000-4	Aguas Manquehue S.A.	Related to the Controller	CL	Laboratory analysis and sampling contract	CLP	154.926.792	130.230.196	123.742.000	100.264.632
96.579.800-5	ESSAL S.A.	Related to the Controller	CL	Laboratory analysis and sampling contract	CLP	734.814.376	612.420.282	679.570.804	579.336.556
96.945.210-3	Ecoriles S.A.	Related to the Controller	CL	Laboratory analysis and sampling contract	CLP	457.998.341	385.401.141	401.377.238	370.262.795

The materiality criteria for reporting transactions with related parties is amounts of over ThCh\$ 100,000.

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STATEMENT OF FINANCIAL POSITION	2014 ThCh\$	2013 ThCh\$
Current assets	3,605,574	3,673,948
Non-current assets	1,507,230	1,343,539
Total assets	5,112,804	5,017,487
LIABILITIES		
Current liabilities	1,139,501	716,039
Non-current liabilities		
Equity	3,973,303	4,301,448
Total liabilities and equity	5,112,804	5,017,487
STATEMENT OF COMPREHENSIVE RESULTS	2014 ThCh\$	2013 ThCh\$
Revenue	6,603,852	5,839,344
Costs of operation	-5,283,496	-4,505,730
Financial result	50,273	59,775
Other than operation	3,491	-1,465
Income tax	-284,027	-262,067
Period income	1,090,093	1,129,857
STATEMENT OF CASH FLOW	2014 ThCh\$	2013 ThCh\$
Net cash flows of operation activities	2,059,717	1,345,024
Net cash flows of investment activities	-385,631	-693,249
Net cash flows of financing activities	-1,129,858	-1,000,000
Net increase (decrease) on cash and cash equivalents	544,228	-348,225
Initial balance of cash and cash equivalents	1,362,677	1,710,902
Closing balance of cash and cash equivalents	1,906,905	1,362,677
STATEMENT OF CHANGE IN EQUITY	2014 ThCh\$	2013 ThCh\$
Issued capital	262,456	262,456
Other participations in equity	-21,449	-21,449
Accumulated earnings (losses)	3,732,296	4,060,441
Closing balance equity	3,973,303	4,301,448

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ECORILES S.A.**General Background**

Name:	Ecoriles S.A.
Entity type:	Closed corporation, it is mandated by its Statutes and by the applicable legislation.
Address:	Avda. Presidente Balmaceda N° 1398, Santiago
Phone number:	(56-2) 2569 22 30
Fax:	(56-2) 2569 22 97
Tax number:	96.945.210-3
Subscribed and paid capital:	ThCh\$ 333,787
External auditors:	Ernst & Young
Tax number:	77.802.430-6

Corporate purpose

The objects of the company are to treat liquid waste and carry out all activities related or linked to the treatment of sewage and waste, through technical advice and the development of training, design, construction, team commercialization, maintenance and operation services of all kinds of installations.

Legal Constitution

Ecoriles S.A. was established by deed on December 15, 2000, before the notary public Juan Ricardo San Martín Urrejola and its extract was published in the Official Journal on January 16, 2001.

Board of Directors

President:	Felipe Larrain Aspillaga (President of Aguas Andinas S.A.)
Titular directors:	Jordi Valls R. (CEO of Aguas Andinas S.A.) Jorge Cosme Sagnier
CEO:	Juan Jose Gross Rudloff

Parent's percentage shareholding 99.03846%

Proportion that the investment represents of the parent's assets:

The investment represents a proportion of 0.22%

Commercial relations with the parent

During the period ended December 31, 2014, the Society kept contracts for excess load treatment and office rentals. It is expected to maintain similar commercial relations in the future.

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1. BASES OF PREPARATION AND ACCOUNTING POLICIES**1.1 Preparation**

These financial statements as of December 31, 2014, have been prepared in accordance with instructions and standards issued by the Superintendence of Securities and Insurance (SVS), which are composed of the International Financial Reporting Standards (IFRS), and what is established in Circular 856 of October 17, 2014 that instructs the auditees, register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780 with specific standards issued by the SVS. Consequently, these financial statements have not been prepared in accordance to IFRS.

If there is disagreement between IFRS and the instructions of SVS, the latter predominates. As of December 31, 2014, the only instruction of the SVS which contravenes the IFRS, refers to the particular register of effects on deferred taxes.

The company complies with all the legal conditions of the environment in which it carries on its business and presents normal operating conditions in each area in which its activities are carried out, projecting a profitable operation with the ability to access the financial system to finance its business which, in the management's opinion, determines its ability to continue as an ongoing business, as established by the accounting standards under which these financial statements are issued.

Functional and presentation currency

The financial statements are shown using the currency of the principal economic environment in which the company operates (functional currency). For the purposes of the financial statements, in accordance to IAS 21. The financial statements are shown in Chilean pesos, which is the functional currency and the presentation currency of the Society for the financial statements.

New accounting pronouncements

- a) As of the date of these financial statements, the application has begun of IFRS 10, 12, IAS 27, 32, 36, 39 and IFRIC 21, which have been analyzed

by the management which has determined that these do not affect the presentation and disclosures of the financial statements.

- b) The following new standards and interpretations have been issued but are not yet applicable:

New interpretations and amendments	Date of mandatory application
IFRS 9, Financial instruments, classification and measurement	Annual periods starting or after January 1, 2018
IFRS 14, Regulatory Deferral Accounts	Annual periods starting or after January 1, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2017
Improvements and modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting or after July 1, 2014
IFRS 3, Business Combinations	Annual periods starting or after July 1, 2014
IAS 40, Investment properties	Annual periods starting or after July 1, 2014
IAS 16, Property, Plant & Equipment	Annual periods starting or after January 1, 2016
IAS 38, Intangible Assets	Annual periods starting or after January 1, 2016
IAS 41, Agriculture	Annual periods starting or after January 1, 2016
IFRS 11, Joint Arrangements	Annual periods starting or after January 1, 2016
IAS 27, Separate Financial Statements	Annual periods starting or after January 1, 2016
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting or after January 1, 2016
IFRS 10, Consolidated Financial Statements	Annual periods starting or after January 1, 2016
IFRS 5, Non-current Assets Held for Sale and Discontinued Operations	Annual periods starting or after January 1, 2016
IFRS 7, Financial Instruments: Disclosures	Annual periods starting or after January 1, 2016
IFRS 12, Disclosures on participation in other entities	Annual periods starting or after January 1, 2016
IAS 1, Presentation of Financial Statements	Annual periods starting or after January 1, 2016
IAS 34, Changes in Accounting Policy and Disclosures	Annual periods starting or after January 1, 2016

The management of the Company is analyzing the eventual impact of these standards and amendments on the Company's financial statements.

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Responsibility for the information and estimates made

The information contained in these financial statements is the responsibility of the board of the Society, which states that all the principles and criteria included in International Financial Reporting Standards (IFRS) and the instructions imparted by the SVS. The board on meeting held on March 20, 2015, approved these financial statements. The financial statements of Ecoriles S.A. for the period 2013 were approved by the board at its meeting held on March 21, 2014.

Estimates such as the following have been used in the preparation of the financial statements:

- Useful lives of fixed assets and intangible assets
- Revenues from supplies pending invoicing
- Losses through impairment of assets
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation

Although these estimates and judgments were made as a function of the best information available on the date of issue of these financial statements, it is possible that events may occur in the future that cause them to be amended (upward or downward) in following periods, which would be booked prospectively as soon as the variation is known, booking the effects of such changes in the corresponding future financial statements.

1.2 ACCOUNTING POLICIES

The following describes the principal accounting policies adopted in the preparation of these financial statements.

A. Intangible assets other than goodwill

The Society books an identifiable intangible asset when it can be shown that it is probable that future economic benefits attributed to it will flow to the entity and the cost can be correctly valued.

The booking basis and measurement is the cost method.

i. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost less 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 revised at the closing of each statement of position, booking the effect of any change in the estimate from then on prospectively.

ii. Amortization method of intangible assets: Intangible with defined useful life.

The amortization method employed by the Society reflects the pattern which is expected to be used, by the entity, the future economic benefits of the asset. The Society therefore uses the straight-line depreciation method.

Computer programs.

The estimated useful life of software is 4 years. For those other assets with defined useful lives, the useful life for amortization relates to the periods defined in the contracts or rights originating them.

Intangible assets with indefinite useful lives.

Intangible assets with indefinite useful lives relate mainly to water rights which were obtained on an indefinite basis, as established in the acquisition contracts.

Determination of useful life

The factors that should be considered for the estimation of the useful life include the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of products, changes in demand).
- Expected reactions of present or potential competitors.
- Natural or climatic factors and technological changes that affect the capacity to generate profits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the above-mentioned factors.

B. Property, plant and equipment

The Society follows the cost method for the valuation of property, plant and equipment. Historic cost includes expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are shown as a separate asset, only when it is probable that future economic benefits associated with the elements of fixed assets are going to flow to the Society and the cost of the element can be determined reliably. The value of the component substituted is written off in the books. Other repairs and maintenance are charged to results in the period in which incurred.

Depreciation method and estimated useful life for property, plant and equipment:

The depreciation method applied by the Society reflects the extent to which the assets are used by the entity during the period in which they generate economic benefits. The Society therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (external specialist firms). The residual value and useful life of assets are revised and adjusted if necessary at each closing of the statement of financial position.

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount.

Useful lives

The useful lives used for the calculation of depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits consideration that the useful life of some asset has been modified.

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The assignment of the total useful life for assets is carried out on the basis of various factors, including the nature of the equipment. These factors generally include:

1. Nature of the component materials in equipment or buildings
2. Operating environment of the equipment
3. Intensity of use
4. Legal, regulatory or contractual limitations

The range of useful lives (in years) by type of asset is as follows:

ITEM	Useful life (years) minimum	Useful life (years) maximum
Buildings	25	25
Plant & equipment	5	20
Computer equipment	4	4
Fixed installations & accessories	5	10

Policy for estimating costs of dismantling, retirement or renovation of property, plant and equipment:

Due to the nature of the assets constructed in the Society and as there are no contractual obligations or other construction requirements like those mentioned in IFRS, the concept of dismantling costs is not applicable at the date of these financial statements.

Fixed asset sales policy

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are booked in the statement of comprehensive results.

C. Impairment of tangible and intangible assets except goodwill

The Society revises the book values of its tangible and intangible

assets at each closing date of the statement of financial position to see whether there exists any indication of impairment. Should this exist, the recoverable value is estimated of such assets in order to determine whether any impairment has been suffered. When it is not possible to estimate the recoverable value of an asset in particular, the Society estimates the fair value of the cash-generating unit to which this asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment or when there are indications that the asset might have suffered impairment before the end of the period.

The recoverable value is the greater of its fair value less sale costs and the value in use. In estimating the value in use, the present value is calculated of the future cash flows of the assets analyzed using a pre-tax discount rate that reflects both the actual conditions of the money market at the time and the specific risks associated with the asset.

When it is estimated 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, booking a loss for impairment in results immediately. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided the adjusted book value does not exceed the book value that would have been determined if no loss for impairment of the asset (or cash-generating unit) had been booked in previous terms.

D. Leases

i. Financial leases

Leases are classified as financial leases when the conditions of the lease transfer substantially all the risks and benefits of ownership to the lessee. All other leases are classified as operative leases.

ii. Operative leases

Operative lease payments are booked as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses in the period in which they are incurred.

Should lease incentives be received in order to agree an operative lease, such incentives are booked 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 Society revise their contracts to check the possible existence of implicit leases, in accordance with IFRIC 4.

E. Financial assets

Acquisitions and disposals of financial instruments are booked on the date of trading, i.e. the date on which the Society commits to acquire or sell the asset. Investments are written down when the rights to receive cash flows from the investments are transferred and the Society has transferred substantially 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.
- Investments held to maturity.
- Loans and accounts receivable.
- Financial assets available for sale.

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The classification depends on the nature and purpose of the financial assets and is determined at the time of their initial booking.

The Society invests in low-risk instruments that meet the classification standards established in their investment policies. The mutual funds invested in must therefore have a rating of AAfm / 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 N-1 (instruments with the highest capacity for paying the principal and interest on the agreed terms and maturities).

The issuing institutions of these instruments are banks or their 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 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 income or expense over the whole corresponding period. 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 makes the net present value equal to its nominal amount.

ii. Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets, which have fixed or determinable payments and which are not traded on an active market, classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any loss for impairment, except for short-term accounts receivable where the booking of interest would be immaterial. The interest income are booked applying the effective interest-rate.

Trade debtors and other accounts receivable.

Trade debtors and other accounts receivable are initially booked by its fair value, these are shown at net value of the estimate of bad accounts or of doubtful recovery.

The trade debtors policy is subject to the credit policy which sets the payment conditions, and also the different scenarios for reaching agreements with overdue customers.

Policy for impairment of trade debtors and other accounts receivable

The Society periodically evaluates impairments affecting its financial assets. The amount is booked in provisions account, resulting from the difference between the amount in book value of an asset and the present value of future estimated cash flows. The book value of an asset is reduced to the extent that the provision account is used and the loss is booked in the statement of comprehensive results in "other expenses". When an account receivable is not recoverable, it is written off against provisions for accounts receivable.

Estimates are based on the following ageing of debts and historic recovery:

A 100% provision is made of debts of customers overdue more than 120 days.

A 100% provision is made for overdue notes receivable.

F. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the close of each period, these being:

Currency	31-12-2014	31-12-2013
	\$	\$
US Dollar	606.75	524.61
Euro	738.05	724.30

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. 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 statement of comprehensive results.

Exchange differences are booked to results for the period in which they accrue.

G. Financial liabilities

Loans and similar documents are shown initially at their fair value, net of the costs incurred in the transaction. They are later shown at amortized cost, using the effective interest rate.

H. Provisions and contingent liabilities

The Society makes a provision when there is a present obligation as a consequence of past events, for which it is probable that the Society will use resources to settle the obligation and of which a fair estimate of the amount of the obligation can be made.

The quantification of the provisions is made taking into account the best available information 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 shown, their full or partial revision being required when such risks disappear or reduce.

Contingent liabilities are those possible obligations arising as a result of past events, whose future materialization and associated equity effect is believed to be a low probability. In accordance with IFRS, the Society makes no provision for these concepts.

I. Employee benefits

The Society has 184 employees distributed in two senior executives and 182 professionals, technicians, employees and administrative staff.

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Policies for defined benefits plans

Workers of Ecoriles S.A. are governed by the rules contained in articles 159, 160 and 161 of the Labor Code, for which no provision is made for termination benefits.

J. Income tax and deferred taxes

The charge for income tax relates to the sum of income tax payable and variations in deferred tax assets and liabilities.

Income tax payable is determined on the basis of the tax result for the period. The income tax payable by the Society is calculated using the tax rates that have been approved or that are in the approval process, on the closing date of the statement of financial position.

Deferred taxes are shown on the basis of differences between the book values of assets and liabilities in the financial statements and the corresponding tax figures used in the calculation of the tax result, and are booked in accordance with the liability method. Deferred tax liabilities are booked for all taxable timing differences, and deferred tax assets are shown for all deductible timing differences provided it is probable that there will be future tax benefits to be able to offset such differences. Deferred tax assets or liabilities are not booked if the timing differences arise from the reduced value or initial booking (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or financial results.

The book value of deferred tax assets is revised on each closing date of the statement of financial position and is reduced to the extent that it is improbable that there will be sufficient tax results available to permit the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time that the liability is settled or asset realized, based on the tax rates that have been approved or are in the approval process at the close of the statement of financial position. The measurement of deferred assets and liabilities reflects the tax consequences produced in the way the Society expects to recover or settle the book values of its assets and liabilities at the date of report.

Deferred tax assets and liabilities are offset when there is a legal right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

K. Ordinary revenue**Policy for booking of ordinary revenue**

Revenue is booked arising from all normal operations and other events at the fair value of the payment received or receivable taking into account the terms of payment, rebates and credit notes. The amount of revenue can be measured reliably.

Policy for booking of ordinary 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 of the consideration receivable, net of returns, trade discounts and rebates, so the revenue is booked when it is transferred to the client and recovery is considered probable, and the associated costs and possible discounts for erroneous billings can be estimated reliably. If any sale of property, plants and equipment exists, the revenue will be booked when it could be measured reliably.

Policy for booking of ordinary revenue from sales of goods

If any sale of property, plants and equipment exists, the revenue will be booked when it could be measured reliably.

