



CONSOLIDATED FINANCIAL STATEMENTS

Period Ended September 30, 2011

AGUAS ANDINAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A.

Statements of Financial Position
Statements of Comprehensive Results by Nature
Statements of Direct Cash Flows
Statement of Changes in Equity
Notes to the interim consolidated financial statements



Consolidated Statements of Financial Position
As of September 30, 2011 and December 31, 2010
(Thousands of Chilean pesos - ThCh\$)

ASSETS	Note	30-09-2011 ThCh\$	31-12-2010 ThCh\$
CURRENT ASSETS			
Cash & cash equivalents	8	11.126.635	6.089.962
Other financial assets, current	9	0	406.502
Other non-financial assets, current		663.359	855.504
Trade debtors & other accounts receivable, current	9	57.057.923	62.368.041
Accounts receivable from related entities, current	10	5.283	18.221
Inventories	11	3.615.282	1.883.409
Tax assets, current		5.502.673	4.170.703
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		77.971.155	75.792.342
TOTAL CURRENT ASSETS		77.971.155	75.792.342
NON-CURRENT ASSETS			
Other financial assets, non-current	9	7.238.651	7.238.651
Other non-financial assets, non-current		287.183	276.143
Collection rights, non-current	9.5	2.462.712	2.961.131
Intangible assets other than goodwill	12	222.544.345	218.513.009
Goodwill	13	36.592.577	36.592.577
Property, plant & equipment	14	1.074.893.139	1.031.790.701
Deferred tax assets	23	36.792.485	33.274.830
TOTAL NON-CURRENT ASSETS		1.380.811.092	1.330.647.042
TOTAL ASSETS		1.458.782.247	1.406.439.384

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



**Consolidated Statements of Financial Position
As of September 30, 2011 and December 31, 2010
(Thousands of Chilean pesos - ThCh\$)**

EQUITY & LIABILITIES	Note	30-09-2011 ThCh\$	31-12-2010 ThCh\$
CURRENT LIABILITIES			
Other financial liabilities, current	9	70.775.262	22.154.584
Trade creditors & other accounts payable, current	9	49.667.497	44.668.545
Accounts payable to related entities, current	10	25.156.335	20.018.775
Other provisions, current	16	1.495.797	991.798
Tax liabilities, current		1.547	1.866
Provisions for employee benefits, current	20	2.352.400	3.607.781
Other non-financial liabilities, current		869.869	1.488.676
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		150.318.707	92.932.025
TOTAL CURRENT LIABILITIES		150.318.707	92.932.025
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	9	539.827.563	548.638.527
Other provisions, non-current	16	1.046.118	1.020.602
Deferred tax liabilities	23	72.673.785	74.260.083
Other accounts payable, non-current	9	1.604.518	1.842.216
Provisions for employee benefits, non-current	20	6.595.256	6.805.124
Other non-financial liabilities, non-current		7.271.029	7.309.028
TOTAL NON-CURRENT LIABILITIES		629.018.269	639.875.580
TOTAL LIABILITIES		779.336.976	732.807.605
EQUITY			
Issued capital	3	155.567.354	155.567.354
Accumulated earnings	3	300.536.162	293.922.289
Accountin issues	3	164.064.038	164.064.038
Other participations in equity	3	-5.965.555	-5.965.555
Equity attributable to owners of the controller	3	614.201.999	607.588.126
Non-controller participations	4	65.243.272	66.043.653
TOTAL EQUITY		679.445.271	673.631.779
TOTAL EQUITY & LIABILITIES		1.458.782.247	1.406.439.384

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



**Consolidated Statements of Comprehensive Results by Nature
For the periods ended September 30, 2011 and 2010
(Thousands of Chilean pesos - ThCh\$)**

STATEMENT OF RESULTS BY NATURE	Note				
		30-09-2011 ThCh\$	30-09-2010 ThCh\$	01-07-2011 30-09-2011 ThCh\$	01-07-2010 30-09-2010 ThCh\$
Statement of Results					
Revenues from ordinary activities	18	261.390.397	238.372.640	76.371.350	72.005.961
Raw materials & consumables used		-19.872.417	-16.788.978	-6.845.053	-5.256.968
Employee benefit expenses	20	-27.382.161	-27.164.203	-8.565.837	-9.199.516
Charges for depreciation & amortization	12-14	-40.066.311	-39.830.439	-13.659.066	-13.562.766
Impairment of book value in the result for the period	15	-851.589	-1.554.718	-131.589	-4.822
Other expenses, by nature		-52.858.899	-44.986.154	-17.575.459	-14.448.052
Other gains	5	1.932.084	1.680.992	1.705.150	42.179
Financial income	5	5.509.684	2.766.096	1.378.108	1.003.002
Financial costs	5	-20.139.425	-16.245.900	-7.485.697	-5.998.168
Exchange differences	21	8.171	-17.501	17.530	1.238
Results of indexation adjustments		-12.967.438	-8.430.608	-2.873.350	-2.976.236
Earnings before taxes		94.702.096	87.801.227	22.336.087	21.605.852
Charge for income taxes	23	-17.225.288	-13.678.433	-4.114.107	-3.290.371
Earnings from continuing operations		77.476.808	74.122.794	18.221.980	18.315.481
Earnings		77.476.808	74.122.794	18.221.980	18.315.481
Earnings attributable to					
Owners of the controller		77.336.260	73.352.088	18.183.992	18.367.365
Earnings attributable to non-controller participations	4	140.548	770.706	37.988	-51.884
Earnings		77.476.808	74.122.794	18.221.980	18.315.481
Earnings per share					
Basic earnings per share from continuing operations		12,64	11,98	2,98	3,00
Basic earnings per share	24	12,64	11,98	2,98	3,00
STATEMENT OF COMPREHENSIVE RESULTS					
		30-09-2011 ThCh\$	30-09-2010 ThCh\$	01-07-2011 30-09-2011 ThCh\$	01-07-2010 30-09-2010 ThCh\$
Earnings		77.476.808	74.122.794	18.221.980	18.315.481
Total comprehensive result		77.476.808	74.122.794	18.221.980	18.315.481
Comprehensive result attributable to:					
Owners of the controller		77.336.260	73.352.088	18.183.992	18.367.365
Non-controller participations	4	140.548	770.706	37.988	-51.884
Total comprehensive result		77.476.808	74.122.794	18.221.980	18.315.481