L. Statement of cash flows

The cash flow statement records the cash movements during the period which include VAT, determined by the direct method under the following criteria:

Cash and cash equivalents: Inflows and outflows of cash and equivalent financial assets, these being understood to be easily-liquidated short-term investments with a low risk of variation in their value (maximum term of 3 months from investment date, and unrestricted).

Operating activities: Typical activities of the normal business operation of the Society, plus others that cannot otherwise be defined as for investment or financing activities.

Investment activities: The acquisition, disposal or use by other means of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: Activities that produce changes in the amount and composition of net equity and liabilities not forming part of the ordinary activities.

M. Reclassifications

There are accounting changes due to the instructions of Superintendence of Securities and Insurance by application of exchange rate effects on taxes that affect equity.

Reclassifications	Increase/(decrease) ThCh\$
Statement of result by nature:	
Revenue	20,343
Other earnings	-20,343

2.3 Accounting changes

The Superintendence of Securities and Insurance (SVS), under its authority, dated October 17, 2014, issued the Circular 856 that instructs the auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780. The above, changed the preparation and presentation frame of financial report adopted until that date, given that previous frame (IFRS) needs to be adopted comprehensively, explicit and unreserved.

As of December 31, 2014 and for the year ended in that date, the quantification of change of accounting frame meant a lower charge/ payment to results of ThCh\$13,303.

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3_ OPERATIONS WITH RELATED ENTITIES

Balance and transactions with related entities

Transactions between the related entities are in line with market conditions.

ACCOUNTS RECEIVABLE FROM RELATED ENTITIES

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Term	Security	Current (ThCh\$)	
								31/12/2014	31/12/2013
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Property lease, U.F guarantee	CLP	30 days	Unsecured	1,848	1,749
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Design, supply and implementation Quilicura Plant	CLP	30 days	Unsecured	0	238,000
89.221.000-4	Aguas Manquehue S.A.	Related to the controller	CL	Design, supply and implementation Alto Lampa Plant	CLP	30 days	Unsecured	0	112,772
89.221.000-4	Aguas Manquehue S.A.	Related to the controller	CL	Lo Pinto Project	CLP	30 days	Unsecured	136,756	
Total								138,604	352,521

ACCOUNTS PAYABLE TO RELATED ENTITIES

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Term	Security	Current (ThCh\$)	
								31/12/2014	31/12/2013
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Interim dividend	CLP			492,074	0
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Discharge organic excess to the network	CLP	30 days	Unsecured	160,696	150,494
96.967.550-1	Análisis Ambientales S.A.	Related to the controller	CL	Chemical and bacteriological analysis services	CLP	30 days	Unsecured	74,109	67,764
96.828.120-8	Gestión y Servicios S.A.	Related to the controller	CL	Unit's cleaning	CLP	30 days	Unsecured	449	2,934
76.938.110-4	EDAS	Related to the controller	CL	Chemical and bacteriological analysis services	CLP	30 days	Unsecured		678
Total								727,328	221,870

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TRANSACTIONS

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Current (ThCh\$)			
						31/12/2014		31/12/2013	
						Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loans	CLP	2,429,155	0	0	0
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan collection	CLP	-2,429,155	0	0	0
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Charge organic excess to the network	CLP	-948,796	-871,561	455,085	-509,176
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Contract Quilicura Plant	CLP	238,000	200,000	1,000,000	1,000,000
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Dividends paid	CLP	-1,524,424		1,120,125	
89.221.000-4	Aguas Manquehue S.A.	Related to the controller	CL	Contract Alto Lampa Project	CLP	112,772	94,766		
96.967.550-1	Análisis Ambientales S.A.	Related to the controller	CL	Laboratory Analysis	CLP	-450,372	-377,727	445,834	-370,263

The materiality criteria for reporting transactions with related parties is amounts of over ThCh\$ 100,000.

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STATEMENT OF FINANCIAL POSITION	2014 ThCh\$	2013 ThCh\$
ASSETS		
Current assets	4,460,896	4,396,638
Non-current assets	349,256	300,765
Total assets	4,810,152	4,697,403
LIABILITIES		
Current liabilities	1,824,643	1,334,144
Non-current liabilities	-	-
Equity	2,985,509	3,363,259
Total liabilities and equity	4,810,152	4,697,403
STATEMENT OF COMPREHENSIVE RESULTS	2014 ThCh\$	2013 ThCh\$
Revenue	11,865,133	12,402,284
Costs of operation	-9,872,518	-10,542,407
Financial result	40,856	44,675
Other than operation	11,246	5,345
Income tax	-404,472	-370,673
Period income	1,640,245	1,539,224
STATEMENT OF CASH FLOW	2014 ThCh\$	2013 ThCh\$
Net cash flows of operation activities	1,667,639	920,117
Net cash flows of investment activities	-140,569	-107,010
Net cash flows of financing activities	-1,539,224	-1,131,000
Net increase (decrease) on cash and cash equivalents	-12,153	-317,893
Initial balance of cash and cash equivalents	818,458	1,136,351
Closing balance of cash and cash equivalents	806,305	818,458
STATEMENT OF CHANGE IN EQUITY	2014 ThCh\$	2013 ThCh\$
Issued capital	333,787	333,787
Other participations in equity	-27,279	-27,279
Accumulated earnings (losses)	2,679,001	3,056,751
Closing balance equity	2,985,509	3,363,259

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GESTIÓN Y SERVICIOS S.A.**General Background**

Name:	Gestión y Servicios S.A.
Entity type:	Closed corporation, it is mandated by its Statutes and by the applicable legislation.
Address:	Avda. Presidente Balmaceda N° 1398, Santiago
Phone number:	(56-2) 569 23 42
Fax:	56-2) 569 23 98
Tax number:	96.828.120-8
Subscribed and paid capital:	ThCh\$ 506,908
External auditors:	Ernst & Young
Tax number:	77.802.430-6

Board of Directors

President:	Felipe Larraín Aspillaga (President of Aguas Andinas S.A.)
Titular directors:	Jordi Valls R. (CEO of Aguas Andinas S.A.) Jorge Cosme Sagnier
CEO:	Juan Jose Gross Rudloff

Parent's percentage shareholding 97.84783%**Proportion that the investment represents of the parent's assets:****The investment represents a proportion of** 0.32%**Commercial relations with the parent**

During the period ended December 31, 2014, the Society kept contract for the purchase and sale of materials, renewal of collectors and leases with its Matrix. In the future it is expected to maintain similar commercial relationships.

Corporate purpose

The objects of the company are the urbanization, purchase and sale of sanitation materials, sale of biogas, construction and special works advisory services.

Legal Constitution

The company was constituted as a corporation named Aguas del Maipo S.A. by public deed dated June 6, 1997 before the Santiago notary Patricio Zaldivar Mackenna. The bylaws were later reformed per deed dated November 10, 2000 before the notary Patricio Zaldivar Mackenna, changing its name to Gestión y Servicios S.A.

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1. BASES OF PREPARATION AND ACCOUNTING POLICIES**1.1 Preparation**

The financial statements as of December 31, 2014, have been prepared in accordance with instructions and standards issued by the Superintendence of Securities and Insurance (SVS), which are composed of the International Financial Reporting Standards (IFRS), and what is established in Circular 856 of October 17, 2014 that instructs auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780 with specific standards issued by the SVS. Consequently, these financial statements have not been prepared in accordance to IFRS.

If there is disagreement between IFRS and the instructions of SVS, the latter predominates. As of December 31, 2014, the only instruction of the SVS which contravenes the IFRS, refers to the particular register of effects on deferred taxes (see Note 2.2, k and Note 19).

These financial statements are the statement of financial position, the comprehensive results of its operations, changes in net equity and cash flows for periods ended December 31, 2014 and 2013.

The Society complies with all the legal conditions of the environment in which it carries on its business, operate normally in every area of their activities, projecting a profitable operation and able to access the financial system for financing their businesses which, in the management's opinion, determines its ability to continue as an ongoing company, as established by the accounting standards under which these financial statements are issued.

Functional and presentation currency

The financial statements are shown using the currency of the principal economic environment in which the company operates (functional currency). For the purposes of the financial statements, in accordance to IAS 21. The financial statements are shown in Chilean pesos (rounded in thousands of pesos), which is the functional currency and the presentation currency of the Society for the financial statements.

New accounting pronouncements

- a) As of the date of these financial statements, the application has begun of IFRS 10, 12, IAS 27, 32, 36, 39 and IFRIC 21, which have been analyzed by the management which has determined that these do not affect the presentation and disclosures of the financial statements.
- b) The following new standards and interpretations have been issued but are not yet applicable:

New interpretations and amendments	Date of mandatory application
IFRS 9, Financial instruments, classification and measurement	Annual periods starting or after January 1, 2018
IFRS 14, Regulatory Deferral Accounts	Annual periods starting or after January 1, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2017
Improvements and modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting or after July 1, 2014
IFRS 3, Business Combinations	Annual periods starting or after July 1, 2014
IAS 40, Investment properties	Annual periods starting or after July 1, 2014
IAS 16, Property, Plant & Equipment	Annual periods starting or after January 1, 2016
IAS 38, Intangible Assets	Annual periods starting or after January 1, 2016
IAS 41, Agriculture	Annual periods starting or after January 1, 2016
IFRS 11, Joint Arrangements	Annual periods starting or after January 1, 2016
IAS 27, Separate Financial Statements	Annual periods starting or after January 1, 2016
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting or after January 1, 2016
IFRS 10, Consolidated Financial Statements	Annual periods starting or after January 1, 2016
IFRS 5, Non-current Assets Held for Sale and Discontinued Operations	Annual periods starting or after January 1, 2016
IFRS 7, Financial Instruments: Disclosures	Annual periods starting or after January 1, 2016
IFRS 12, Disclosure About Participation in other entities	Annual periods starting or after January 1, 2016
IAS 1, Presentation of Financial Statements	Annual periods starting or after January 1, 2016
IAS 34, Changes in Accounting Policy and Disclosures	Annual periods starting or after January 1, 2016

The management of the Company is analyzing the eventual impact of these standards and amendments on the Company's financial statements.

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Responsibility for the information and estimates made

The information contained in these financial statements is the responsibility of the board of the Society, which states that all the principles and criteria included in International Financial Reporting Standards (IFRS) and the instructions imparted by the SVS. The board on meeting held on March 20, 2015, approved these financial statements.

The financial statements of Gestión y Servicios S.A. for the period 2013 were approved by the board at its meeting held on March 21, 2014. Estimates such as the following have been used in the preparation of the financial statements:

- Useful lives of fixed assets and intangible assets
- Losses through impairment of assets
- Revenues from supplies pending invoicing
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation

Although these estimates and judgments were made as a function of the best information available on the date of issue of these financial statements, it is possible that events may occur in the future that cause them to be amended (upward or downward) in following periods, which would be booked prospectively as soon as the variation is known, booking the effects of such changes in the corresponding future financial statements.

1.2 Accounting Policies

The following describes the principal accounting policies adopted in the preparation of these financial statements.

A. Intangible assets other than goodwill

The Society books an identifiable intangible asset when it can be shown that it is probable that future economic benefits attributed to it will flow to the entity and the cost can be correctly valued. The booking basis and measurement is the cost method.

i. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost less 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 revised at the closing of each statement of position, booking the effect of any change in the estimate from then on prospectively.

ii. Amortization method of intangible assets:**Intangible with defined useful life**

The amortization method employed by the Society reflects the pattern which is expected to be used, by the entity, the future economic benefits of the asset. The Society therefore uses the straight-line depreciation method.

Computer programs

The estimated useful life of software is 4 years. For those other assets with defined useful lives, the useful life for amortization relates to the periods defined in the contracts or rights originating them.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives relate mainly to water rights which were obtained on an indefinite basis, as established in the acquisition contracts.

Determination of useful life

The factors that should be considered for the estimation of the useful life include the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of products, changes in demand).
- Expected reactions of present or potential competitors.
- Natural or climatic factors and technological changes that affect the capacity to generate profits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the above-mentioned factors.

B. Property, plant and equipment

The Society follows the cost method for the valuation of property, plant and equipment. Historic cost includes expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are shown as a separate asset, only when it is probable that future economic benefits associated with the elements of fixed assets are going to flow to the Society and the cost of the element can be determined reliably. The value of the component substituted is written off in the books. Other repairs and maintenance are charged to results in the period in which incurred.

Depreciation method and estimated useful life for property, plant and equipment:

The depreciation method applied by the Society reflects the extent to which the assets are used by the entity during the period in which they generate economic benefits. The Society therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (external specialist firms). The residual value and useful life of assets are revised and adjusted if necessary at each closing of the statement of financial position. When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount.

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Useful lives

The useful lives used for the calculation of depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits consideration that the useful life of some asset has been modified.

The assignment of the total useful life for assets is carried out on the basis of various factors, including the nature of the equipment. These factors generally include:

1. Nature of the component materials in equipment or buildings
2. Operating environment of the equipment
3. Intensity of use
4. Legal, regulatory or contractual limitations

The range of useful lives (in years) by type of asset is as follows:

ITEM	Useful life (years) minimum	Useful life (years) maximum
Plant & equipment	7	20
Computer equipment	4	4
Fixed installations & accessories	10	10
Motor vehicles	7	7

Policy for estimating costs of dismantling, retirement or renovation of property, plant and equipment:

Due to the nature of the assets constructed in the Society and as there are no contractual obligations or other construction requirements like those mentioned in IFRS, the concept of dismantling costs is not applicable at the date of these financial statements.

Fixed asset sales policy

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are booked in the statement of comprehensive results.

C. Impairment of tangible and intangible assets except goodwill

The Society revises the book values of its tangible and intangible assets at each closing date of the statement of financial position to see whether there exists any indication of impairment. Should this exist, the recoverable value is estimated of such assets in order to determine whether any impairment has been suffered. When it is not possible to estimate the recoverable value of an asset in particular, the Society estimates the fair value of the cash-generating unit to which this asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment or when there are indications that the asset might have suffered impairment before the end of the period.

The recoverable value is the greater of its fair value less sale costs and the value in use. In estimating the value in use, the present value is calculated of the future cash flows of the assets analyzed using a pre-tax discount rate that reflects both the actual conditions of the money market at the time and the specific risks associated with the asset.

When it is estimated 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, booking a loss for impairment in results immediately. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided the adjusted book value does not exceed the book value that would have been determined if no loss for impairment of the asset (or cash-generating unit) had been booked in previous terms.

D. Leases**i. Financial leases**

Leases are classified as financial leases when the conditions of the lease transfer substantially all the risks and benefits of ownership to the lessee. All other leases are classified as operative leases.

ii. Operative leases

Operative lease payments are booked as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses in the period in which they are incurred.

Should lease incentives be received in order to agree an operative lease, such incentives are booked 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 Society revise their contracts to check the possible existence of implicit leases, in accordance with IFRIC 4.

E. Financial assets

Acquisitions and disposals of financial instruments are booked on the date of trading, i.e. the date on which the Society commits to acquire or sell the asset. Investments are written down when the rights to receive cash flows from the investments are transferred and the Society has transferred substantially 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.
- Investments held to maturity.
- Loans and accounts receivable.
- Financial assets available for sale.

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The classification depends on the nature and purpose of the financial assets and is determined at the time of their initial booking.

The Society invests in low-risk instruments that meet the classification standards established in their investment policies. The mutual funds invested in must therefore have a rating of AAfm / 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 N-1 (instruments with the highest capacity for paying the principal and interest on the agreed terms and maturities).

The issuing institutions of these instruments are banks or their 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 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 income or expense over the whole corresponding period. 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 makes the net present value equal to its nominal amount.

ii. Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets, which have fixed or determinable payments and which are not traded on an active market, classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any loss for impairment, except for short-term accounts receivable where the booking of interest would be immaterial.

Trade debtors and other accounts receivable.

Trade debtors and other accounts receivable are initially booked by its fair value, these are shown at net value of the estimate of bad accounts or of doubtful recovery.

The trade debtors policy is subject to the credit policy which sets the payment conditions, and also the different scenarios for reaching agreements with overdue customers.

Policy for impairment of trade debtors and other accounts receivable

The Society periodically evaluates impairments affecting its financial assets. The amount is booked in provisions account, resulting from the difference between the amount in book value of an asset and the present value of future estimated cash flows. The book value of an asset is reduced to the extent that the provision account is used and the loss is booked in the statement of comprehensive results in "other expenses". When an account receivable is not recoverable, it is written off against provisions for accounts receivable.

Estimates are based on the following ageing of debts and historic recovery:

A 100% provision is made of debts of customers overdue more than 120 days.

A 100% provision is made for overdue notes receivable.

F. Inventories

Inventories are shown at cost which does not exceed their net realization value. The costing method is the weighted average cost. Inventories that have not turned over during the previous 12 months are valued annually and are booked at market value, if less.

G. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the close of each period, these being:

Currency	31-12-2014	31-12-2013
	\$	\$
US Dollar	606.75	524.61
Euro	738.05	724.30

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. 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 statement of comprehensive results.

Exchange differences are booked to results for the period in which they accrue.

H. Financial liabilities

Loans and similar documents are shown initially at their fair value, net of the costs incurred in the transaction. They are later shown at amortized cost, using the effective interest rate.

I. Provisions and contingent liabilities

The Society makes a provision when there is a present obligation as a consequence of past events, for which it is probable that the Society will use resources to settle the obligation and of which a fair estimate of the amount of the obligation can be made.

The quantification of the provisions is made taking into account the best available information 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 shown, their full or partial revision being required when such risks disappear or reduce.

Contingent liabilities are those possible obligations arising as a result of past events, whose future materialization and associated equity effect is believed to be a low probability. In accordance with IFRS, the Society makes no provision for these concepts.

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J. Employee benefits

The Society has 28 employees distributed in two senior executives and 13 professionals and 13 distributed in technicians, employees and administrative staff.

Policies for defined benefits plans

Workers of Gestión y Servicios S.A. are governed by the rules contained in articles 159, 160 and 161 of the Labor Code, for which no provision is made for termination benefits.

Only two workers that were transferred from the matrix, have compensation to current value until year 2002 (includes those compensations in any event booked at that date), applies the actuarial calculation, as the advances granted against this compensation.

K. Income tax and deferred taxes

The charge for income tax relates to the sum of income tax payable and variations in deferred tax assets and liabilities.

Income tax payable is determined on the basis of the tax result for the period. The income tax payable by the Society is calculated using the tax rates that have been approved or that are in the approval process, on the closing date of the statement of financial position.

Deferred taxes are shown on the basis of differences between the book values of assets and liabilities in the financial statements and the corresponding tax figures used in the calculation of the tax result, and are booked in accordance with the liability method. Deferred tax liabilities are booked for all taxable timing differences, and deferred tax assets are shown for all deductible timing differences provided it is probable that there will be future tax benefits to be able to offset such differences. Deferred tax assets or liabilities are not booked if the timing differences arise from the reduced value or initial booking (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or financial results.

The book value of deferred tax assets is revised on each closing date of the statement of financial position and is reduced to the extent that it is improbable that there will be sufficient tax results available to permit the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time that the liability is settled or asset realized, based on the tax rates that have been approved or are in the approval process at the close of the statement of financial position.

The measurement of deferred assets and liabilities reflects the tax consequences produced in the way the Society expects to recover or settle the book values of its assets and liabilities at the date of report.

Deferred tax assets and liabilities are offset when there is a legal right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

L. Ordinary revenue**Policy for accounting for ordinary revenue**

Revenue is booked arising from all normal operations and other events at the fair value of the payment received or receivable taking into account the terms of payment, rebates and credit notes. The amount of revenue can be measured reliably.

Policy for booking of ordinary 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 of the consideration receivable, net of returns, trade discounts and rebates, so the revenue is booked when it is transferred to the client and recovery is considered probable, and the associated costs and possible discounts for erroneous billings can be estimated reliably.

Policy for booking of ordinary revenue from sales of goods

Ordinary revenue from sales of goods, are booked once the risk and benefits are transferred. For the Society, the billing is made once the material is delivered.

M. Statement of cash flows

The cash flow statement records the cash movements during the period which include VAT, determined by the direct method under the following criteria:

Cash and cash equivalents: Inflows and outflows of cash and equivalent financial assets, these being understood to be easily-liquidated short-term investments with a low risk of variation in their value (maximum term of 3 months from investment date, and unrestricted).

Operating activities: Typical activities of the normal business operation of the Society, plus others that cannot otherwise be defined as for investment or financing activities.

Investment activities: The acquisition, disposal or use by other means of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: Activities that produce changes in the amount and composition of net equity and liabilities not forming part of the ordinary activities.

N. Reclassifications

For comparison purposes, certain reclassifications have been made to the statement of financial position as of December 31, 2013, according to the following detail:

Reclassifications	Increase/(decrease) ThChs
Statement of financial position	
Trade accounts and other accounts payable	1,990
Accounts payable to related entities	-1,990
Statement of result by nature:	
Revenue from ordinary activities	1,255,891
Other earnings	-1,255,891

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2.3 Accounting changes

The Superintendence of Securities and Insurance (SVS), under its authority, dated October 17, 2014, issued the Circular 856, that instructs the auditees to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780. The above, changed the preparation and presentation frame of financial report adopted until that date, given that previous frame (IFRS) needs to be adopted comprehensively, explicit and unreserved.

As of December 31, 2014 and for the year ended in that date, the quantification of change of accounting frame meant a lower charge/payment to results of ThCh\$12,489.

3. OPERATIONS WITH RELATED ENTITIES**Balance and transactions with related entities**

Transactions between the related entities are in line with market conditions.

ACCOUNTS RECEIVABLE FROM RELATED ENTITIES

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Term	Security	Current (ThCh\$)	
								31/12/2014	31/12/2013
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Property lease, U.F 18,73 guarantee	CLP	30 days	Guarantees	461	437
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Retention works of collector renovation	CLP	30 days	Unsecured	137,465	137,465
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Sale of materials	CLP	30 days	Unsecured	17,518	6,840
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Contract collector cleaning	CLP	30 days	Unsecured	21,621	57,462
96.809.310-K	Aguas Cordillera S.A.	Related to the controller	CL	Contract collector cleaning	CLP	30 days	Unsecured	1,798	
96.809.310-K	Aguas Cordillera S.A.	Related to the controller	CL	Sale of materials	CLP	30 days	Unsecured		3,498
76.190.084-6	Aguas del Maipo S.A.	Related to the controller	CL	Reimbursement	CLP	30 days	Unsecured		36,221
89.221.000-4	Aguas Manquehue S.A.	Related to the controller	CL	Contract collector cleaning	CLP	30 days	Unsecured	1,154	1,548
89.221.000-4	Aguas Manquehue S.A.	Related to the controller	CL	Sale of materials	CLP	30 days	Unsecured	1,360	
76.148.998-4	AQUALOGY MEDIOAMBIENTE CHILE S.A	Related to the controller	CL	Contract collector cleaning	CLP	30 days	Unsecured	1,800	
96.945.210-3	Ecoriles S.A.	Related to the controller	CL	Sale of materials	CLP	30 days	Unsecured	449	2,934
Total accounts receivable								183,626	246,405

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ACCOUNTS PAYABLE TO RELATED ENTITIES

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Term	Security	Current (ThCh\$)	
								31/12/2014	31/12/2013
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Purchase of materials	CLP	30 days	Unsecured	4,684	1,506
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan related company	CLP	in sight	Unsecured	380,000	
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan interest	CLP	30 days	Unsecured	368	
61.808.000-5	Aguas Andinas S.A.	Related to the controller	CL	Dividend	CLP	30 days	Unsecured	133,322	
96.809.310-K	Aguas Cordillera S.A.	Related to the controller	CL	Dividend	CLP	30 days	Unsecured	2,933	
96.809.310-K	Aguas Cordillera S.A.	Related to the controller	CL	Purchase of materials	CLP	30 days	Unsecured	71	1,334
76.190.084-6	Aguas del Maipo S.A.	Related to the controller	CL	Metrogas contract for biogas sale	CLP	30 days	Unsecured		499,694
76.080.553-K	AQUALOGY SOLUTIONS CHILE LTDA.	Related to the controller	CL	Purchase of materials	CLP	30 days	Unsecured	553,550	430,383
Total accounts payable								1,074,928	932,917

TRANSACTIONS

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Current (ThCh\$)			
						31/12/2014		31/12/2013	
						Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Granting of loan	CLP	1,340,000	0		
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan collection	CLP	1,340,000	13,566		
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Obtainment of loan	CLP	680,000		2,785,000	
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan amortization	CLP	300,000	-368	4,079,000	-53,471
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Dividend payment	CLP	583,440			
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Sale of materials	CLP	214,268	214,268	201,182	201,182
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Cleaning of collectors	CLP	196,941	196,941	92,920	92,920
76.080.553-K	Aqualogy Solutions Chile LTDA.	Related to the controller	CL	Purchase of materials	CLP	2,363,783	-1,970,709	2,884,382	-2,349,883

The materiality criteria for reporting transactions with related parties is amounts of over ThCh\$ 100,000.

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STATEMENT OF FINANCIAL POSITION	2014 ThCh\$	2013 ThCh\$
ASSETS		
Current assets	6,617,684	6,485,193
Non-current assets	378,776	422,369
Total assets	6,996,460	6,907,562
LIABILITIES		
Current liabilities	2,473,253	2,130,391
Non-current liabilities	76,560	64,668
Equity	4,446,647	4,712,503
Total liabilities and equity	6,996,460	6,907,562
STATEMENT OF COMPREHENSIVE RESULTS	2014 ThCh\$	2013 ThCh\$
Revenue	8,951,259	9,925,119
Costs of operation	-8,387,024	-9,107,218
Financial result	9,784	-63,332
Other than operation	-2,442	6,178
Income tax	-117,394	-164,474
Period income	454,183	596,273
STATEMENT OF CASH FLOW	2014 ThCh\$	2013 ThCh\$
Net cash flows of operation activities	303,405	1,329,019
Net cash flows of investment activities	1,336,049	-6,809
Net cash flows of financing activities	-1,556,273	-1,294,000
Net increase (decrease on cash and cash equivalents)	83,181	28,210
Initial balance of cash and cash equivalents	161,165	132,955
Closing balance of cash and cash equivalents	244,346	161,165
STATEMENT OF CHANGE IN EQUITY	2014 ThCh\$	2013 ThCh\$
Issued capital	506,908	506,908
Other participations in equity	-41,428	-41,428
Accumulated earnings (losses)	3,981,167	4,247,023
Closing balance equity	4,446,647	4,712,503

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INVERSIONES IBERAGUAS LTDA. AND SUBSIDIARY**General Background**

Name:	Inversiones Iberaguas Ltda.
Entity type:	Limited Investment company subject to provisions of the Civil Code, Trade Code and Law 3,918.
Address:	Avda. Presidente Balmaceda N° 1398, Santiago
Phone number:	(56-2) 2569 23 82
Fax:	(56-2) 2569 23 09
Tax number:	96.897.320-7
Subscribed and paid capital:	ThCh\$49,090,900
External auditors:	Ernst & Young
Tax number:	77.802.430-6

Corporate purpose

The Company's purpose, in accordance with the fourth article of its bylaws, are the investment and participation in sanitation businesses, especially in companies whose objects are the provision of public services in the production and distribution of water, the collection and disposal of sewage and any other activity related to these activities.

Legal Constitution

The company was constituted on May 20, 1999 under public deed signed before the notary Aliro Veloso Muñoz. An abstract of the bylaws was published in the Official Gazette on May 27, 1999 and registered in the Santiago Trade Register for that year, in folio 19028 No.15038 of the Santiago Trade Register of 1999. At a partners' meeting of Iberaguas S.A. held on August 9, 1999 it was agreed to transform Iberaguas S.A. into a limited partnership called Inversiones Iberaguas Ltda. On July 10, 2008, the companies Aguas Andinas S.A. and Aguas Cordillera S.A. acquired the corporate rights of Inversiones Iberaguas Ltda. with participations of 99.999998% and 0.000002% respectively. The deed was signed before the notary Raúl Undurraga Laso.

Board of Directors

Attorneys:	Felipe Larrain Aspillaga (President of Aguas Andinas S.A.)
	Iván Yarur Sairafi (CEO of Aguas Andinas S.A.)

Parent's percentage shareholding 97.84783%

Proportion that the investment represents of the parent's assets:

The investment represents a proportion of 5,06%

Commercial relations with the parent and its subsidiaries

During the period ended December 31, 2014, the Society kept relations with the parent and its related companies, corresponding mainly to laboratory and advisory services and the implementation of computer systems. These are made on market conditions and it is expected to maintain similar relations in the future.

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2_ BASES OF PREPARATION AND ACCOUNTING POLICIES**2.1 Preparation**

The financial statements as of December 31, 2014, have been prepared in accordance with instructions and standards issued by the Superintendence of Securities and Insurance (SVS), which are composed of the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) with the specific instructions issued by the SVS.

These financial statements faithfully represents the financial position of Inversiones Iberaguas and its subsidiary at December 31, 2014, the results of operations, changes in net equity and cash flows for periods ended December 31, 2014 and 2013.

The Society and its subsidiary comply with all the legal conditions of the environment in which they carry out their business, specially the own regulations of sanitation sector. The Society and its subsidiary operate normally in every area of their activities, projecting a profitable operation and able to access the financial system for financing their businesses which, in the management's opinion, determines its ability to continue as an ongoing company, as established by the accounting standards under which these financial statements are issued.

Functional and presentation currency

The financial statements are shown using the currency of the principal economic environment in which the company operates (functional currency). For the purposes of the financial statements, the results and financial position of the Society are shown in Chilean pesos, which is the functional currency and the presentation currency of the Society and its subsidiary for the financial statements.

New accounting pronouncements

- a) As of the date of these financial statements, the application has begun of IFRS 10, 12, IAS 27, 32, 36, 39 and IFRIC 21, which have been analyzed by the management which has determined that these do not affect the presentation and disclosures of the financial statements.
- b) The following new standards and interpretations have been issued but are not yet applicable:

New interpretations and amendments	Date of mandatory application
IFRS 9, Financial instruments, classification and measurement	Annual periods starting or after January 1, 2018
IFRS 14, Regulatory Deferral Accounts	Annual periods starting or after January 1, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2017
Improvements and modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting or after July 1, 2014
IFRS 3, Business Combinations	Annual periods starting or after July 1, 2014
IAS 40, Investment properties	Annual periods starting or after July 1, 2014
IAS 16, Property, Plant & Equipment	Annual periods starting or after January 1, 2016
IAS 38, Intangible Assets	Annual periods starting or after January 1, 2016
IAS 41, Agriculture	Annual periods starting or after January 1, 2016
IFRS 11, Joint Arrangements	Annual periods starting or after January 1, 2016
IAS 27, Separate Financial Statements	Annual periods starting or after January 1, 2016
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting or after January 1, 2016
IFRS 10, Consolidated Financial Statements	Annual periods starting or after January 1, 2016
IFRS 5, Non-current Assets Held for Sale and Discontinued Operations	Annual periods starting or after January 1, 2016
IFRS 7, Financial Instruments: Disclosures	Annual periods starting or after January 1, 2016
IFRS 12, Disclosure About Participation in other entities	Annual periods starting or after January 1, 2016
IAS 1, Presentation of Financial Statements	Annual periods starting or after January 1, 2016
IAS 34, Changes in Accounting Policy and Disclosures	Annual periods starting or after January 1, 2016

The management of the Company and its subsidiary are analyzing the eventual impact of the above-mentioned amendments and interpretations on the respective financial statements.

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Responsibility for the information and estimates made

The information contained in these financial statements is the responsibility of the board of the Society, which states that all the principles and criteria included in International Financial Reporting Standards (IFRS) approved by IASB, which was approved by the board on meeting held on March 24, 2015.

The financial statements of the Society and its subsidiary for the period 2013 were approved by the board at its meeting held on March 25, 2014.

Estimates such as the following have been used in the preparation of the financial statements:

- Useful lives of fixed assets and intangible assets
- Losses through impairment of assets
- Assumptions used in the actuarial calculation of employee severance benefits
- Assumptions used in the calculation of fair value of financial instruments
- Revenues from supplies pending invoicing
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation

Although these estimates and judgments were made as a function of the best information available on the date of issue of these financial statements, it is possible that events may occur in the future that cause them to be amended (upward or downward) in following periods, which would be booked prospectively as soon as the variation is known, booking the effects of such changes in the corresponding future financial statements.

2.2 ACCOUNTING POLICIES

The following describes the principal accounting policies adopted in the preparation of these annual financial statements.

A. Consolidation

The consolidated financial statements include the financial statements of the Society and its subsidiary. Subsidiary refers to the

entity in which the Society has the power to direct their important activities, has the right to variable returns relating to its participations and the capacity to use such power to influence the amount of the returns of the investor. The subsidiary is consolidated from the date on which control passes to the Society, and is excluded from the consolidation when such control ceases.