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



Consolidated Statements of Direct Cash Flows
For the periods ended September 30, 2011 and 2010
(Thousands of Chilean pesos - ThCh\$)

STATEMENT OF CASH FLOWS DIRECT	Note	30-09-2011 ThCh\$	30-09-2010 ThCh\$
Proceeds of sales of goods & services		314.779.010	291.808.387
Proceeds of insurance claims & annuities		2.034.232	3.706.086
Other proceeds from operating activities		1.410.594	3.909.997
Payments to suppliers of goods & services		-78.975.768	-74.780.202
Payments to & behalf of employees		-30.087.596	-29.699.852
Payments of insurance premiums & other obligations		-270.909	-1.342.244
Other operating activity payments		-29.446.818	-30.210.931
Interest paid		-16.337.352	-11.073.715
Interest received		2.015.503	251.564
Income taxes refunded (paid)		-22.820.248	-21.734.349
Other cash inflows (outflows)		-3.310.727	-1.329.413
Net cash flow from operating activities		138.989.921	129.505.328
Proceeds of sales of property, plant & equipment		364.097	574.339
Purchases of property, plant & equipment		-82.082.358	-46.049.415
Purchases of intangible assets		-124.075	-386.124
Other cash inflows (outflows)		-2.374.553	-682.733
Net cash flow used in investment activities		-84.216.889	-46.543.933
Proceeds of long-term loans		24.715.628	52.367.663
Proceeds of short-term loans		3.952.182	305.239
Total loan proceeds		28.667.810	52.672.902
Loan repayments		-6.552.182	-32.256.391
Dividends paid		-71.644.442	-91.670.927
Other cash inflows (outflows)		-207.545	-548.151
Net cash flow used in financing activities		-49.736.359	-71.802.567
Net increase in cash & cash equivalents		5.036.673	11.158.828
Cash & cash equivalents at start of the period		6.089.962	24.996.283
Cash & cash equivalents at end of the period	8	11.126.635	36.155.111

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



Statements of Changes in Equity
For the periods ended September 30, 2011 and 2010
(Thousands of Chilean pesos - ThCh\$)

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in the equity	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2011		155.567.354	164.064.038	-5.965.555	293.922.289	607.588.126	66.043.653	673.631.779
Restated initial balance		155.567.354	164.064.038	-5.965.555	293.922.289	607.588.126	66.043.653	673.631.779
Comprehensive result								
Earnings					77.336.260	77.336.260	140.548	77.476.808
Dividends	3				70.722.387	70.722.387		70.722.387
Reduction through transfers & other changes	3						-940.929	-940.929
Total changes in equity		0	0	0	6.613.873	6.613.873	-800.381	5.813.492
Closing balance as of 30-09-2011		155.567.354	164.064.038	-5.965.555	300.536.162	614.201.999	65.243.272	679.445.271

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in the equity	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2010		155.567.354	164.064.038	-5.965.555	309.334.336	623.000.173	66.945.740	689.945.913
Restated initial balance		155.567.354	164.064.038	-5.965.555	309.334.336	623.000.173	66.945.740	689.945.913
Comprehensive result								
Earnings					73.352.088	73.352.088	770.706	74.122.794
Dividends	3				86.134.771	86.134.771		86.134.771
Reduction through transfers & other changes							-1.063.786	-1.063.786
Total changes in equity		0	0	0	-12.782.683	-12.782.683	-293.080	-13.075.763
Closing balance as of 30-09-2010		155.567.354	164.064.038	-5.965.555	296.551.653	610.217.490	66.652.660	676.870.150

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



CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A.

Notes to Financial Statements



CONTENTS

	Contents	Page
1.	General information	10
2.	Bases of preparation & accounting policies	11
2.1	Preparation	11
2.2	Accounting policies	13
A.	Consolidation	13
B.	Operative segments	14
C.	Intangible assets other than goodwill	14
D.	Goodwill	16
E.	Property, plant & equipment	16
F.	Impairment of tangible & intangible assets except goodwill	18
G.	Leases	19
H.	Financial assets	20
I.	Inventories	23
J.	Dividend payment policy	23
K.	Foreign currency transactions	23
L.	Financial liabilities	23
M.	Derivative financial instruments & accounting of hedges	24
N.	Provisions & contingent liabilities	25
O.	Employee benefits	25
P.	Income tax & deferred taxes	26
Q.	Ordinary revenues	27
R.	Earnings per share	28
S.	Information on the environment	29
T.	Consolidated statement of cash flows	29
U.	Construction contracts	29
V.	Capitalized financing costs	30
W.	Dividends	30
X.	Reclassifications	30
3.	Capital & equity	31
4.	Non-controller participations	32
5.	Other revenues & expenses	34
6.	Combinations of businesses	34
7.	Consolidated & non-consolidated financial statements	36
8.	Cash & cash equivalents	39
9.	Financial instruments	40
10.	Related entities	50
11.	Inventories	52
12.	Intangible assets other than goodwill	53
13.	Goodwill	56
14.	Property, plant & equipment	57
15.	Impairment of assets	61
16.	Provisions & contingent liabilities	62
17.	Guarantees & restrictions	66
18.	Ordinary revenues	72
19.	Leases	73
20.	Employee benefits	74
21.	Effect of exchange differences	78
22.	Capitalized financing costs	78
23.	Income tax & deferred taxes	79
24.	Earnings per share	81
25.	Business segments	82
26.	The environment	88
27.	Events occurring after the date of the statement of financial position	91



1. GENERAL INFORMATION

Aguas Andinas S.A. (hereinafter the "Society") and its subsidiaries make up the Group Aguas Andinas (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 anonymous society open by deed on May 31, 1989 in Santiago by the notary public Mister Raúl Undurraga Laso. An extract of the statute was published on the Official Journal of the day Jun, 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 gather and provide waste water. Its current concession area is distributed in the Great Santiago and peripheral locations.

The Society is 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 liquid industrial waste treatment (Ecoriles S.A.), laboratory analysis (Análisis Ambientales S.A.) and commercialization of materials and other services related to the sanitary sector (Gestión y Servicios S.A.) and perform activities associated with water use and energy projects resulting from facilities and goods of sanitary companies (Aguas del Maipo).