All transactions, balances, losses and gains between the Subsidiary and the Society are eliminated in the consolidation.

The Society and its subsidiary follow the Group's policies uniformly.

The subsidiary included in the consolidated financial statements of Inversiones Iberaguas Ltda. is the following:

Tax No.	Society	Direct%	Indirect %	Total 2014 (%)	Direct%	Indirect %	Total 2013 (%)
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	51.000	0.000	51.000	51.000	0.000	51.000

B. Operative segments

IFRS 8 sets the standards for reporting with respect to the operative segments and disclosures relating to products and services. Operative segments are defined as components of an entity for which separate financial information exists which is regularly reviewed by management for taking decisions on the assignment of resources to the subsidiaries and evaluating their performance.

The Society Empresa de Servicios Sanitarios de Los Lagos S.A. manages and measures the performance of its operations by business segment. The operative segments reported internally are:

- Operations related to the sanitation business (Water).
- Operations unrelated to the sanitation business (Non-Water).

C. Intangible assets other than goodwill

The Society books an identifiable intangible asset when it can be shown that it is probable that future economic benefits attributed to it will flow to the entity and the cost can be correctly valued.

i. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost less accumulated amortization and impairment losses, if it exists. Amortization is calculated on a straight-line basis over their estimated useful lives. Estimated useful lives and the amortization method are revised at the closing of each statement of position, booking the effect of any change in the estimate from then on prospectively.

ii. Amortization method of intangible assets:**Intangible with defined useful life**

The amortization method employed by the Society reflects the pattern which is expected to be used, by the entity, the future economic benefits of the asset. The Society therefore uses the straight-line depreciation method.

Computer programs

The estimated useful life of software is 4 years. For those other assets with defined useful lives, the useful life for amortization relates to the periods defined in the contracts or rights originating them.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives relate mainly to water rights and easements which were obtained on an indefinite basis, as established in the acquisition contracts and the rights obtained from the Waters Authority of the Ministry of Public Works. Such assets are not amortized, instead, at the close of each period, a impairment test is performed in accordance to IAS 36.

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Determination of useful life

The factors that should be considered for the estimation of the useful life include the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of products, changes in demand).
- Expected reactions of present or potential competitors.
- Natural or climatic factors and technological changes that affect the capacity to generate profits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the above-mentioned factors.

D. Property, plant and equipment

The Society follows the cost method for the valuation of property, plant and equipment. Historic cost includes expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are shown as a separate asset, only when it is probable that future economic benefits associated with the elements of fixed assets are going to flow to the Society and the cost of the element can be determined reliably. The value of the component substituted is written off in the books. Other repairs and maintenance are charged to results in the period in which incurred.

Depreciation method and estimated useful life for property, plant and equipment:

The depreciation method applied by the Society and its subsidiary reflects the extent to which the assets are used by the entity during the period in which they generate economic benefits. The Society and its subsidiary therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (external specialist firms). The residual value and useful life of assets are revised and adjusted if necessary at each closing of the statement of financial position.

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount.

Useful lives

The useful lives used for the calculation of depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits consideration that the useful life of some asset has been modified.

The assignment of the total useful life for assets is carried out on the basis of various factors, including the nature of the equipment. These factors generally include:

1. Nature of the component materials in equipment or buildings
2. Operating environment of the equipment
3. Intensity of use
4. Legal, regulatory or contractual limitations

The range of useful lives (in years) by type of asset is as follows:

ITEM	Useful life (years)
Buildings	25 - 80
Fixed installations & accessories	5 - 80
Plant and equipment	5 - 80
Computer programs	4
Motor vehicles	7 - 10
Other property, plant & equipment	5 - 80

Policy for estimating costs of dismantling, retirement or renovation of property, plant and equipment:

Due to the nature of the assets constructed in the Society and as there are no contractual obligations or other construction requirements like those mentioned in IFRS, the concept of dismantling costs is not applicable at the date of these financial statements.

Fixed asset sales policy

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are booked in the statement of comprehensive results.

E. Impairment of tangible and intangible assets except goodwill

The Society and its subsidiary revises the book values of its tangible and intangible assets at each closing date of the statement of financial position to see whether there exists any indication of impairment. Should this exist, the recoverable value is estimated of such assets in order to determine whether any impairment has been suffered. When it is not possible to estimate the recoverable value of an asset in particular, the Society and its subsidiary estimates the fair value of the cash-generating unit to which this asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment or when there are indications that the asset might have suffered impairment before the end of the period.

The recoverable value is the greater of its fair value less sale costs and the value in use. In estimating the value in use, the present value is calculated of the future cash flows of the assets analyzed using a pre-tax discount rate that reflects both the actual conditions of the money market at the time and the specific risks associated with the asset.

When it is estimated 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, booking a loss for impairment in results immediately. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided the adjusted book value does not exceed the book value that would have been determined if no loss for impairment of the asset (or cash-generating unit) had been booked in previous terms.

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F. Leases**i. Financial leases**

Leases are classified as financial leases when the conditions of the lease transfer substantially all the risks and benefits of ownership to the lessee. All other leases are classified as operative leases.

Assets acquired under financial leases are booked initially as assets at the lower of fair value at the start of the lease and the present value of the minimum lease payments. The corresponding leasing obligation is included in the statement of position as a financial lease obligation.

The minimum lease payments are assigned between financial costs and a reduction in the obligation in order to obtain a constant rate of interest on the balance outstanding of the obligation. The financial costs are taken directly to results unless they are directly related to the qualified assets, in which case they are capitalized in accordance with the Society's general financing costs policy. The contingent lease payments are shown as expenses in the periods in which they are incurred.

The Society does not show financial leases acquired at the close of the periods.

ii. Operative leases

Operative lease payments are booked as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses in the period in which they are incurred.

Should lease incentives be received in order to agree an operative lease, such incentives are booked 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 Society and its subsidiary revise their contracts to check the possible existence of implicit leases, in accordance with IFRIC 4.

G. Financial assets

Acquisitions and disposals of financial instruments are booked on the date of trading, i.e. the date on which the Society and its subsidiary commits to acquire or sell the asset. Investments are written down when the rights to receive cash flows from the investments are transferred and the Society has transferred substantially 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.
- Investments held to 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 their initial booking.

The Society and its subsidiary invest in low-risk instruments that meet the classification standards established in their investment policies. The mutual funds invested in must therefore have a rating of AAfm / 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 N-1 (instruments with the highest capacity for paying the principal and interest on the agreed terms and maturities).

The issuing institutions of these instruments are banks or their 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 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 income or expense over the whole corresponding period. 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 makes the net present value equal to its nominal amount.

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 at fair value with changes in results.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling or repurchasing in the immediate future; or
- It forms part of a portfolio of identified financial instruments which the Group manages together and for which there is evidence of a recent and real pattern of obtaining short-term benefits; or
- It is a derivative that has not been designated nor is effective as a hedge instrument

A financial asset that has not been held for trading may be classified at fair value with changes in results in the initial booking if:

- Such designation eliminates or significantly reduces some inconsistency in the valuation or the booking that would arise by using different criteria for valuing assets, or in booking their losses or gains on different bases; or
- It forms part of a group of financial assets which is managed and its return evaluated according to fair value criteria, in accordance with an investment and risk management strategy documented by the Company and its subsidiary; or
- It is an implicit derivative that has to be separated from its original contract, as indicated in IAS 39.

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Financial assets at fair value with changes in results are valued at fair value and any resultant loss or gain is booked in results. The net loss or gain booked in results includes any dividend or interest received on the financial asset.

At the closing date of these interim financial statements, the Society does not hold financial assets at fair value with changes in results.

iii. Financial assets held to maturity

Financial assets held to maturity correspond to non-derivative financial assets with fixed or determinable payments and established maturity dates that the Society and its subsidiary have the intention and capacity to hold until maturity. Financial assets held to maturity are booked at amortized cost using the effective interest-rate method less any impairment of value, and income is booked on the basis of the effective return.

At the closing date of these financial statements, the Society and its subsidiary have no assets held to maturity.

iv. Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets, which have fixed or determinable payments and which are not traded on an active market, classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any loss for impairment, except for short-term accounts receivable where the booking of interest would be immaterial.

Trade debtors and other accounts receivable.

Trade debtors relate to the billing of water consumption, sewage services, sewage treatment and other services, and to the accrued revenue from consumption between the date of the last meter reading (according to an established monthly routine) and the closing date of the financial statements. These are shown net of the estimate of bad accounts or of doubtful recovery.

The trade debtors policy is subject to the credit policy which sets the payment conditions, and also the different scenarios for reaching agreements with overdue customers.

Policy for impairment of trade debtors and other accounts receivable

The Society and its subsidiary periodically evaluates impairments affecting its financial assets. The amount is booked in provisions account, resulting from the difference between the amount in book value of an asset and the present value of future estimated cash flows, less the effective interest-rate. The book value of an asset is reduced to the extent that the provision account is used and the loss is booked in the statement of comprehensive results in "other expenses". When an account receivable is not recoverable, it is written off against provisions for accounts receivable.

Estimates are based on the following historic information: recovery statistics which indicate that following the eighth month from billing, the possibility of recovery is marginal, i.e. the probability of recovery of the amount billed is minimal.

A 100% provision is made for customers with debts overdue more than 8 months.

A provision of 100% of the agreed balance is made for consumption debts transformed into payment agreements.

A 100% provision is made for overdue notes receivable.

v. Financial assets available for sale

Financial assets available for sale are non-derivative financial instruments that cannot be classified in the previous three categories or are specifically designated as available for sale. These are booked at fair value. Loss and gains arising from changes in the fair value are shown directly in equity in the reserve account for assets available for sale, except for impairment losses, interest calculated using the effective-rate method and losses and/or gains in foreign currency of monetary items, which are booked directly in results. When a financial

asset is sold or it is determined that it is impaired, the accumulated loss or gain booked previously in reserves for assets available for sale is taken to results for the period.

At the date of these interim financial statements, the Society and its subsidiary have no financial assets available for sale.

H. Inventories

Materials, spares and inputs are shown at cost which does not exceed their net realization value at the end of each period. For those materials that have not turned over during the previous 12 months, annually, a quoted price is made and such value is compared to the book, maintaining the lesser of these amounts.

F. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the close of each period, these being:

Currency	31/12/2014	31/12/2013
	\$	\$
US Dollar	606.75	524.61

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. 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 statement of comprehensive results.

Exchange differences are booked to results for the period in which they accrue.

J. Financial liabilities

Loans and similar documents are shown initially at their fair value, net of the costs incurred in the transaction. They are later shown at amortized cost, using the effective interest rate, except for transactions for which hedge contracts have been signed, which are valued as described in the following section.

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K. Derivative financial instruments and hedge accounting

The employment of derivative financial instruments by the Society and its subsidiary is governed by the Group's financial-risk management policies, which establish the guidelines for their use.

The Society and its subsidiary do not use derivative financial instruments for speculative purposes but exclusively as hedging instruments to eliminate or significantly reduce interest-rate and exchange risks on current positions to which it is exposed due to its business.

The treatment of hedge operations with derivative instruments is as follows:

Hedges of fair value: Changes in the market value of derivative financial instruments designated as hedges, as well as the items hedged, are shown as a credit or charge to financial results in the respective result accounts.

Hedges of cash flows and net foreign-currency investments:

Changes in the fair value of these derivative financial instruments are shown, for the part that is effective, directly in an equity reserve called "cash flow hedge", while the ineffective part is shown in results. The amount shown in equity is not passed to the results account until the results of the transactions hedged are shown there or until the expiry date of such transactions.

In the event of discontinuation of the hedge, the loss or gain accumulated to that date in equity is maintained until the underlying hedged transaction is realized. At that moment, the accumulated loss or gain in equity will be reversed in the results account affecting that transaction.

Financial instruments are shown at their fair value at the close of each period. In the case of derivatives not traded on organized markets, the Group uses assumptions based on market conditions on that date for their valuation.

Effectiveness: A hedge is considered to be highly effective when the changes in fair value or the cash flows of the underlying item directly attributable to the risk hedged are offset by changes in the fair value or cash flows of the hedge instrument, with an effectiveness between 80% and 125%.

Implicit derivative: The Society also evaluates the existence of derivatives implicit in contracts and financial instruments to determine whether their characteristics and risks are closely related to the principal contract, provided the combination is not being booked at fair value. If they are not closely related, they are booked separately, with the variations in value being taken directly to the statement of results.

At closing date of these financial statements, the Society and its subsidiary have no derivative financial instruments.

L. Provisions and contingent liabilities

The Society and its subsidiary makes a provision when there is a present obligation as a consequence of past events, for which it is probable that the Society will use resources to settle the obligation and of which a fair estimate of the amount of the obligation can be made.

The quantification of the provisions is made taking into account the best available information 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 shown, their full or partial revision being required when such risks disappear or reduce.

Contingent liabilities are those possible obligations arising as a result of past events, whose future materialization and associated equity effect is believed to be a low probability. In accordance with IFRS, the Society and its subsidiary makes no provision for these concepts; if there were, they would be detailed in Note 11.

M. Employee benefits

The obligation for termination benefits which are estimated to accrue to employees who retire in the subsidiary, 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 rates of turnover, mortality, wage increases or discount rate, are determined in accordance with IAS 19, in other comprehensive results, thus directly affecting equity, and then later re-classified in accumulated earnings.

Workers forming part of or who are incorporated into the current collective agreement at the date of the financial statements are calculated at their actuarial value. In those cases there is a limit of six months for purposes of payment. In other cases, the rules of the Labor Code apply, i.e. they have no right to an indemnity except for dismissal and with a limit of 11 months wages.

Advances granted to personnel against these funds are shown deducted from outstanding obligations. These will be imputed in the final indexed settlement in accordance with the provisions of the mentioned contracts.

N. Income tax and deferred taxes

The charge for income tax relates to the sum of income tax payable and variations in deferred tax assets and liabilities.

Income tax payable is determined on the basis of the tax result for the period. The income tax payable by the Society is calculated using the tax rates that have been approved or that are in the approval process, on the closing date of the statement of financial position.

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Deferred taxes are shown on the basis of differences between the book values of assets and liabilities in the financial statements and the corresponding tax figures used in the calculation of the tax result, and are booked in accordance with the liability method. Deferred tax liabilities are booked for all taxable timing differences, and deferred tax assets are shown for all deductible timing differences provided it is probable that there will be future tax benefits to be able to offset such differences. Deferred tax assets or liabilities are not booked if the timing differences arise from the reduced value or initial booking (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or financial results.

The book value of deferred tax assets is revised on each closing date of the statement of financial position and is reduced to the extent that it is improbable that there will be sufficient tax results available to permit the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time that the liability is settled or asset realized, based on the tax rates that have been approved or are in the approval process at the close of the statement of financial position. The measurement of deferred assets and liabilities reflects the tax consequences produced in the way the Society and its subsidiary expects to recover or settle the book values of its assets and liabilities at the date of report.

Deferred tax assets and liabilities are offset when there is a legal right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

O. Ordinary revenue

Policy for accounting for ordinary revenue

Revenue is booked arising from all normal operations and other events at the fair value of the payment received or receivable taking into account the terms of payment, rebates and credit notes. The amount of revenue can be measured reliably.

Policy for booking of ordinary 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 of the consideration receivable, net of returns, trade discounts and rebates, so the revenue is booked when it is transferred to the client and recovery is considered probable, and the associated costs and possible discounts for erroneous billings can be estimated reliably.

The services area of the Society and its subsidiary is divided into billing groups which determine dates for meter readings and later billing. This process is developed based on a calendar month, which leads to the end of each month are unread consumption, and therefore, not billed. For the purposes of revenue accounting, the society and its subsidiary makes an estimate of unbilled consumption.

For some billing groups, information is held on consumption metered, to which the corresponding tariff is applied. For other groups, there is no metering data available at the date of the monthly closing; an estimate is therefore made on the basis of data from the previous month valued at the current tariff. Any difference between the actual and estimated consumption is corrected the following month.

The transfer of risks and benefits are made according to actual consumption, and a monthly provision is made for measured and not yet billed consumption, based on the previous billing.

Policy for booking of ordinary revenue from sales of goods

Revenue from sales of goods is booked once the risk and significant advantages deriving from ownership of the goods are transferred, the Society retains no relationship with the asset sold, the amount of revenue can be measured reliably, it is probable that the company will receive the economic benefits associated with the sale and the costs incurred in the transaction can also be measured reliably.

If any sale of property, plants and equipment exists, the revenue will be booked when it could be measured reliably.

Method used for determining state of termination of services

The provision of the sanitation services is confirmed through the metering of consumption, in accordance with corresponding legislation.

Revenue under agreements with property developers is booked as ordinary revenue provided it complies with the conditions of each contract that ensure that the related economic benefits will flow to the Society and its subsidiary.

P. The environment

Assets of an environmental kind are those used constantly in the business of the Society and its subsidiary, whose principal objective is to minimize adverse environmental impacts and ensure the protection and improvement of the environment, including the reduction or elimination of the future contamination of the Society's businesses.

These assets are valued at cost, like any other asset.

The Society amortizes these elements on a straight-line basis as a function of the estimated remaining years of useful lives of the different elements.

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Q. Statement of cash flows

The cash flow statement records the cash movements during the period which include VAT, determined by the direct method under the following criteria:

Cash and cash equivalents: Inflows and outflows of cash and equivalent financial assets, these being understood to be easily-liquidated short-term investments with a low risk of variation in their value (maximum term of 3 months from investment date, and unrestricted).

Operating activities: Typical activities of the normal business operation of the Society, plus others that cannot otherwise be defined as for investment or financing activities.

Investment activities: The acquisition, disposal or use by other means of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: Activities that produce changes in the amount and composition of net equity and liabilities not forming part of the ordinary activities.

2.3 Accounting changes

The Superintendence of Securities and Insurance (SVS), under its authority, dated October 17, 2014, issued the Circular 856 that instructs the auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780. The above, changed the preparation and presentation frame of financial report adopted until that date, given that previous frame (IFRS) needs to be adopted comprehensively, explicit and unreserved.

As of December 31 2014 and for the year finished on this date, the quantification of the accounting framework meant a lower charge to results of ThCh\$ 4,627,148 (ThCh\$ 2,375,285 corresponding to the owners of the controller and ThCh\$ 2,267,303 corresponding to minority interests).

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INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

Transactions between the Company and its subsidiary reflect conditions. These transactions have been eliminated in the consolidation and are not disclosed in this note.

ACCOUNTS PAYABLE FROM RELATED ENTITIES

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Term	Security	Current (ThCh\$)	
								31/12/2014	31/12/2013
61.808.000-5	Aguas Andinas S.A.	Controller	CL	SAP Services Licenses	CLP	30 days	Unsecured	-	147,253
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Dividends payable	CLP	-	Unsecured	116,873	104,583
61.808.000-5	Aguas Andinas S.A.	Controller	CL	SAP Services Contract mode ASP	CLP	30 days	Performance bond UF 750	67,725	-
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Consultancy contract for implementation of billing informatic services	CLP	30 days	Performance bond UF 2,000	147,124	-
96.967.550-1	Análisis Ambientales S.A.	Related to the controller	CL	Contract of laboratory services	CLP	30 days	Performance bond UF 30,000	178,560	187,511
76.080.553-k	Aqualogy Solutions Chile Ltda.	Related to the controller	CL	Contract geographic system implementation	CLP	30 days	Performance bond UF 887	110,768	121,702
76.148.998-4	Aqualogy Medioambiente Chile Ltda.	Related to the controller	CL	Design and construction of percolated filter WWTP, La Union	CLP	30 days	Performance bond ThCh\$95,869	93,112	216,567
76.148.998-4	Aqualogy Medioambiente Chile Ltda.	Related to the controller	CL	Construction and expansion of sludge line WWTP La Union	CLP	30 days	Performance bond ThCh\$47,110	74,355	-
76.148.998-4	Aqualogy Medioambiente Chile Ltda.	Related to the controller	CL	Update service of the operation and security of dam Pudeto and Gamboa	CLP	30 days	Performance bond UF 705	54,828	-
								843,345	777,616

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TRANSACTIONS BETWEEN RELATED ENTITIES

Tax No. Related party	Name of related party	Relationship	Transactions	Current (ThCh\$)			
				31/12/2014		31/12/2013	
				Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
61.808.000-5	Aguas Andinas S.A.	Controller	DWS Services Licenses	131,484	-131,484	125,857	-125,857
61.808.000-5	Aguas Andinas S.A.	Controller	Consultancy contract for implementation of billing informatic services	225,594	-225,594	482,902	-482,902
61.808.000-5	Aguas Andinas S.A.	Shareholder of the controller	Dividends payment	5,719,080	0	4,037,094	0
96.967.550-1	Análisis Ambientales S.A.	Related to the controller	Laboratory services	644,179	-644,179	530,726	-530,726
76.080.553-k	Aqualogy Solutions Chile Ltda.	Related to the controller	Geographic system implementation	120,104	0	160,476	0
76.080.553-k	Aqualogy Solutions Chile Ltda.	Related to the controller	Design and construction of percolated filter WWTP, La Union	424,095	0	356,902	0
76.148.998-4	Aqualogy Medioambiente Chile Ltda.	Related to the controller	Construction and expansion of sludge line WWTP La Union	419,570	0	44,305	0

The materiality criteria for reporting transactions with related parties is amounts of over ThCh\$ 100,000.

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STATEMENT OF FINANCIAL POSITION	2014 ThCh\$	2013 ThCh\$
ASSETS		
Current assets	14,744,849	15,769,969
Non-current assets	159,964,925	156,856,280
Total assets	174,709,774	172,626,249
LIABILITIES		
Current liabilities	11,686,265	10,363,604
Non-current liabilities	58,698,964	53,805,775
Equity	67,444,269	69,438,422
Total liabilities and equity	174,709,774	172,626,249
STATEMENT OF COMPREHENSIVE RESULTS	2014 ThCh\$	2013 ThCh\$
Revenue	45,163,487	40,442,239
Costs of operation	-25,827,144	-24,002,364
Financial result	-2,316,605	-2,136,091
Other than operation	-2,535,808	-945,763
Income tax	-3,008,286	-2,643,872
Minority interest	-5,644,512	-5,260,280
Earnings attributable to owners of the controller	5,831,132	5,453,869
STATEMENT OF CASH FLOW	2014 ThCh\$	2013 ThCh\$
Net cash flows of operation activities	20,657,057	19,307,185
Net cash flows of investment activities	-8,971,565	-7,316,802
Net cash flows of financing activities	-14,917,575	-11,988,355
Net increase (decrease) on cash and cash equivalents	-3,232,083	2,028
Initial balance of cash and cash equivalents	5,623,368	5,621,340
Closing balance of cash and cash equivalents	2,391,285	5,623,368
STATEMENT OF CHANGE IN NET EQUITY	2014 ThCh\$	2013 ThCh\$
Issued capital	49,090,900	49,090,900
Other participations	15,234,660	15,234,660
Accumulated earnings (losses)	3,118,709	5,112,862
Minority interest	36,880,276	39,018,448
Total equity	104,324,545	108,456,870

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AGUAS CORDILLERA S.A. AND SUBSIDIARIES**General Background**

Name:	Aguas Cordillera S.A.
Entity type	Open corporation.
Address:	Avda. Presidente Balmaceda N° 1398, Santiago
Phone number:	(56-2) 569 25 00
Fax:	(56-2) 569 25 09
Tax number:	96.809.310-K
Post office box:	1818 Santiago-Center
Business:	Drinking water catchment, purification, distribution and waste-water disposal.
Subscribed and paid capital:	ThCh\$153,608,183
External auditors:	Ernst & Young
Tax number:	77.802.430-6

Corporate purpose

The purpose of the company and its subsidiary Aguas Manquehue S. A. are, as established in article 2 of its bylaws, the provision of sanitation services, contemplating the construction and exploitation of public services for the production and distribution of water and the collection and disposal of sewage. Its present concession area is as distributor in the districts of Vitacura, Las Condes, Lo Barnechea, Colina and Lampa.

Legal Constitution

The company was constituted on April 22, 1996 under public deed signed before the Santiago notary René Benavente Cash. An abstract of the bylaws was registered in the Santiago Trade Register for that year, in folio 14143 No.8258, and ratified in folio 11059, No. 8996, both of 1996, and published in the Official Gazette on May 4, 1996, ratified on May 9, 1996.

The company is registered in the special register of reporting entities of the Superintendence of Securities and Insurance with No. 170. As a company in the sanitation sector, it is regulated by the Superintendence of Sanitation Services in accordance with Law 18.902 and Decree Laws 382 and 70, both of 1988.

Board of Directors

President:	Felipe Larraín Aspillaga (President of Aguas Andinas S.A.)
Titular directors:	Rodrigo Sweet Mario Varela Herrera Osvaldo Carvajal Rondanelli Victor de la Barra Fuenzalida
CEO:	Jordi Valls Riera (Chief executive of Aguas Andinas S.A.)

Parent's percentage shareholding 99.99003%

Proportion that the investment represents of the parent's assets:

The investment represents a proportion of 17.90%

Commercial relations with the parent and its subsidiaries

During the period ended December 31, 2014, the Society kept sewage interconnection, rental, and purchase and sale of materials contracts with its parent, which are payable within 30 days. It is expected to maintain similar commercial relations in the future.

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2. BASES OF PREPARATION AND ACCOUNTING POLICIES**2.1 Preparation**

The consolidated financial statements of Aguas Cordillera S.A. and its subsidiary as of December 31, 2014, have been prepared in accordance with instructions and standards issued by the Superintendence of Securities and Insurance (SVS), which are composed of the International Financial Reporting Standards (IFRS) and what is established in Circular 856 of October 17, 2014 that instructs the auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780 with specific standards issued by the SVS. Consequently, these financial statements have not been prepared in accordance to IFRS.

If there is disagreement between IFRS and the instructions of SVS, the latter predominates. As of December 31, 2014, the only instruction of the SVS which contravenes the IFRS, refers to the particular register of effects on deferred taxes by Aguas Cordillera S.A. (see Note 2.2, ñ and Note 21).

These consolidated financial statements faithfully represents the financial position of Aguas Cordillera S.A. and its subsidiary at December 31, 2014 and 2013, the results of operations, changes in net equity and cash flows for periods ended December 31, 2014 and 2013.

Aguas Cordillera and its subsidiary comply with all the legal conditions of the environment in which they carry out their business, specially the own regulations of sanitation sector. The Societies operate normally in every area of their activities, projecting a profitable operation and able to access the financial system for financing their businesses which, in the management's opinion, determines its ability to continue as an ongoing company, as established by the accounting standards under which these consolidated financial statements are issued.

Functional and presentation currency

The financial statements of each Society entities are shown using the currency of the principal economic environment in which the company operates (functional currency). For the purposes of the consolidated financial statements, the results and financial position of the Group Society are shown in Chilean pesos, which is the functional currency and the presentation currency of the Society and its subsidiary for the consolidated financial statements.

New accounting pronouncements

- As of the date of these financial statements, the application has begun of IFRS 10, 12, IAS 27, 32, 36, 39 and IFRIC 21, which have been analyzed by the management which has determined that these do not affect the presentation and disclosures of the financial statements.
- The following new standards and interpretations have been issued but are not yet applicable:

New interpretations and amendments	Date of mandatory application
IFRS 9, Financial instruments, classification and measurement	Annual periods starting or after January 1, 2018
IFRS 14, Regulatory Deferral Accounts	Annual periods starting or after January 1, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2017
Improvements and modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting or after July 1, 2014
IFRS 3, Business Combinations	Annual periods starting or after July 1, 2014
IAS 40, Investment properties	Annual periods starting or after July 1, 2014
IAS 16, Property, Plant & Equipment	Annual periods starting or after January 1, 2016
IAS 38, Intangible Assets	Annual periods starting or after January 1, 2016
IAS 41, Agriculture	Annual periods starting or after January 1, 2016
IFRS 11, Joint Arrangements	Annual periods starting or after January 1, 2016
IAS 27, Separate Financial Statements	Annual periods starting or after January 1, 2016
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting or after January 1, 2016
IFRS 10, Consolidated Financial Statements	Annual periods starting or after January 1, 2016
IFRS 5, Non-current Assets Held for Sale and Discontinued Operations	Annual periods starting or after January 1, 2016
IFRS 7, Financial Instruments: Disclosures	Annual periods starting or after January 1, 2016
IFRS 12, Disclosure About Participation in other entities	Annual periods starting or after January 1, 2016
IAS 1, Presentation of Financial Statements	Annual periods starting or after January 1, 2016
IAS 34, Changes in Accounting Policy and Disclosures	Annual periods starting or after January 1, 2016

The management of the Company and its subsidiary are analyzing the eventual impact of the above-mentioned amendments and interpretations on the respective financial statements.

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Responsibility for the information and estimates made

The information contained in these financial statements is the responsibility of the board of the Society, which states that all the principles and criteria included in International Financial Reporting Standards (IFRS) and the SVS instructions. The board on meeting held on March 23, 2015, approved these consolidated financial statements.

The financial statements of Aguas Cordillera S.A. and its subsidiary for the period 2013 were approved by the board at its meeting held on March 25, 2014.

Estimates such as the following have been used in the preparation of the financial statements:

- Useful lives of fixed assets and intangible assets
- Losses through impairment of assets
- Assumptions used in the actuarial calculation of employee severance benefits
- Assumptions used in the calculation of fair value of financial instruments
- Revenues from supplies pending invoicing
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation

Although these estimates and judgments were made as a function of the best information available on the date of issue of these financial statements, it is possible that events may occur in the future that cause them to be amended (upward or downward) in following periods, which would be booked prospectively as soon as the variation is known, booking the effects of such changes in the corresponding future consolidated financial statements.

2.2 Accounting Policies

The following describes the principal accounting policies adopted in the preparation of these consolidated financial statements.

B. Consolidation

The consolidated financial statements include the financial statements of the Society and the entities controlled by the Society (its subsidiaries). Subsidiaries are those entity in which the Society has the power to direct their important activities, has the right to variable returns relating to its participations and the capacity to use such power to influence the amount of the returns of the investor. The subsidiaries are consolidated from the date on which control passes to the Group, and is excluded from the consolidation when such control ceases.

All transactions, balances, losses and gains of the Group's entities are eliminated in the consolidation.

The Society and its subsidiary follow the policies uniformly.

The subsidiaries included in the interim financial statements of Aguas Cordillera S.A. are the following:

Tax N°	Society	Direct%	Indirect%	Total 2014 (%)	Direct%	Indirect%	Total 2013 (%)
89.221.000-4	Aguas Manquehue S.A.	99.99957	0.00000	99.99957	99.99957	0.00000	99.99957
96.945.219-8	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	16.60000	0.00000	16.60000
96.897.320-7	Iberaguas	0.00002	0.00000	0.00002	0.00002	0.00000	0.00002

Aguas Cordillera S.A. only consolidates with Aguas Manquehue S.A., and has direct or indirect participation in the other Societies.

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B. Operative segments

IFRS 8 sets the standards for reporting with respect to the operative segments and disclosures relating to products and services. Operative segments are defined as components of an entity for which separate financial information exists which is regularly reviewed by management for taking 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 operative segments reported internally are:

- Operations related to the sanitation business (Water).
- Operations unrelated to the sanitation business (Non-Water).

C. Intangible assets other than goodwill

The Society books an identifiable intangible asset when it can be shown that it is probable that future economic benefits attributed to it will flow to the entity and the cost can be correctly valued.

i. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost less accumulated amortization and impairment losses, if it exists. Amortization is calculated on a straight-line basis over their estimated useful lives. Estimated useful lives and the amortization method are revised at the closing of each statement of position, booking the effect of any change in the estimate from then on prospectively.

**ii. Amortization method of intangible assets:
Intangible with defined useful life**

The amortization method employed by the Society and its subsidiary reflects the pattern which is expected to be used, by the entity, the future economic benefits of the asset. The Society therefore uses the straight-line depreciation method.

Computer programs

The estimated useful life of software is 4 years. For those other assets with defined useful lives, the useful life for amortization relates to the periods defined in the contracts or rights originating them.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives relate mainly to water rights and easements which were obtained on an indefinite basis, as established in the acquisition contracts and the rights obtained from the Waters Authority of the Ministry of Public Works.

Determination of useful life

The factors that should be considered for the estimation of the useful life include the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of products, changes in demand).
- Expected reactions of present or potential competitors.
- Natural or climatic factors and technological changes that affect the capacity to generate profits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the above-mentioned factors.

D. Property, plant and equipment

The Society follows the cost method for the valuation of property, plant and equipment. Historic cost includes expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are shown as a separate asset, only when it is probable that future economic benefits associated with the elements of fixed assets are going to flow to the Group and the cost of the element can be determined reliably. The value of the component substituted is written off in the books. Other repairs and maintenance are charged to results in the period in which incurred.