The Society and its subsidiary Essal are registered in the Securities Register of the Superintendency of Securities and Insurance with the Number 346 and 524, respectively. The subsidiaries Aguas Cordilleras S.A. and Aguas Manquehue S.A. are registered in the reporting entities Register of the Superintendency of Securities and Insurance with the Number 170 and 2, respectively. As companies of the sanitation sector, they are regulated by the Superintendency of Sanitary Services in accordance with the Law 18.902 of 1989 and the 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 there exists a group when the matrix has one or more subsidiaries entities, being these which the matrix has control 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.

Direct controlling entity is Inversiones Aguas Metropolitanas S.A. ("IAM"), anonymous society which in turn is controlled by Sociedad General Aguas Barcelona S.A. ("Agbar"), entity located in Spain and one of the major operators of sanitation services in the world, which in turn is controlled by Suez Environment (France), this being controlled by GDF (France).

To September 30, 2011, the Group has 1,803 employees distributed in 63 CEOs, 621 professionals and 1,119 employees and administratives.



2. BASES OF PREPARATION AND ACCOUNTING POLICIES

2.1 Preparation

These consolidated financial statements relate to the statements of financial position as of September 30, 2011 and December 31, 2010 and the comprehensive results of its operations, changes in equity and cash flows for the nine-month periods ended September 30, 2011 and 2010, and have been prepared in accordance with International Financial Reporting Standards (IFRS) and represent the integral, explicit and unreserved adoption of the IFRS, in accordance to established in Circular 1,924 of April 24, 2009, Circular 556 of December 3, 2009 and Circular 658 of February 2, 2011 of the Superintendency of Securities and Insurance (SVS)

The Group complies with all the legal conditions of the environment in which it carries on its business, particularly the sanitation subsidiaries with respect to the sanitation sector regulations. The Group companies operate normally in every area of their activities, projecting a profitable operation and 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 company, as established by the accounting standards under which these interim consolidated financial statements are issued.

Functional and presentational currency

The unconsolidated financial statements of each of the Group's entities are shown using the currency of the principal economic environment in which the companies operate (functional currency). For the purposes of the interim consolidated financial statements, the results and financial position of each Group company are shown in Chilean pesos, which is the functional currency and the presentational currency of the Society and its subsidiaries for the interim consolidated financial statements.

New accounting pronouncements

a) The following new standards and interpretations have been adopted in these interim consolidated financial statements. Their adoption has had no significant impact on the figures reported in these interim consolidated financial statements but could affect the booking of future transactions or agreements.



IFRS amendments	Date of obligatory application
IAS 24, Disclosure of related parties	Annual periods starting or after January 1, 2011
IAS 32, Classification of issue rights	Annual periods starting or after February 1, 2010
Improvements to IFRS May 2010 – collection of amendments to seven IFRS	Annual periods starting or after January 1, 2011

New interpretations	Date of obligatory application
CFRS 19, Extinction of financial liabilities with equity instruments	Annual periods starting or after July, 2010

Amendments to interpretations	Date of obligatory application
CFRS 14, Limit of an asset for defined benefits, minimum funding requirements & their interaction	Annual periods starting or after January 1, 2011

b) The following new regulations and interpretations have been issued but their date of application has still not become effective:

New & Amendments	Date of obligatory application
IFRS 7, Financial instruments: disclosures	Annual periods starting on or after July 1, 2011
IAS 12, Income tax	Annual periods starting on or after January 1, 2012
IFRS 9, Financial assets	Annual periods starting on or after January 1, 2013
IFRS 10, Consolidated financial statements	Annual periods starting on or after January 1, 2013
IFRS 11, Joint agreements	Annual periods starting on or after January 1, 2013
IFRS 12 Disclosures of participations in other entities	Annual periods starting on or after January 1, 2013
IFRS 13 Measurements of fair value	Annual periods starting on or after January 1, 2013
IAS 1 Presentation of financial statements – Presentation of other comprehensive results	Annual periods starting on or after July 1, 2012
IAS 19 Employee benefits	Annual periods starting on or after January 1, 2013

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

Responsibility for the information in the financial statements and estimates made

The information contained in these interim consolidated financial statements is the responsibility of the board of the Society, which shows that all the principles and criteria included in the International



Financial Reporting Standards (IFRS) have been fully applied. The board approved these financial statements at its meeting held on November 2011.

The consolidated financial statements of Aguas Andinas S.A. and subsidiaries for the year 2010 were approved by the board at its meeting held on January 25, 2011.

Estimates like the following have been used in the preparation of the financial statements:

- Useful lives of property, plant and equipment 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 arising from outstanding litigation

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

A. Consolidation

The interim 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 the financial and operating policies, which is generally accompanied by a holding of over half the voting rights. When evaluating whether the Group controls another entity, the existence and effect of the potential voting rights that are currently being exercised or converted are taken into account. The subsidiaries are consolidated from the date on which control passes to the Group, and are excluded from the consolidation when such control ceases (see subsidiaries included in the interim consolidated financial statements of Aguas Andinas S.A. in Note 7).

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.

B. Operative segments

The Group adopted IFRS 8, *Operative Segments*, with effect from January 1, 2009. 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 revised by management for taking decisions on the assignment of resources to the subsidiaries and evaluating their performance.

The Group manages and measures 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 show that it is probable that the future economic benefits attributed to it flow to the entity and the cost can be correctly valued.

The basis for booking and measurement is the cost method. However and as indicated in IFRS 1, first adoption, certain water rights and easements were revalued and these values were used as their attributed cost.

i. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost less accumulated amortization and accumulated 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.

ii. Intangible assets generated internally – research and development expenses

Research activity expenses are booked as an expense in the period in which they are incurred.

An internally-generated intangible asset originating from development projects (or development phase of an internal project) is booked only when the following criteria have been met:

- It is technically possible to complete the production of the intangible asset in such a way as to make it available for use or sale;
- The management has the intention to complete the intangible asset for its use or sale;
- There is the capacity to use or sell the intangible asset;



- It is possible to show how the intangible asset will generate probable economic benefits in the future;
- There are sufficient technical, financial and other kinds of resources to finalize the development and to sue or sell the intangible asset; and
- It is possible to value reliably the disbursements attributable to the intangible asset during its development.

The amount initially booked for intangible assets generated internally is the sum of the expenses incurred from the date on which the intangible asset meets for the first time the criteria mentioned above. When an internally-generated intangible asset cannot be booked, the development expenses are taken to results in the period in which they were incurred.

After the initial booking, internally-generated intangible assets are shown at cost less accumulated amortization and accumulated impairment, on the same basis as for intangible assets acquired from third parties.

Neither the Society or its subsidiaries have capitalizable research and development costs.

iii. Method of amortization of intangible assets:

Intangible assets with defined useful life.

The amortization method employed by the Society reflects the level to which the future economic benefits of the asset flow to the entity. The Society therefore uses the straight-line depreciation method.

Computer programs.

The estimated useful life of software is 4 years and, 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 undefined useful lives.

Intangible assets with undefined 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. These assets are not amortized unless annual deterioration is shown, as indicated in IAS 36.

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 by 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. 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 the 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.

Effective 2010, with the coming into effect of the modifications made to IAS 27 "Consolidated and separate financial statements", any effect arising from a transaction with non-controller participations, not deriving from a change in control, are booked directly in equity and attributed to the owners of the controller. During the six month periods ended June 30, 2011, there have been no transactions with non-controller participations.

Goodwill that was 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 remains 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 booked 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 valuing the property, plant and equipment. However, for the first application of IFRS, certain land was revalued and the value obtained was considered as its attributed cost. 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 the 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. Remaining repairs and maintenance are charged to results in the period in which they are incurred.

Property, plant and equipment includes property developments carried out and financed by construction companies, enabling their customers to be connected to the sanitation network services of the Society and its sanitation subsidiaries. These assets relate mainly to water and sewage networks necessary for the normal development of the provision of sanitation services to the new customers added. As established in article 9 of Decree Law 70, these are not assets of the sanitation companies for the purpose of tariff setting.

Articles 36 to 43 and 53 of Decree Law 382/1988 of the Ministry of Public Works (the General Sanitation Services Law) establish responsibilities with respect to the installation by the property developer and the maintenance and replacement costs by the provider of the service.

At the time of their reception, the Society and its sanitation subsidiaries book these assets at their fair value and as deferred income for the same amount. This deferred income is amortized over the same period as the useful life of the associated assets which are shown net.

Method of depreciation and estimated useful life for property, plant and equipment:

The depreciation method employed by the Society reflects the extent to which economic benefits generated by the asset are used. 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 15).

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 materials and components of the 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 the following:

	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	7
Improvements to leased assets	5	5
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 of the Society and as there are no contractual obligations like those mentioned in IFRS, the concept of dismantling costs is not applicable at the date of these financial statements.

Fixed assets 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.

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 statement of financial position to see whether there exists any indication of impairment. Should these exist, the recoverable value is estimated of such assets in order to determine the impairment suffered (if any). 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 risk 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 periods. The reversal of a loss for impairment is booked immediately to results unless the corresponding asset is booked at a revalued amount in which case the reversal is dealt with as an increase in the revaluation.

G. Leases

i. Financial leases

Leases are classified as financial leases when the lease conditions 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 of the Group 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 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 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.



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). Time 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 and of the assignment of interest income 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 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 Society; or
- It is an implicit derivative that has to be separated from its original contract according to 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 September 30, 2011, the Society and subsidiaries have a shareholding in Sociedad Eléctrica Puntilla S.A. which has been valued at fair value on the acquisition date, as established in IAS 39, paragraph 43. Its later measurement will be at cost as there is no active market, as specified in paragraph 46 c) of the same standard. The Society and subsidiaries, in consideration of the shares received, signed a contract of permanence by which it holds performance bonds for the term of the contract to ensure compliance.

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 effective return.

iv. Loans and accounts receivable

Trade debtors, loans and other accounts receivable which have fixed or determinable payments which are not traded on an active market are classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any impairment in value except for short-term accounts receivable where the booking of interest would be immaterial. Interest income is booked by application of the effective interest rate.



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 with low probability of payment.

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 of impairment of financial assets

The Society periodically evaluates impairments affecting its financial assets. The amount of the allowance is the difference between the book value and the present value of estimated future cash flows, discounted at the effective interest rate. The book value of an asset is reduced to the extent that the allowance account is used and the loss is booked in the statement of results in "other expenses". When an account receivable is not recoverable, it is written off against the allowances 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, less than 1%.

For 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 the overdue debt of customers with debts of over 8 months.

For Aguas Andinas S.A. and Aguas Cordillera 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. and Ecoriles S.A., a 100% provision is made for customers with debts overdue more than 120 days.

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 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.



To the closing date of these financial statements, the Group does not hold 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. For inventories that have not turned over during the previous 12 months, these are booked at market value, if less.

In the case of the subsidiary Gestión y Servicios S.A., dedicated to the commercialization of materials, inventories are valued at cost which does not exceed their net realization value.

J. Dividend policy

The 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, and subject to approval by the ordinary shareholders meeting.

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	30-09-2011 Ch\$	31-12-2010 Ch\$
US dollar	521.76	468.01
Euro	700.63	621.53

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 the translation 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 of 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 accounting of hedges

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 existing interest-rate and exchange risks on existing 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 results in the respective result accounts (Note 9).

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 a reserve of net equity called Cash flow hedge, while the ineffective part is shown in the 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 case 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 hedging instrument, with an effectiveness of between 80% and 125%.

Implicit derivative. The Group also evaluates the existence of derivatives implicit in contracts and financial instruments to determine whether their characteristics and risks are closely related to the 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.

To the closing date of these financial statements, the Group has not derivative financial instruments.



N. Provisions and contingent liabilities

The Group makes a provision when there is a present obligation as a consequence of past events and 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 possible obligations arising from past events whose future materialization and associated equity damage is considered to have a low probability. According to IFRS, the Group makes no provision for these concepts although, as required in the same rule, they are detailed in Note 16 if they do exist.

O. Employee benefits

The obligation for severance payments which are estimated to accrue to employees who retire from 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, advance retirements on dismissal, wage increases, inflation, discount rate or of the personnel, are shown directly in results.

Aguas Andinas S.A.

The severance payments of 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 severance payment 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 severance payments of 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 severance payment 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 the subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A. continue to accrue this benefit after December 2002.

Essal S.A.

Indemnities to workers forming part of or 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, with a limit of six months for their 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.

Actuarial assumptions

The obligation of the Society and subsidiaries for the accrued severance payments of employees until July and December 2002 and the obligation for the additional indemnity estimated to accrue to workers retiring from the Society, is shown at its actuarial value, determined in accordance with the projected credit-unit method, at a discount rate of 6.4% annually and with mortality rates obtained from the tables RV-2009 of the Superintendency of Securities and Insurance (SVS) and from turnover obtained from internal studies. In addition, there are indemnities agreed in individual work contracts that are booked using the same method.