Depreciation method and estimated useful life for property, plant and equipment:

The depreciation method applied by the Society reflects the extent to which the assets are used by the entity during the period in which they generate economic benefits. The Society therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (external specialist firms). The residual value and useful life of assets are revised and adjusted if necessary at each closing of the statement of financial position.

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount.

Useful lives

The useful lives used for the calculation of depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits consideration that the useful life of some asset has been modified.

The assignment of the total useful life for assets is carried out on the basis of various factors, including the nature of the equipment. These factors generally include:

1. Nature of the component materials in equipment or buildings
2. Operating environment of the equipment
3. Intensity of use
4. Legal, regulatory or contractual limitations

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The range of useful lives (in years) by type of asset is as follows:

ITEM	Useful life (years) minimum	Useful life (years) maximum
Buildings	25	80
Plant & equipment	5	50
Computer equipment	4	4
Fixed installations & accessories	5	80
Motor vehicles	7	10
Improvements to leased assets	5	5
Other property, plant & equipment	5	80

Policy for estimating costs of dismantling, retirement or renovation of property, plant and equipment:

Due to the nature of the assets constructed in the Society and as there are no contractual obligations or other construction requirements like those mentioned in IFRS, the concept of dismantling costs is not applicable at the date of these financial statements.

Fixed asset sales policy

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are booked in the statement of consolidated comprehensive results.

E. Impairment of tangible and intangible assets except goodwill

The Society and its subsidiary revises the book values of its tangible and intangible assets at each closing date of the statement of financial position to see whether there exists any indication of impairment. Should this exist, the recoverable value is estimated of such assets in order to determine whether any impairment has been suffered. When it is not possible to estimate the recoverable value of an asset in particular, the Society and its subsidiary estimates the fair value of the cash-generating unit to which this asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment or when there are indications that the asset might have suffered impairment before the end of the period.

The recoverable value is the greater of its fair value less sale costs and the value in use. In estimating the value in use, the present value is calculated of the future cash flows of the assets analyzed using a pre-tax discount rate that reflects both the actual conditions of the money market at the time and the specific risks associated with the asset.

When it is estimated 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, booking a loss for impairment in results immediately. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided the adjusted book value does not exceed the book value that would have been determined if no loss for impairment of the asset (or cash-generating unit) had been booked in previous terms.

F. Leases

i. Financial leases

Leases are classified as financial leases when the conditions of the lease transfer substantially all the risks and benefits of ownership to the lessee. All other leases are classified as operative leases.

Assets acquired under financial leases are booked initially as Group assets at the lower of fair value at the start of the lease and the present value of the minimum lease payments. The corresponding leasing obligation is included in the statement of position as a financial lease obligation.

Assets sold under financial leases are booked initially in the statement of position and shown as a receivable for an amount equal to the net investment in the lease.

All the lessor's risks are transferred in this operation, therefore all successive receivables are considered as revenue in each period.

The minimum lease payments are assigned between financial costs and a reduction in the obligation in order to obtain a constant rate of interest on the balance outstanding of the obligation. The financial costs are taken directly to results unless they are directly related to the qualified assets, in which case they are capitalized in accordance with the Group's general financing costs policy. The contingent lease payments are shown as expenses in the periods in which they are incurred.

Currently Aguas Cordillera and Aguas Manquehue does not show financial leases acquired at the close of the periods.

ii. Operative leases

Operative lease payments are booked as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses in the period in which they are incurred.

Should lease incentives be received in order to agree an operative lease, such incentives are booked 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.

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iii. Implicit leases

The Society and its subsidiary revise their contracts to check the possible existence of implicit leases, in accordance with IFRIC 4.

G. Financial assets

Acquisitions and disposals of financial instruments are booked on the date of trading, i.e. the date on which the Society commits to acquire or sell the asset. Investments are written down when the rights to receive cash flows from the investments are transferred and the Society has transferred substantially 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.
- Investments held to 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 their initial booking.

Aguas Cordillera and its subsidiary invest in low-risk instruments that meet the classification standards established in their investment policies. The mutual funds invested in must therefore have a rating of AAfm / 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 N-1 (instruments with the highest capacity for paying the principal and interest on the agreed terms and maturities).

The issuing institutions of these instruments are banks or their 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 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 income or expense over the whole corresponding period. 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 makes the net present value equal to its nominal amount.

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 at fair value with changes in results.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling or re-purchasing in the immediate future; or
- It forms part of a portfolio of identified financial instruments which the Group manages together and for which there is evidence of a recent and real pattern of obtaining short-term benefits; or
- It is a derivative that has not been designated nor is effective as a hedge instrument

A financial asset that has not been held for trading may be classified at fair value with changes in results in the initial booking if:

- Such designation eliminates or significantly reduces some inconsistency in the valuation or the booking that would arise by using different criteria for valuing assets, or in booking their losses or gains on different bases; or
- It forms part of a group of financial assets which is managed and its return evaluated according to fair value criteria, in accordance with an investment and risk management strategy documented by the Company; or
- It is an implicit derivative that has to be separated from its original contract, as indicated in IAS 39.

Financial assets at fair value with changes in results are valued at fair value and any resultant loss or gain is booked in results. The net loss or gain booked in results includes any dividend or interest received on the financial asset.

iii. Financial assets held to maturity

Financial assets held to maturity correspond to non-derivative financial assets with fixed or determinable payments and established maturity dates that the Group has the intention and capacity to hold until maturity. Financial assets held to maturity are booked at amortized cost using the effective interest-rate method less any impairment of value, and income is booked on the basis of the effective return.

At the closing date of these financial statements, the Society and its subsidiary have no assets held to maturity.

iv. Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets, which have fixed or determinable payments and which are not traded on an active market, classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any loss for impairment, except for short-term accounts receivable where the booking of interest would be immaterial.

Trade debtors and other accounts receivable.

Trade debtors relate to the billing of water consumption, sewage services, sewage treatment and other services, and to the accrued revenue from consumption between the date of the last meter reading (according to an established monthly routine) and the closing date of the financial statements. These are shown net of the estimate of bad accounts or of doubtful recovery.

The trade debtors policy is subject to the credit policy which sets the payment conditions, and also the different scenarios for reaching agreements with overdue customers.

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Policy for impairment of trade debtors and other accounts receivable

The Society periodically evaluates impairments affecting its financial assets. The amount is booked in bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used and the loss is booked in the consolidated statement of comprehensive results in "other expenses". When an account receivable is not recoverable, it is written off against provisions for accounts receivable.

Estimates are based on the following historic information: recovery statistics which indicate that following the eighth month from billing, the possibility of recovery is marginal, i.e. the probability of recovery of the amount billed is minimal.

For Aguas Cordillera S.A. and Aguas Manquehue S.A. a 100% provision is made for customers with debts overdue more than 8 months.

For Aguas Cordillera S.A. and Aguas Manquehue S.A. a provision of 100% of the payment agreement is made for customers with debts overdue more than 8 months.

A 100% provision is made for overdue notes receivable.

v. Financial assets available for sale

Financial assets available for sale are non-derivative financial instruments that cannot be classified in the previous three categories or are specifically designated as available for sale. These are booked at fair value. Loss and gains arising from changes in the fair value are shown directly in equity in the reserve account for assets available for sale, except for impairment losses, interest calculated using the effective-rate method and losses and/or gains in foreign currency of monetary items, which are booked directly in results. When a financial asset is sold or it is determined that it is impaired, the accumulated loss or gain booked previously in reserves for assets available for sale is taken to results for the period.

At the date of these financial statements, Aguas Cordillera S.A. and subsidiary have no financial assets available for sale.

H. Inventories

Materials, spares and inputs are shown at cost which does not exceed their net realization value at the end of each period. The costing method is the weighted average cost. Inventories that have not turned over during the previous 12 months are valued annually and are booked at market value, if less.

I. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the close of each period, these being:

Currency	31-12-2014	31-12-2013
	\$	\$
US Dollar	606.75	524.61
Euro	738.05	724.30

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. 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 statement of comprehensive results.

Exchange differences are booked to results for the period in which they accrue.

J. Financial liabilities

Loans, bonds payable and similar documents are shown initially at their fair value, net of the costs incurred in the transaction. They are later shown at amortized cost, using the effective interest rate, except for transactions for which hedge contracts have been signed, which are valued as described in the following section.

K. Derivative financial instruments and hedge accounting

The employment of derivative financial instruments by Aguas Cordillera S.A. and its subsidiary is governed by the Group's financial-risk management policies, which establish the guidelines for their use.

Aguas Cordillera S.A. and its subsidiary do not use derivative financial instruments for speculative purposes but exclusively as hedging instruments to eliminate or significantly reduce interest-rate and exchange risks on current positions to which it is exposed due to its business.

The treatment of hedge operations with derivative instruments is as follows:

Hedges of fair value: Changes in the market value of derivative financial instruments designated as hedges, as well as the items hedged, are shown as a credit or charge to financial results in the respective result accounts.

Hedges of cash flows and net foreign-currency investments:

Changes in the fair value of these derivative financial instruments are shown, for the part that is effective, directly in an equity reserve called "cash flow hedge", while the ineffective part is shown in results. The amount shown in equity is not passed to the results account until the results of the transactions hedged are shown there or until the expiry date of such transactions.

In the event of discontinuation of the hedge, the loss or gain accumulated to that date in equity is maintained until the underlying hedged transaction is realized. At that moment, the accumulated loss or gain in equity will be reversed in the results account affecting that transaction.

Financial instruments are shown at their fair value at the close of each period. In the case of derivatives not traded on organized markets, Aguas Cordillera S.A. and subsidiary use assumptions based on market conditions on that date for their valuation.

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Effectiveness: A hedge is considered to be highly effective when the changes in fair value or the cash flows of the underlying item directly attributable to the risk hedged are offset by changes in the fair value or cash flows of the hedge instrument, with an effectiveness between 80% and 125%.

Implicit derivative: Aguas Cordillera S.A. and subsidiary also evaluate the existence of derivatives implicit in contracts and financial instruments to determine whether their characteristics and risks are closely related to the principal contract, provided the combination is not being booked at fair value. If they are not closely related, they are booked separately, with the variations in value being taken directly to the statement of results.

At closing date of these consolidated financial statements, the Society and its subsidiary have no derivative financial instruments.

L. Provisions and contingent liabilities

Aguas Cordillera S.A. and its subsidiary makes a provision when there is a present obligation as a consequence of past events, for which it is probable that the Society will use resources to settle the obligation and of which a fair estimate of the amount of the obligation can be made.

The quantification of the provisions is made taking into account the best available information 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 shown, their full or partial revision being required when such risks disappear or reduce.

Contingent liabilities are those possible obligations arising as a result of past events, whose future materialization and associated equity effect is believed to be a low probability. In accordance with IFRS, Aguas Cordillera S.A. and subsidiary make no provision for these concepts; if there were, they would be detailed in Note 13.

M. Dividends policies

The dividends payment policy is to distribute the 50% of the earnings of each year, subject to the ordinary shareholders meeting approval.

N. Employee benefits

The obligation for termination benefits which are estimated to accrue to employees who retire in Aguas Cordillera S.A. and Aguas Manquehue 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 rates of turnover, mortality, wage increases or discount rate, are determined in accordance with IAS 19, in other comprehensive results, thus directly affecting equity, and then later re-classified in accumulated earnings.

The termination benefits in the Society and its subsidiary are governed as indicated in 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 agreements and for those, who through their individual work contract, are extended this benefit. The amount in any event accumulated to that date is adjusted quarterly in line with changes in the consumer price index. The mentioned collective agreement also states that workers who retire from Aguas Cordillera S.A. and Aguas Manquehue S.A. continue to accrue this benefit after December 2002.

Advances granted to personnel against these funds are shown deducted from outstanding obligations. These will be imputed in the final indexed settlement in accordance with the provisions of the mentioned contracts.

Ñ. Income tax and deferred taxes

The charge for income tax relates to the sum of income tax payable and variations in deferred tax assets and liabilities.

Income tax payable is determined on the basis of the tax result for the period. The income tax payable by the Society is calculated using the tax rates that have been approved or that are in the approval process, on the closing date of the statement of financial position.

Deferred taxes are shown on the basis of differences between the book values of assets and liabilities in the financial statements and the corresponding tax figures used in the calculation of the tax result, and are booked in accordance with the liability method. Deferred tax liabilities are booked for all taxable timing differences, and deferred tax assets are shown for all deductible timing differences provided it is probable that there will be future tax benefits to be able to offset such differences. Deferred tax assets or liabilities are not booked if the timing differences arise from the reduced value or initial booking (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or financial results.

The book value of deferred tax assets is revised on each closing date of the statement of financial position and is reduced to the extent that it is improbable that there will be sufficient tax results available to permit the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time that the liability is settled or asset realized, based on the tax rates that have been approved or are in the approval process at the close of the statement of financial position. The measurement of deferred assets and liabilities reflects the tax consequences produced in the way Aguas Cordillera S.A. and subsidiary expect to recover or settle the book values of its assets and liabilities at the date of report.

Deferred tax assets and liabilities are offset when there is a legal right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

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O. Ordinary revenue**Policy for accounting for ordinary revenue**

Revenue is booked arising from all normal operations and other events at the fair value of the payment received or receivable taking into account the terms of payment, rebates and credit notes. The amount of revenue can be measured reliably.

Policy for booking of ordinary revenue from sales of goods

Revenue from sales of goods is booked once the risk and significant advantages deriving from ownership of the goods are transferred, the Society retains no relationship with the asset sold, the amount of revenue can be measured reliably, it is probable that the company will receive the economic benefits associated with the sale and the costs incurred in the transaction can also be measured reliably.

Policy for booking of ordinary 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 of the consideration receivable, net of returns, trade discounts and rebates, so the revenue is booked when it is transferred to the client and recovery is considered probable, and the associated costs and possible discounts for erroneous billings can be estimated reliably.

The services area of the Society and its subsidiary are divided into billing groups which determine dates for meter readings and later billing. This process is developed based on a calendar month, which leads to the end of each month are unread consumption, and therefore, not billed. For the purposes of revenue accounting, the society and its subsidiary makes an estimate of unbilled consumption.

For some sanitation service billing groups, information is held on consumption metered, to which the corresponding tariff is applied. For other groups, there is no metering data available at the date of the monthly closing; an estimate is therefore made on the basis of data from the previous month valued at the current tariff, whether normal or on consumption. Any difference between the actual and estimated consumption is corrected the following month.

The transfer of risks and benefits varies according the business of the company. For the sanitation service companies, the provision of services and all associated charges are made according to actual consumption, and a monthly provision is made for consumption not yet billed, based on the previous billing.

Method used for determining state of termination of services

The provision of the sanitation services is confirmed through the metering of consumption, in accordance with corresponding legislation.

Revenue under agreements with property developers is booked as ordinary revenue provided it complies with the conditions of each contract that ensure that the related economic benefits will flow to the society.

P. The environment

Assets of an environmental kind are those used constantly in the business of the Society, whose principal objective is to minimize adverse environmental impacts and ensure the protection and improvement of the environment, including the reduction or elimination of the future contamination of the Aguas Cordillera S.A. and Aguas Manquehue's businesses.

These assets are valued at cost, like any other asset. The Society and its subsidiary amortize these elements on a straight-line basis as a function of the estimated remaining years of useful lives of the different elements.

Q. Statement of cash flows

The cash flow statement records the cash movements during the period which include VAT, determined by the direct method under the following criteria:

Cash and cash equivalents: Inflows and outflows of cash and equivalent financial assets, these being understood to be easily-liquidated short-term investments with a low risk of variation in their value (maximum term of 3 months from investment date, and unrestricted).

Operating activities: Typical activities of the normal business operation of Aguas Cordillera and its subsidiary, plus others that cannot otherwise be defined as for investment or financing activities.

Investment activities: The acquisition, disposal or use by other means of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: Activities that produce changes in the amount and composition of net equity and liabilities not forming part of the ordinary activities.

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R. Construction contracts

For the construction contracts, Aguas Cordillera and its subsidiary use the “percentage progress method” for booking revenues and expenses referring to a contract being carried out. By this method, the revenues under the contract are compared with the related costs incurred according to the degree of progress made, which results in the amount of the ordinary revenue, expenses and earnings that may be attributed to the portion of the contract carried out.

Contract costs are booked when incurred. When the result of a construction contract cannot be estimated reliably, and it is probable that the contract is going to be profitable, contract revenues are booked over the term of the contract. When it is probable that the contract costs are going to exceed the total revenues, the expected loss is booked immediately as an expense in the period. When the result of a construction contract cannot be estimated reliably enough, contract revenues are booked only to the extent of the contract costs incurred that will probably be recovered.