Advances granted to personnel against this fund are shown deducted from the current 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 bases 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, at the date of report, to recover or settle the book values of its assets and liabilities.

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 accounting for ordinary revenue for sales of goods

Revenue from sales of goods is booked once the risk and benefits are transferred. For the subsidiary Gestión y Servicios S.A., invoicing is made once the material is delivered; for the rest of the Group companies, if there are any sales of parts of Property, plant and equipment. The revenue is booked when it can be valued reliably.

Policy for accounting for ordinary revenue for 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 considered probable that the recovery, associated costs and possible discounts for mistaken collections is transferred to the customer, and can be estimated reliably.

The services area of the sanitation societies 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 services 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 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.

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. and Gestión y Servicios S.A., invoicing is made on the basis of work performed.

Method for determining the state of termination of services

The provision of the sanitation services is confirmed through the metering of consumption, in accordance with the 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 economic benefit will flow to the Society.

R. Earnings per share

The basic earnings per share are 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 nine months periods ended June 30, 2011.

During the period 2011 and the year 2010, the Group has carried out no kind of operation with a potential diluting effect that supposes that diluted earnings per share to be different to the 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 the minimization of adverse environmental impacts and 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 life of the different elements.

T. Consolidated statement of cash flows

The cash flow statement is prepared according to 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 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 equity and liabilities not forming part of the ordinary activities.

U. Construction contracts

The Group uses the "percentage realization method" for booking revenues and expenses according to the state of progress of the contract. Under this method, contract's revenue is compared to the contract's costs incurred in the degree of progress in which it is located, so the amount of revenue, expenses and earnings are disclosed which may be attributed to the portion of the contract executed.

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 which 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 loan 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:

Only interest paid or accrued on debt used exclusively to finance qualified assets is capitalized, as stipulated in IAS 23.

W. Dividends

The booking of the minimum dividend established in the Corporations Law will be booked at the close of each year in the event that there was no interim dividend or this was less than the 30% stated in the law.

X. Reclassifications

For comparison purposes, certain reclassifications have been made in the statement of financial position as of December 31, 2010 and the statement of results by nature as of September 30, 2010, related to the presentation of current other non-financial assets, trade creditors and other accounts payable, current, other non-current accounts payable and other earnings, respectively.



3. CAPITAL AND EQUITY

The capital of the Society is divided into 6,118,965,160 nominative shares of no par value and its composition is as follows:

	30-09-2011	31-12-2010
Serie A Shares	5.811.014.486	3.976.260.060
Serie B Shares	307.950.674	2.142.705.100
Total	6.118.965.160	6.118.965.160

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

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

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

- At the ordinary shareholders meeting held on April 26, 2011 it was agreed to distribute 100% of the earnings for 2010, after deducting the interim dividend paid in November 2010. The amount of dividend No.52 was ThCh\$70,722,387 equivalent to Ch\$11.55778 per share. The payment was made as from May 23, 2011, having entitled to 6,118,965,160 shares.

In 2010 it was agreed and made dividend payments in Aguas Andinas S.A. as detailed below:

- The ordinary shareholders meeting held on April 21, 2010 agreed to distribute 100% of the net income for 2009 and the distribution of ThCh\$ 1,563 in reserves for future dividends, discounting the interim dividend paid in November 2009. The amount of dividend No.50 amounted to ThCh\$ 90,618,558, equivalent to Ch\$ 14.80945 per share. This payment was made on May 17, 2010, having entitled to 6,118,965,160 shares.
- In board meeting held October 26, 2010 agreed to distribute the amount of ThCh\$ 33,126,854 on account of earnings 2010, acting as interim dividends. Because of this the dividend No. 51 amounted to Ch\$ 5.4138 per share. This payment was made on November 22, 2010, having entitled to 6,118,965,160 shares.

In accordance with its policy, the Society has booked no provision for the minimum dividend as of September. The Society has therefore made a reclassification to the statement of changes in equity at



September 2010, for an amount of ThCh\$22,005,627. This situation does not affect the presentation of the statement of financial position as of December 31, 2010 as the Society at that date had paid more than 30% of earnings for the year as an interim dividend.

Accumulated earnings

The amounts booked for revaluation of land and intangible assets and other adjustments of the first adoption are included in accumulated earnings and are subject to restrictions on their distribution as they first have to be booked as realized, through the use or sale, as established in IAS 16 and Circular 456 of June 20, 2008 of the SVS.

During the period 2011 and year 2010, no accumulated earnings were booked relating to first-adoption adjustments booked at January 1, 2008.

Accounting issues

The amount registered in accounting issues is the premium on the sale of shares produced in 1999 due to the capital increase.

Other participations in equity.

Other participations refer to the monetary correction of paid capital of the year 2008, the year of transition to IFRS, in accordance with SVS Circular 456, and the effects of combinations of businesses of companies under common control merger of subsidiaries in 2007 and 2008.

4. NON-CONTROLLER PARTICIPATIONS

The detail by company of the effects caused by the participation of third parties in the equity and results as of September 30, 2011 and 2010 is as follows:

Company	% Participation		Non-controller participations			
	30-09-2011	30-09-2010	30-09-2011		30-09-2010	
	%	%	Equity ThCh\$	Result ThCh\$	Equity ThCh\$	Result ThCh\$
Aguas Cordillera S.A.	0,00997%	0,00997%	20.488	1.193	20.246	952
Essal S.A. (1)	46,49350%	46,49350%	65.222.784	139.355	66.632.414	769.754
Total			65.243.272	140.548	66.652.660	770.706



- (1)** Includes third party participations by the assignment to market value of the assets and liabilities arising from the purchase of Inversiones Iberaguas Ltda. and Essal S.A.