Aguas Cordillera and its subsidiary show as an asset the gross amount due by customers for the work of all the contracts in progress for which the costs incurred plus booked profits (less booked losses) exceed the partial invoicing. Partial invoicing still unpaid by customers and the withholdings are included in “trade debtors and other accounts receivable”.

Aguas Cordillera and its subsidiary show as a liability the gross amount due to customers for the work of all contracts in progress for which the partial invoicing exceeds the costs incurred plus booked profits (less booked losses).

S. Capitalized financing costs**Interest-bearing loans policy:**

The costs of loans directly attributable to the acquisition, construction or production of assets that meet the conditions for their qualification, are capitalized, thus forming part of the cost of such assets.

Interest-cost capitalization policy:

Interest paid or accrued on debt used to finance qualified assets is 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 in the construction project financed, up to the total amount of such interest, applying the respective rate to the disbursements made to the date of presentation of the financial statements.

2.3. Accounting changes

The Superintendence of Securities and Insurance (SVS), under its authority, dated October 17, 2014, issued the Circular 856 that instructs the auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780. The above, changed the preparation and presentation frame of financial report adopted until that date, given that previous frame (IFRS) needs to be adopted comprehensively, explicit and unreserved.

As of December 31, 2014 and for the year ended in that date, the quantification of change of accounting frame meant a lower charge to results of ThCh\$2,918,361.

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INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

Transactions between the Company its subsidiary reflect conditions. These transactions have been eliminated in the consolidation and are not disclosed in this note.

ACCOUNTS TO RECEIVABLE TO RELATED ENTITIES

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Term	Security	Current (ThCh\$)	
								31/12/2014	31/12/2013
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Revenue collection, sale of materials, lease warranties, potable water and sewage interconnection non-interest contracts, short-term loans in pesos	CLP	30 days	Unsecured	94,354	53,681
76.190.084-6	Aguas del Maipo S.A.	Related to the controller	CL	Dividend Provision	CLP	30 days	Unsecured	35,500	-
96.828.120-8	Gestión y Servicios S.A.	Related to the controller	CL	Dividend Provision	CLP	30 days	Unsecured	2,932	-
96.828.120-8	Gestión y Servicios S.A.	Related to the controller	CL	Sale of Materials	CLP	30 days	Unsecured	73	1,334
96.967.550-1	Análisis Ambientales S.A.	Related to the controller	CL	Dividend Provision	CLP	30 days	Unsecured	3,270	-
96.945.210-3	Ecoriles S.A.	Related to the controller	CL	Dividend Provision	CLP	30 days	Unsecured	4,731	-
Total accounts receivable								140,860	55,015

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ACCOUNTS PAYABLE TO RELATED ENTITIES

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Term	Security	Current (ThCh\$)	
								31/12/2014	31/12/2013
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Interconnections of waste-water, interconnections of drinking water, interest-free revenue payable and interest-free property lease, short-term loan in pesos	CLP	30 days	Unsecured	4,956,833	4,551,545
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Dividend payable to Aguas Andinas S.A.	CLP	30 days	Unsecured	0	8,567,153
79.046.628-K	Asterión S.A.	Related to the controller	CL	Contract of reengineering services of process and implementation of new systems of information to customer service	CLP	30 days	Unsecured	31,223	399,866
96.828.120-8	Gestión y Servicios S.A.	Related to the controller	CL	Washing service Sewage Treatment Plants	CLP	30 days	Unsecured	4,312	5,046
96.945.210-3	Ecoriles S.A.	Related to the controller	CL	Absorption Alto Lampa Plant	CLP	30 days	Unsecured	136,756	112,772
96.967.550-1	Análisis Ambientales S.A.	Related to the controller	CL	Chemical and bacteriological analysis services	CLP	30 days	Unsecured	62,793	55,565
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Lo Pinto Project	CLP	30 days	Unsecured	2,357,458	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Ice Pigging Service	CLP	30 days	Unsecured	103,211	0
Total accounts payable								7,652,586	13,691,947

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TRANSACTIONS

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	31/12/2014		31/12/2013		Current (ThCh\$)	
						Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Inteconnections of drinking and waste-water	CLP	-13,973,312	13,973,312			12,114,999	-12,114,999
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Loan revenue	CLP	300,000	-91,046			692,246	-90,992
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Payment of dividend	CLP	34,803,726	0			2,255,213	0
96.967.550-1	Análisis Ambientales S.A.	Related to the controller	CL	Laboratory services	CLP	-380,115	380,115			353,826	-353,826
79.046.628-K	Asterión S.A.	Other related parties	CL	Contract of reengineering services of process and implementation of new systems of information to customer service	CLP	-168,954	-32,018			410,824	-25,690
96.945.210-3	Ecoriles S.A.	Other related parties	CL	Absorption Alto Lampa Plant	CLP	0	0			293,565	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Lo Pinto Proyect	CLP	3,778,331	0			0	0

The materiality criteria for reporting transactions with related parties is amounts of over ThCh\$ 100,000.

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STATEMENT OF FINANCIAL POSITION	2014 ThCh\$	2013 ThCh\$
ASSETS		
Current assets	23,165,018	27,739,639
Non-current assets	264,250,644	250,723,126
Total assets	287,415,662	278,462,765
LIABILITIES		
Current liabilities	19,495,703	31,685,380
Non-current liabilities	72,677,994	43,494,266
Equity	195,241,736	203,282,913
Minority participations	229	206
Total liabilities and equity	287,415,662	278,462,765
STATEMENT OF COMPREHENSIVE RESULTS	2014 ThCh\$	2013 ThCh\$
Revenue	60,227,650	54,162,062
Costs of operation	-33,644,504	-30,627,534
Financial result	-510,836	-578,134
Other than operation	-1,722,647	-949,043
Income tax	-3,073,776	-3,649,137
Minority participation	-23	-16
Earnings attributable to owners of the controller	21,275,864	18,358,198
STATEMENT OF CASH FLOW	2014 ThCh\$	2013 ThCh\$
Net cash flows of operation activities	20,657,057	19,307,185
Net cash flows of investment activities	-8,971,565	-7,316,802
Net cash flows of financing activities	-14,917,575	-11,988,355
Net increase (decrease) on cash and cash equivalents	-3,232,083	2,028
Initial balance of cash and cash equivalents	5,623,368	5,621,340
Closing balance of cash and cash equivalents	2,391,285	5,623,368
STATEMENT OF CHANGE IN EQUITY	2014 ThCh\$	2013 ThCh\$
Issued capital	153,608,183	153,608,183
Other participations	-61,060,426	-61,060,426
Accumulated earnings (losses)	102,693,979	110,735,156
Minority interest	229	206
Total equity	195,241,965	203,283,119

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AGUAS DEL MAIPO S.A.**General Background**

Name:	Aguas del Maipo S.A.
Entity type:	Closed corporation.
Address:	Avda. Presidente Balmaceda N° 1398, Santiago
Phone number:	(56-2) 22569 21 18
Fax:	(56-2) 22569 23 09
Tax number:	76.190.084-6
Business:	The development and exploitation of any energetic project from the use of installations and natural goods of sanitation water companies.
Subscribed and paid capital:	ThCh\$ 7,971,221
External auditors:	Ernst & Young
Tax number:	77.802.430-6

Corporate purpose

The company's purpose is to carry out all kinds of activities related to water-usage rights, the development and exploitation of any energy project deriving from the use of the installations and natural assets of water sanitation companies, their products and/or byproducts, including electricity co-generation, biogas generation and hydroelectricity

Legal Constitution

The Company was established by deed on April 14, 2011, in the notary's office of Iván Torrealba Acevedo, an extract of the statutes was registered in the Commercial Register of the Conservative Real Estate of Santiago of that year as 19364 Number 14746 of the Commercial Register of Santiago for the year 2011.

Board of Directors

President:	Felipe Larrain Aspillaga (President of Aguas Andinas S.A.)
Titular directors:	Jordi Valls Riera (CEO of Aguas Andinas S.A.) Cosme Sagnier Guimón
CEO:	Domingo Martínez Robledo

Parent's percentage shareholding 82.64996%

Proportion that the investment represents of the parent's assets:

The investment represents a proportion of 0.63%

Commercial relations with the parent

During the period ended December 31, 2014, the Society kept had biogas supply contracts and rental agreements with its parent, carried out on market conditions. Similar commercial relations are expected to be maintained in the future.

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2. BASES OF PREPARATION AND ACCOUNTING POLICIES**2.1 Preparation**

The financial statements as of December 31, 2014, have been prepared in accordance with instructions and standards issued by the Superintendence of Securities and Insurance (SVS), which are composed of the International Financial Reporting Standards (IFRS) and what is established in Circular 856 of October 17, 2014 that instructs the auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780 with specific standards issued by the SVS. Consequently, these financial statements have not been prepared in accordance to IFRS.

If there is disagreement between IFRS and the instructions of SVS, the latter predominates. As of December 31, 2014, the only instruction of the SVS which contravenes the IFRS, refers to the particular register of effects on deferred taxes by Aguas Andinas S.A. and subsidiaries.

The Society complies with all the legal conditions of the environment in which it carries on its business, particularly the biogas generation, operate normally in every area of their activities, projecting a profitable operation and able to access the financial system for financing their businesses which determines its ability to continue as an ongoing company, as established by the accounting standards under which these financial statements are issued.

Functional and presentation currency

The individual financial statements are shown using the currency of the principal economic environment in which the company operates (functional currency). For the purposes of the financial statements, the results and financial position are shown in Chilean pesos, which is the functional currency of the Society.

New accounting pronouncements

- a) As of the date of these financial statements, the application has begun of IFRS 10, 12, IAS 27, 32, 36, 39 and IFRIC 21, which have been analyzed by the management which has determined that these do not affect the presentation and disclosures of the financial statements.
- b) The following new standards and interpretations have been issued but are not yet applicable:

New interpretations and amendments	Date of mandatory application
IFRS 9, Financial instruments, classification and measurement	Annual periods starting or after January 1, 2018
IFRS 14, Regulatory Deferral Accounts	Annual periods starting or after January 1, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2017
Improvements and modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting or after July 1, 2014
IFRS 3, Business Combinations	Annual periods starting or after July 1, 2014
IAS 40, Investment properties	Annual periods starting or after July 1, 2014
IAS 16, Property, Plant & Equipment	Annual periods starting or after January 1, 2016
IAS 38, Intangible Assets	Annual periods starting or after January 1, 2016
IAS 41, Agriculture	Annual periods starting or after January 1, 2016
IFRS 11, Joint Arrangements	Annual periods starting or after January 1, 2016
IAS 27, Separate Financial Statements	Annual periods starting or after January 1, 2016
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting or after January 1, 2016
IFRS 10, Consolidated Financial Statements	Annual periods starting or after January 1, 2016
IFRS 5, Non-current Assets Held for Sale and Discontinued Operations	Annual periods starting or after January 1, 2016
IFRS 7, Financial Instruments: Disclosures	Annual periods starting or after January 1, 2016
IFRS 12, Disclosure About Participation in other entities	Annual periods starting or after January 1, 2016
IAS 1, Presentation of Financial Statements	Annual periods starting or after January 1, 2016
IAS 34, Changes in Accounting Policy and Disclosures	Annual periods starting or after January 1, 2016

The management of the Society is analyzing the eventual impact of the above-mentioned standards and amendments on the financial statements.

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Responsibility for the information and estimates made

The information contained in these financial statements is the responsibility of the board of the Society, which states that all the principles and criteria included in the Standards of the Superintendence of Securities and Insurance (SVS). The board on meeting held on March 20, 2015, approved these financial statements. The financial statements of the Society for the period 2013 were approved by the board at its meeting held on March 21, 2014. Estimates such as the following have been used in the preparation of the financial statements:

- Useful lives of fixed assets and intangible assets
- Valuation of assets
- Losses through impairment of assets
- Revenues from supplies pending invoicing
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation

Although these estimates and judgments were made as a function of the best information available on the date of issue of these financial statements, it is possible that events may occur in the future that cause them to be amended (upward or downward) in following periods, which would be booked prospectively as soon as the variation is known, booking the effects of such changes in the corresponding future financial statements.

2.2 Accounting Policies

The following describes the principal accounting policies adopted in the preparation of these financial statements.

A. Intangible assets other than goodwill

The Society books an identifiable intangible asset when it can be shown that it is probable that future economic benefits attributed to it will flow to the entity and the cost can be correctly valued. The basis for the booking and measurement is the cost method.

i. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost less 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 revised at the closing of each statement of position, booking the effect of any change in the estimate from then on prospectively.

ii. Amortization method of intangible assets: Intangible with defined useful life.

The amortization method employed by the Society reflects the pattern which is expected to be used, by the entity, the future economic benefits of the asset. The Society therefore uses the straight-line depreciation method.

Computer programs.

The estimated useful life of software is 4 years. For those other assets with defined useful lives, the useful life for amortization relates to the periods defined in the contracts or rights originating them.

Intangible assets with indefinite useful lives.

Intangible assets with indefinite useful lives relate mainly to water rights and easements which were obtained on an indefinite basis, as established in the acquisition contracts and the rights obtained from the Waters Authority of the Ministry of Public Works.

Determination of useful life

The factors that should be considered for the estimation of the useful life include the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (obsolescence of products, changes in demand).
- Expected reactions of present or potential competitors.
- Natural or climatic factors and technological changes that affect the capacity to generate profits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the above-mentioned factors.

B. Property, plant and equipment

The Society follows the cost method for the valuation of property, plant and equipment. Historic cost includes expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are shown as a separate asset, only when it is probable that future economic benefits associated with the elements of fixed assets are going to flow to the Society and the cost of the element can be determined reliably. The value of the component substituted is written off in the books. Other repairs and maintenance are charged to results in the period in which incurred.

Depreciation method and estimated useful life for property, plant and equipment:

The depreciation method applied by the Society reflects the extent to which the assets are used by the entity during the period in which they generate economic benefits. The Society therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (external specialist firms). The residual value and useful life of assets are revised and adjusted if necessary at each closing of the statement of financial position.

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount.

Useful lives

The useful lives used for the calculation of depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits consideration that the useful life of some asset has been modified.

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The assignment of the total useful life for assets is carried out on the basis of various factors, including the nature of the equipment. These factors generally include:

1. Nature of the component materials in equipment or buildings
2. Operating environment of the equipment
3. Intensity of use
4. Legal, regulatory or contractual limitations

The range of useful lives (in years) by type of asset is as follows:

ITEM	Useful life (years) minimum	Useful life (years) maximum
Plant & equipment	5	50
Computer equipment	4	4
Fixed installations & accessories	5	80
Other property, plant & equipment	4	80

Policy for estimating costs of dismantling, retirement or renovation of property, plant and equipment:

Due to the nature of the assets constructed in the Society and as there are no contractual obligations or other construction requirements like those mentioned in IFRS, the concept of dismantling costs is not applicable at the date of these financial statements.

Fixed asset sales policy

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are booked in the statement of comprehensive results.

C. Impairment of tangible and intangible assets except goodwill

The Society revises the book values of its tangible and intangible assets at each closing date of the statement of financial position to see whether there exists any indication of impairment. Should this exist, the recoverable value is estimated of such assets in order to

determine whether any impairment has been suffered. When it is not possible to estimate the recoverable value of an asset in particular, the Society estimates the fair value of the cash-generating unit to which this asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment or when there are indications that the asset might have suffered impairment before the end of the period.

The recoverable value is the greater of its fair value less sale costs and the value in use. In estimating the value in use, the present value is calculated of the future cash flows of the assets analyzed using a pre-tax discount rate that reflects both the actual conditions of the money market at the time and the specific risks associated with the asset.

When it is estimated 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, booking a loss for impairment in results immediately. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided the adjusted book value does not exceed the book value that would have been determined if no loss for impairment of the asset (or cash-generating unit) had been booked in previous terms.

D. Leases

i. Financial leases

Leases are classified as financial leases when the conditions of the lease transfer substantially all the risks and benefits of ownership to the lessee. All other leases are classified as operative leases.

ii. Operative leases

Operative lease payments are booked as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative for reflecting the temporary pattern

in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses in the period in which they are incurred.

Should lease incentives be received in order to agree an operative lease, such incentives are booked 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 Society revise their contracts to check the possible existence of implicit leases, in accordance with IFRIC 4.

E. Financial assets

Acquisitions and disposals of financial instruments are booked on the date of trading, i.e. the date on which the Society commits to acquire or sell the asset. Investments are written down when the rights to receive cash flows from the investments are transferred and the Society has transferred substantially 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
- Investments held to 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 their initial booking.

Aguas del Maipo S.A. invests in low-risk instruments that meet the classification standards established in their investment policies.

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The mutual funds invested in must therefore have a rating of AAfm / 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 N-1 (instruments with the highest capacity for paying the principal and interest on the agreed terms and maturities).

The issuing institutions of these instruments are banks or their 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 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 income or expense over the whole corresponding period. 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 makes the net present value equal to its nominal amount.

ii. Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets, which have fixed or determinable payments and which are not traded on an active market, classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any loss for impairment, except for short-term accounts receivable where the booking of interest would be immaterial.

F. Trade debtors and other accounts receivable.

Trade debtors and other accounts receivable are initially booked by its fair value, these are shown at net value of the estimate of bad accounts or of doubtful recovery.

Policy for impairment of trade debtors and other accounts receivable

The Society periodically evaluates impairments affecting its financial assets. The amount is booked in the provisions account. The book value of an asset is reduced to the extent that the provision account is used and the loss is booked in the statement of comprehensive results in "other expenses". When an account receivable is not recoverable, it is written off against provisions for accounts receivable.

Estimates are based on the following ageing of debts and historic recovery:

A 100% provision is made of debts of customers overdue more than 120 days.

A 100% provision is made for overdue notes receivable.

G. Dividend policy

The Society's dividend policy is to distribute 30% of the earnings for each year as a final dividend, plus 70% as an additional dividend provided financial conditions permit, subject to approval by the ordinary shareholder meeting and provided the present level of capitalization is maintained and it is compatible with the investment policies.

The booking of the minimum dividend established in the Corporations Law will be shown at the end of each period if there were no interim dividend or if this were less than the 30% mentioned in that law.

K. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the close of each period, these being:

Currency	31-12-2014	31-12-2013
	\$	\$
US Dollar	606.75	524.61
Euro	738.05	724.30

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. 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 statement of comprehensive results.

Exchange differences are booked to results for the period in which they accrue.

I. Financial liabilities

Loans and similar are shown initially at their fair value, net of the costs incurred in the transaction. They are later shown at amortized cost, using the effective interest rate.

J. Provisions and contingent liabilities

The Society makes a provision when there is a present obligation as a consequence of past events, for which it is probable that the Society will use resources to settle the obligation and of which a fair estimate of the amount of the obligation can be made.

The quantification of the provisions is made taking into account the best available information 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 shown, their full or partial revision being required when such risks disappear or reduce.

Contingent liabilities are those possible obligations arising as a result of past events, whose future materialization and associated equity effect is believed to be a low probability. In accordance with IFRS, the Society makes no provision for these concepts.

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K. Income tax and deferred taxes

The charge for income tax relates to the sum of income tax payable and variations in deferred tax assets and liabilities

Income tax payable is determined on the basis of the tax result for the period. The income tax payable by the Society is calculated using the tax rates that have been approved or that are in the approval process, on the closing date of the statement of financial position.

Deferred taxes are shown on the basis of differences between the book values of assets and liabilities in the financial statements and the corresponding tax figures used in the calculation of the tax result, and are booked in accordance with the liability method. Deferred tax liabilities are booked for all taxable timing differences, and deferred tax assets are shown for all deductible timing differences provided it is probable that there will be future tax benefits to be able to offset such differences. Deferred tax assets or liabilities are not booked if the timing differences arise from the reduced value or initial booking (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or financial results.

The book value of deferred tax assets is revised on each closing date of the statement of financial position and is reduced to the extent that it is improbable that there will be sufficient tax results available to permit the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time that the liability is settled or asset realized, based on the tax rates that have been approved or are in the approval process at the close of the statement of financial position. The measurement of deferred assets and liabilities reflects the tax consequences produced in the way the Society expects to recover or settle the book values of its assets and liabilities at the date of report.

Deferred tax assets and liabilities are offset when there is a legal right to offset tax assets against tax liabilities and these are related to the same entity and tax authority.

L. Ordinary revenue**Policy for accounting for ordinary revenue**

Revenue is booked arising from all normal operations and other events at the fair value of the payment received or receivable taking into account the terms of payment, rebates and credit notes, and provided the amount of revenue can be measured reliably.

Policy for booking of ordinary revenue from sales of goods

If any sale of property, plants and equipment exists, the revenue will be booked when it could be measured reliably. The billing is made once the good is received.

Policy for booking of ordinary 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 of the consideration receivable, net of returns, trade discounts and rebates, so the revenue is booked when it is transferred to the client and recovery is considered probable, and the associated costs and possible discounts for erroneous billings can be estimated reliably.

M. The environment

Assets of an environmental kind are those used constantly in the business of the Society, whose principal objective is to minimize adverse environmental impacts and ensure the protection and improvement of the environment, including the reduction or elimination of the future contamination of Aguas del Maipo's businesses.

These assets are valued at cost, like any other asset. The Society amortize these elements on a straight-line basis as a function of the estimated remaining years of useful lives of the different elements.

N. Statement of cash flows

The cash flow statement records the cash movements during the period which include VAT, determined by the direct method under the following criteria:

Cash and cash equivalents. Inflows and outflows of cash and equivalent financial assets, these being understood to be easily-liquidated short-term investments with a low risk of variation in their value (maximum term of 3 months from investment date, and unrestricted).

Operating activities. Typical activities of the normal business operation of the Society, plus others that cannot otherwise be defined as for investment or financing activities.

Investment activities. The acquisition, disposal or use by other means of long-term assets and other investments not included in cash and cash equivalents.

Financing activities. Activities that produce changes in the amount and composition of net equity and liabilities not forming part of the ordinary activities.

2.3 Accounting changes

The Superintendence of Securities and Insurance (SVS), under its authority, dated October 17, 2014, issued the Circular 856 that instructs the auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780. The above, changed the preparation and presentation frame of financial report adopted until that date, given that previous frame (IFRS) needs to be adopted comprehensively, explicit and unreserved.

As of December 31, 2014 and for the year ended in that date, the quantification of change of accounting frame meant a lower charge to results of ThCh\$2,171.

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INFORMATION ON RELATED ENTITIES

Accounts receivable from related entities

Tax No. Related party	Name of related party	Relationship	Country of origin	Transactions	Currency	Term	Security	31-12-2014 ThChs	31-12-2013 ThChs
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Office La Farfana lease guarantee	CLP	30 days	Unsecured	591	0
96.828.120-8	Gestión y Servicios S.A.	Related to the controller	CL	Revenue payable and lease guarantees	CLP	30 days	Unsecured	0	499,694
Total								591	499,694

Accounts payable to related entities

Tax No. Relat- ed party	Name of related party	Relationship	Coun- try of origin	Transactions	Currency	Term	Security	31-12-2014 ThChs	31-12-2013 ThChs
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Biogas sale	CLP	30 days	Unsecured	74,910	0
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Biogas supply provision	CLP	30 days	Unsecured	27,088	57,516
61.808.000-5	Aguas Andinas S.A.	Controller	CL	Provision minimum dividend	CLP	30 days	Unsecured	169,113	0
96.809.310-K	Aguas Cordillera S.A.	Related to the controller	CL	Provision minimum dividend	CLP	30 days	Unsecured	17,145	0
89.221.000-4	Aguas Manquehue S.A.	Related to the controller	CL	Provision minimum dividend	CLP	30 days	Unsecured	18,356	0
76.938.110-4	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Biogas purification plant operation La Farfana, control monitor energy costs	CLP	30 days	Unsecured	37,161	33,699
76.938.110-4	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	EDAS operation services	CLP	30 days	Unsecured	24,545	0
96.828.120-8	Gestión y Servicios S.A.	Related to the controller	CL	Reimbursement expenses paid	CLP	30 days	Unsecured	0	36,222
76.766.955-9	Aqualogy Chile	Related to the controller	CL	Reimbursement personnel expenses	CLP	30 days	Unsecured	0	2,119
Total								368,318	129,556

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STATEMENT OF FINANCIAL POSITION ENDED AS OF DECEMBER 31, 2014	2014 ThCh\$	2013 ThCh\$
ASSETS		
Current assets	2,272,297	1,483,124
Non-current assets	8,569,106	8,681,362
Total assets	10,841,403	10,164,486
LIABILITIES		
Current liabilities	410,504	221,386
Non-current liabilities	34,092	25,895
Equity	10,396,807	9,917,205
Total liabilities and equity	10,841,403	10,164,486
STATEMENT OF COMPREHENSIVE RESULTS	2014 ThCh\$	2013 ThCh\$
Revenue	772,291	760,846
Costs of operation	-563,449	-673,083
Financial result	470,101	810,093
Other than operation	542	79
Income tax	2,558	-47,597
Earnings attributable to owners of the controller	682,044	850,338
STATEMENT OF CASH FLOW	2014 ThCh\$	2013 ThCh\$
Net cash flows of operation activities	830,625	845,377
Net cash flows of investment activities	470,141	-
Net cash flows of financing activities	-	-162,411
Net increase (decrease) on cash and cash equivalents	1,300,766	682,966
Initial balance of cash and cash equivalents	757,436	74,470
Closing balance of cash and cash equivalents	2,058,202	757,436
STATEMENT OF CHANGE IN EQUITY	2014 ThCh\$	2013 ThCh\$
Issued capital	7,971,221	7,971,221
Other participations	-410,716	-410,716
Accumulated earnings (losses)	2,836,302	2,356,700
Total equity	10,396,807	9,917,205

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STATEMENT OF FINANCIAL POSITION

ENDED AS OF DECEMBER 31, 2014	Aguas Cordillera S.A. and Subsidiaries		Aguas Manquehue S.A.		Iberaguas Ltda. and Subsidiary	
	2014 ThCh\$	2013 ThCh\$	2014 ThCh\$	2013 ThCh\$	2014 ThCh\$	2013 ThCh\$
ASSETS						
Current assets	23,165,018	27,739,639	4,473,100	5,848,456	14,744,849	15,769,969
Non-current assets	264,250,644	250,723,126	71,239,460	61,779,211	159,964,925	156,856,280
Total assets	287,415,662	278,462,765	75,712,560	67,627,667	174,709,774	172,626,249
LIABILITIES						
Current liabilities	19,495,703	31,685,380	7,114,700	5,478,224	11,686,265	10,363,604
Non-current liabilities	72,677,994	43,494,266	18,465,021	14,413,065	58,698,964	53,805,775
Equity	195,241,736	203,282,913	50,132,839	47,736,378	67,444,269	69,438,422
Minority participations	229	206			36,880,276	39,018,448
Total liabilities and equity	287,415,662	278,462,765	75,712,560	67,627,667	174,709,774	172,626,249
STATE OF RESULTS						
Revenue	60,227,650	54,162,062	12,371,031	9,204,103	45,163,487	40,442,239
Cost of operation	-33,644,504	-30,627,534	-5,820,842	-4,707,977	-25,842,489	-24,002,419
Financial result	-510,836	-578,134	183,576	23,936	-2,316,605	-2,136,091
Other than operation	-1,722,647	-949,043	-478,777	-91,354	-2,535,808	-945,763
Income tax	-3,073,776	-3,649,137	-1,005,072	-765,732	-3,008,286	-2,643,872
Minority participation	-23	-16			-5,644,512	-5,260,280
Earnings attributable to owners of the controller	21,275,864	18,358,198	5,249,916	3,662,976	5,831,132	5,453,870
STATE OF CASH FLOW						
Net cash flows of operation activities	19,542,686	24,053,866	5,613,526	5,821,122	20,657,057	19,307,185
Net cash flows of investment activities	-13,221,987	-5,899,570	-8,952,312	-3,909,707	-8,971,565	-7,316,802
Net cash flows of financing activities	-13,508,093	-11,742,680	1,370,440	1,275,174	-14,917,575	-11,988,355
Net increase (decrease) on cash and cash equivalents	-7,187,394	6,411,616	-1,968,346	3,186,589	-3,232,083	2,028
Initial balance of cash and cash equivalents	16,128,184	9,716,568	3,274,279	87,690	5,623,368	5,621,340
Closing balance of cash and cash equivalents	8,940,790	16,128,184	1,305,933	3,274,279	2,391,285	5,623,368

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STATEMENT OF FINANCIAL POSITION

ENDED AS OF DECEMBER 31, 2014

	Essal S.A.		Ecoriles S.A.		Aguas del Maipo S.A	
	2014 ThCh\$	2013 ThCh\$	2014 ThCh\$	2013 ThCh\$	2014 ThCh\$	2013 ThCh\$
ASSETS						
Current assets	14,736,199	15,763,160	4,460,896	4,396,638	2,272,297	1,483,124
Non-current assets	133,248,212	130,139,567	349,256	300,765	8,569,106	8,681,362
Total assets	147,984,411	145,902,727	4,810,152	4,697,403	10,841,403	10,164,486
LIABILITIES						
Current liabilities	14,019,578	12,467,467	1,824,643	1,334,144	410,504	221,386
Non-current liabilities	58,698,964	53,805,775	-	-	34,092	25,895
Equity	75,265,869	79,629,485	2,985,509	3,363,259	10,396,807	9,917,205
Minority participations	-	-	-	-	-	-
Total liabilities and equity	147,984,411	145,902,727	4,810,152	4,697,403	10,841,403	10,164,486
STATE OF RESULTS						
Revenue	45,158,426	40,442,239	11,865,133	12,402,284	772,291	760,846
Cost of operation	-25,836,974	-23,997,322	-9,872,518	-10,542,407	-563,449	-673,083
Financial result	-2,316,605	-2,136,067	40,856	44,675	470,102	810,093
Other than operation	-2,520,128	-945,678	11,246	5,345	542	79
Income tax	-2,965,307	-2,627,906	-404,472	-370,673	2,558	-47,597
Minority participation	-	-	-	-	-	-
Earnings attributable to owners of the controller	11,519,412	10,735,266	1,640,245	1,539,224	682,044	850,338
STATE OF CASH FLOW						
Net cash flows of operation activities	20,655,216	19,305,191	1,667,639	920,117	830,625	845,377
Net cash flows of investment activities	-8,971,565	-7,321,802	-140,568	-107,010	470,141	-
Net cash flows of financing activities	-14,917,575	-11,983,355	-1,539,224	-1,131,000	-	-162,411
Net increase (decrease) on cash and cash equivalents	-3,233,924	34	-12,153	-317,893	1,300,766	682,966
Initial balance of cash and cash equivalents	5,616,559	5,616,525	818,458	1,136,351	757,436	74,470
Closing balance of cash and cash equivalents	2,382,635	5,616,559	806,305	818,458	2,058,202	757,436

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STATEMENT OF FINANCIAL POSITION

ENDED AS OF DECEMBER 31, 2014

	Gestión y Servicios S.A		Análisis Ambientales S.A	
	2014 ThCh\$	2013 ThCh\$	2014 ThCh\$	2013 ThCh\$
ASSETS				
Current assets	6,617,684	6,485,193	3,605,574	3,673,948
Non-current assets	378,776	422,369	1,507,230	1,343,539
Total assets	6,996,460	6,907,562	5,112,804	5,017,487
LIABILITIES				
Current liabilities	2,473,253	2,130,391	1,139,501	716,039
Non-current liabilities	76,560	64,668		
Equity	4,446,647	4,712,503	3,973,303	4,301,448
Minority participations				
Total liabilities and equity	6,996,460	6,907,562	5,112,804	5,017,487
STATE OF RESULTS				
Revenue	8,951,259	9,925,119	6,603,852	5,839,344
Cost of operation	-8,387,024	-9,107,218	-5,283,496	-4,505,730
Financial result	9,784	-63,332	50,273	59,775
Other than operation	-2,442	6,178	3,491	-1,465
Income tax	-117,394	-164,474	-284,027	-262,067
Minority participation				
Earnings attributable to owners of the controller	454,183	596,273	1,090,093	1,129,857
STATE OF CASH FLOW				
Net cash flows of operation activities	303,405	1,329,019	2,059,717	1,345,024
Net cash flows of investment activities	1,336,049	-6,809	-385,631	-693,249
Net cash flows of financing activities	-1,556,273	-1,294,000	-	-
Net increase (decrease) on cash and cash equivalents	83,181	28,210	544,228	-348,225
Initial balance of cash and cash equivalents	161,165	132,955	1,362,677	1,710,902
Closing balance of cash and cash equivalents	244,346	161,165	1,906,905	1,362,677

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