5. OTHER REVENUE AND EXPENSES

The following shows other non-operating revenues and expenses, as required by IAS 1:

	30-09-2011 ThCh\$	30-09-2010 ThCh\$	01-07-2011 30-09-2011 ThCh\$	01-07-2010 30-09-2010 ThCh\$
Other earnings	1.932.084	1.680.992	1.705.150	42.179
Insurance claims (1)	1.529.627	1.526.533	1.485.831	3.837
Gain on sale of non-current assets, not held for sale	401.608	227.698	222.786	38.891
Other gains (losses)	849	-73.239	-3.467	-549
Financial costs	20.139.425	16.245.900	7.485.697	5.998.168
Bank loans	4.756.879	1.917.575	1.706.472	819.949
AFR interest expenses	2.330.989	2.070.950	770.001	754.909
Bond interest expense	10.544.257	10.865.879	3.222.247	3.893.653
Other interest costs	299.776	332.155	142.429	152.900
Amortization of loan agreement complementary costs	2.207.524	1.059.341	1.644.548	376.757
Financial income	5.509.684	2.766.096	1.378.108	1.003.002
Interest income	4.175.974	1.850.331	1.227.888	752.700
Gain on redemption & extinction of debt	1.333.710	915.765	150.220	250.302

- (1) During the 2011 period, the subsidiary Aguas Manquehue S.A. received from the companies RSA Seguros Chile S.A. and ACE Seguros S.A. the payment of insurance claims related to the earthquake of February 2010, amounting to a total of ThCh\$1,389,868.

During the 2010 period, the subsidiary Essal S.A. has received from RSA Seguros Chile S.A. payment of its claim for damages to infrastructure in the town of Chaitén, affected by the eruption of the volcano of the same name in May 2008. The total amount was ThCh\$1,494,474.

6. COMBINATIONS OF BUSINESSES

Detail of acquisitions

On July 10, 2008, the subsidiary Aguas Andinas S.A., jointly with its subsidiary Aguas Cordillera S.A., acquired from Iberdrola Energía de Chile Ltda. all its corporate rights in Inversiones Iberaguas Ltda., a company which then held 488,712,657 shares in Empresa de Servicios Sanitarios de Los Lagos S.A. (Essal S.A.), equivalent to 51% of its share capital. At the same time, it acquired 24,018,816 shares in Essal S.A. through a public share purchase offer, the equivalent of 2.5064% of the share capital.



The cost of the business combination amounted to ThCh\$81,122,784 (both societies).

On July 1, 2009, the final assignment of fair value was made of the assets and liabilities acquired in Inversiones Iberaguas Ltda. and Essal S.A.. This produced goodwill of ThCh\$ 2,426,198 for the purchase of Inversiones Iberaguas Ltda. and ThCh\$343,332 for the purchase of Essal S.A.

The summarized statement of financial position of the acquired company including the assignment of fair value as of September 30, 2011 and December 31, 2010 is as follows:

Iberaguas Ltda. Consolidated	Iberaguas Consolidated	Fair Value	Iberaguas Consolidated	Iberaguas Consolidated	Fair Value	Iberaguas Consolidated
	30-09-2011 ThCh\$	30-09-2011 ThCh\$	30-09-2011 ThCh\$	31-12-2010 ThCh\$	31-12-2010 ThCh\$	31-12-2010 ThCh\$
Assets						
Current assets						
Total current assets	11.654.526	0	11.654.526	9.660.398	0	9.660.398
Other financial assets, non-current	17.517	0	17.517	17.517	0	17.517
Intangible assets other than goodwill	6.560.854	3.866	6.564.720	6.536.309	4.169	6.540.478
Goodwill	26.716.713	-26.716.713	0	26.716.713	-26.716.713	0
Property, plant & equipment	120.741.490	82.285.538	203.027.028	121.749.919	86.464.023	208.213.942
Deferred tax assets	2.428.397	0	2.428.397	2.377.978	0	2.377.978
Total non-current assets	156.464.971	55.572.691	212.037.662	157.398.436	59.751.479	217.149.915
Total assets	168.119.497	55.572.691	223.692.188	167.058.834	59.751.479	226.810.313
Liabilities						
Total current liabilities	7.219.461	0	7.219.461	7.977.016	0	7.977.016
Other financial liabilities, non-current	43.043.046	5.060.903	48.103.949	42.809.522	5.288.644	48.098.166
Non-current liabilities	901.242	0	901.242	877.600	0	877.600
Deferred tax liabilities	12.447.536	13.333.524	25.781.060	12.441.346	14.005.202	26.446.548
Provisions for employee benefits, non-current	109.072	0	109.072	106.166	0	106.166
Other non-financial liabilities, non-current	0	0	0	14.945	0	14.945
Total non-current liabilities	56.500.896	18.394.427	74.895.323	56.249.579	19.293.846	75.543.425
Total liabilities	63.720.357	18.394.427	82.114.784	64.226.595	19.293.846	83.520.441
Equity						
Issued capital	49.090.900	0	49.090.900	49.090.900	0	49.090.900
Accumulated earnings (losses)	2.475.420	-7.633.535	-5.158.115	1.671.298	-5.878.860	-4.207.562
Other reserves	15.276.404	15.224.305	30.500.709	15.276.404	15.224.305	30.500.709
Equity attributable to owners of the controller	66.842.724	7.590.770	74.433.494	66.038.602	9.345.445	75.384.047
Non-controller participations	37.556.416	29.587.494	67.143.910	36.793.637	31.112.188	67.905.825
Equity	104.399.140	37.178.264	141.577.404	102.832.239	40.457.633	143.289.872
Total equity & liabilities	168.119.497	55.572.691	223.692.188	167.058.834	59.751.479	226.810.313



Essal S.A.	Essal S.A.	Fair Value	Essal with Fair Value	Essal S.A.	Fair Value	Essal with Fair Value
	30-09-2011 ThCh\$	30-09-2011 ThCh\$	30-09-2011 ThCh\$	31-12-2010 ThCh\$	31-12-2010 ThCh\$	31-12-2010 ThCh\$
Assets						
Current assets						
Total current assets	11.641.281	0	11.641.281	9.656.014	0	9.656.014
Other financial assets, non-current	17.517	0	17.517	17.517	0	17.517
Intangible assets other than goodwill	6.560.854	3.866	6.564.720	6.536.309	4.169	6.540.478
Property, plant & equipment	120.741.490	82.285.538	203.027.028	121.749.919	86.464.023	208.213.942
Deferred tax assets	2.428.397	0	2.428.397	2.377.978	0	2.377.978
Total non-current assets	129.748.258	82.289.404	212.037.662	130.681.723	86.468.192	217.149.915
Total assets	141.389.539	82.289.404	223.678.943	140.337.737	86.468.192	226.805.929
Liabilities						
Total current liabilities	8.242.896	0	8.242.896	8.999.102	0	8.999.102
Other financial liabilities, non-current	43.043.046	5.060.903	48.103.949	42.825.441	5.288.644	48.114.085
Non-current liabilities	901.242	0	901.242	861.681	0	861.681
Deferred tax liabilities	12.447.536	13.333.524	25.781.060	12.441.346	14.005.202	26.446.548
Provisions for employee benefits, non-current	109.072	0	109.072	106.166	0	106.166
Other non-financial liabilities, non-current	0	0	0	14.945	0	14.945
Total non-current liabilities	56.500.896	18.394.427	74.895.323	56.249.579	19.293.846	75.543.425
Total liabilities	64.743.792	18.394.427	83.138.219	65.248.681	19.293.846	84.542.527
Equity						
Issued capital	45.681.696	0	45.681.696	45.681.696	0	45.681.696
Accumulated earnings (losses)	34.697.450	-13.226.832	21.470.618	33.140.759	-9.947.463	23.193.296
Other equity participations	-3.733.399	77.121.809	73.388.410	-3.733.399	77.121.809	73.388.410
Equity attributable to owners of the controller	76.645.747	63.894.977	140.540.724	75.089.056	67.174.346	142.263.402
Equity	76.645.747	63.894.977	140.540.724	75.089.056	67.174.346	142.263.402
Total equity & liabilities	141.389.539	82.289.404	223.678.943	140.337.737	86.468.192	226.805.929

7. CONSOLIDATED AND UNCONSOLIDATED FINANCIAL STATEMENTS

Identification of link between controller and subsidiary

The subsidiary companies (as defined in Note 2.2 A) included in the consolidated financial statements of Aguas Andinas S.A. are the following:



Tax No.	Company	Direct %	Indirect %	Total 2011 %	Direct %	Indirect %	Total 2010 %
96.945.219-8	Ecoriles S.A.	99,990300	0,000000	99,9903	99,990300	0,000000	99,9903
96.828.120-8	Gestión y Servicios 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
96.809.310-K	Aguas Cordillera S.A.	99,038500	0,961500	100,0000	99,038500	0,961500	100,0000
89.221.000-4	Aguas Manquehue S.A.	2,506500	51,000000	53,5065	2,506500	51,000000	53,5065
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	97,847800	2,152200	100,0000	97,847800	2,152200	100,0000
96.897.320-7	Inversión Iberaguas Ltda.	99,999998	0,000002	100,0000	99,999998	0,000002	100,0000
In process	Aguas del Maipo S.A.	80,000000	20,000000	100,0000	0,000000	0,000000	0,0000

The summarized statement of financial position and of comprehensive results of each of the subsidiaries included in the consolidated financial position is as follows:

Summarized financial information of subsidiaries (statement of financial position) as of 30-09-2011

30-09-2011	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	18.321.926	244.437.211	10.036.666	47.230.865	205.491.606
Aguas Manquehue S.A.	1.301.271	55.977.879	9.626.785	7.485.786	40.166.579
Inversiones Iberaguas Ltda.	1.044.674	65.806.044	7.994	0	66.842.724
Empresa de Servicios Sanitarios de Los Lagos S.A.	11.641.281	129.748.258	8.242.895	56.500.897	76.645.747
Ecoriles S.A.	3.702.222	223.825	1.299.300	0	2.626.747
Gestión y Servicios S.A.	6.504.282	1.783.722	3.008.339	0	5.279.665
Análisis Ambientales S.A.	2.019.310	1.314.146	442.037	0	2.891.419
Aguas del Maipo S.A.	125	249.875	0	0	250.000

Summarized financial information of subsidiaries (statement of comprehensive results) as of 30-09-2011

30-09-2011	Result for period	Ordinary revenues	Operating expenses (-)	Other net expenses (-) / revenues (+)
Subsidiaries	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	11.970.655	29.994.623	-6.761.228	-11.262.740
Aguas Manquehue S.A.	2.220.953	5.398.600	-2.610.304	-567.343
Inversiones Iberaguas Ltda.	1.822.266	0	0	1.822.266
Empresa de Servicios Sanitarios de Los Lagos S.A.	3.579.100	25.689.899	-12.639.882	-9.470.917
Ecoriles S.A.	1.085.380	7.137.430	-4.111.157	-1.940.893
Gestión y Servicios S.A.	-82.315	6.246.755	-5.177.959	-1.151.111
Análisis Ambientales S.A.	798.155	3.288.312	-1.718.254	-771.903



Summarized financial information of subsidiaries (statement of financial position) as of 31-12-2010

31-12-2010	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	12.937.685	243.169.525	10.871.593	45.292.038	199.943.579
Aguas Manquehue S.A.	2.868.256	57.505.629	7.923.578	14.504.681	37.945.626
Inversiones Iberaguas Ltda.	1.035.811	65.012.132	9.341	0	66.038.602
Empresa de Servicios Sanitarios de Los Lagos S.A.	9.656.016	130.681.722	8.999.103	56.249.579	75.089.056
Ecoriles S.A.	9.376.986	169.664	1.201.191	0	8.345.459
Gestión y Servicios S.A.	6.739.134	1.845.971	3.223.124	0	5.361.981
Análisis Ambientales S.A.	3.888.774	1.358.229	340.877	0	4.906.126

Summarized financial information of subsidiaries (statement of comprehensive results) as of 30-09-2010

30-09-2010	Result for period	Ordinary revenues	Operating expenses (-)	Other net expenses (-) / revenues (+)
Subsidiaries	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	9.543.474	26.790.825	-6.310.668	-10.936.683
Aguas Manquehue S.A.	322.484	4.207.397	-2.616.685	-1.268.228
Inversiones Iberaguas Ltda.	2.509.087	1.080	0	2.508.007
Empresa de Servicios Sanitarios de Los Lagos S.A.	4.934.987	23.773.960	-11.666.632	-7.172.341
Ecoriles S.A.	1.158.789	5.988.583	-3.027.352	-1.802.442
Gestión y Servicios S.A.	478.162	5.047.769	-3.962.661	-606.946
Análisis Ambientales S.A.	715.937	3.138.374	-1.714.329	-708.108

Detail of significant subsidiaries

The definition of significant subsidiaries is based on their percentage contribution to the operating results, their participation in Property, plant and equipment and results for the period of the interim consolidated financial statements. The following companies are considered as significant subsidiaries:



Name of significant subsidiary	Aguas Cordillera S.A.	Essal S.A.
Tax No.	96.809.310-k	95.579.800-5
Country	Chile	Chile
Functional currency	Chilean pesos	Chilean pesos
Percentage participation in significant subsidiary	99,99003%	53,50650%
Percentage voting powers in significant subsidiary	99,99003%	53,50650%
Percentage of consolidated totals		
Contribution margin	12,30%	6,91%
Property, plant & equipment	8,24%	11,23%
Result for the period	12,12%	3,63%

8. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Banks	1.185.411	1.755.962
Time deposits (Note 9.7)	2.522.000	1.967.000
Mutual funds (Note 9.7)	7.419.224	2.367.000
Total	11.126.635	6.089.962

Cash and cash equivalents relate to financial assets, time deposits and marketable securities with maturities of less than 90 days from the date of the transaction.

Detail of some items of the statement of cash flows

- **Other operating activity receipts:** Relate to services connected with the business, principally agreements signed with property developers.
- **Other operating activity payments:** Relate principally to the payment of value added tax (VAT).



9. FINANCIAL INSTRUMENTS

9.1 Capital risk management

The Group manages its capital to ensure that Group entities continue as ongoing businesses through the maximization of profitability for shareholders through 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 9.4, the capital attributable to equity holders of the controller, which includes the capital, reserves and retained earnings which are shown in Note 3.

9.2 Significant accounting policies

The significant accounting policies and methods adopted, including booking 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 and 2L to these financial statements.



9.3 Classes of financial instruments

Classes of financial instruments	Currency or indexation unit	Note	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Other financial assets, current			0	406.502
Hedge assets, foreign currency derivatives, current	CLP	9.6	0	406.502
Trade debtors			59.520.635	65.329.172
Trade debtors & other accounts receivable, current	CLP	9.5	57.038.191	62.320.696
Trade debtors & other accounts receivable, current	USD	9.5	16.827	44.320
Trade debtors & other accounts receivable, current	EUR	9.5	2.905	3.025
Collection rights, non-current	CLP	9.5	2.462.712	2.961.131
Other financial liabilities, current			70.775.262	22.154.584
Bank loans, current	CLP	9.4	11.896.224	3.913.732
Bonds, current	CLP	9.4	58.842.989	17.604.950
Reimbursable financial contributions, current	CLP	9.4	36.049	217.480
Hedge liabilities, foreign currency derivatives, current	CLP	9.4	0	418.423
Other financial liabilities, non-current			539.827.563	548.638.527
Bank loans, non-current	CLP	9.4	94.779.830	105.654.339
Bonds, non-current	CLP	9.4	355.418.530	365.846.377
Reimbursable financial contributions, non-current	CLP	9.4	89.629.203	77.137.812
Trade payable			51.272.015	46.510.761
Trade creditors & other accounts payable, current	CLP	9.8	49.196.210	44.128.338
Trade creditors & other accounts payable, non-current	USD	9.8	301.255	266.386
Trade creditors & other accounts payable, non-current	EUR	9.8	170.032	273.821
Other accounts payable, non-current	CLP	9.8	1.604.518	1.842.216
Other financial assets, non-current	CLP	9.10	7.238.651	7.238.651

9.4 Information on financial liabilities

Other financial liabilities

Other financial liabilities include bank loans, bonds, reimbursable financial contributions (AFR) and hedge liabilities, explained below:



The bonds, bank loans and AFRs are booked values at amortized cost.

Reimbursable financial contributions (AFR)

According to 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 September 30, 2011 and December 31, 2010 is as follows:

Bank loan balances, current.

Debtor	Tax No.	Country of debtor	Bank creditor	Tax No.	Country of creditor	Residual 30-09-2011 ThCh\$	Total book value ThCh\$			Total nominal value ThCh\$		Nominal rate	Effective rate	Repayment
							30-09-2011 Up to 90 days	91 to 365 days	31-12-2010 ThCh\$	30-09-2011	31-12-2010			
Aguas Andinas S.A.	61.808.000-5	CL	Banco BBVA	97.032.000-8	CL	0	0	96.771	222.293	103.384	239.989	6,57%	6,62%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	0	148.524	0	118.939	151.837	153.496	6,93%	6,97%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco Corpbanca	97.023.000-9	CL	2.800.000	0	2.872.846	2.837.661	2.884.459	2.887.143	6,42%	6,54%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco Santander	97.036.000-K	CL	0	0	52.097	156.226	55.696	162.272	6,57%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	0	0	627.056	401.035	641.025	463.050	6,93%	6,97%	Semi-annual
Aguas Manquehue S.A.	89.221.000-4	CL	Banco Estado	97.030.000-7	CL	0	122.930	7.976.000	177.577	8.098.930	177.577	6,85%	6,85%	Semi-annual
Total						2.800.000	271.454	11.624.770	3.913.731	11.935.331	4.083.527			

Nominal value = principal+accrued interest

Residual value = total principal due

Book value = principal+accrued interest-deferred issue costs (amortized cost method)



Bank loan balances, non-current.

Debtor	Tax No.	Country of debtor	Bank creditor	Tax No.	Country of creditor	Currency or indexation unit	Years to maturity				30-09-2011		31-12-2010		Nominal rate	Effective rate	Repayments
							13 months to 3 years	3 to 5 years	More than 5 years	Plazo	Total non-current (book value)	Total non-current (nominal value)	Total non-current (book value)	Total non-current (nominal value)			
							ThCh\$	ThCh\$	ThCh\$		ThCh\$	ThCh\$	ThCh\$	ThCh\$			
Aguas Andinas S.A.	61.808.000-5	CL	Banco BBVA	97.032.000-8	CL	CLP	4.602.693	13.077.891	0	28-08-2016	17.680.584	17.702.667	17.731.015	17.702.667	6,57%	6,62%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	CLP	1.492.260	2.771.340	6.380.917	17-07-2017	10.644.517	10.659.000	10.735.240	10.659.000	6,93%	6,97%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco Corpbanca	97.023.000-9	CL	CLP	11.990.774	0	0	28-08-2013	11.990.774	12.000.000	14.735.865	14.800.000	6,42%	6,54%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco Santander	97.036.000-K	CL	CLP	0	9.525.102	0	28-08-2015	9.525.102	9.537.000	9.515.735	9.537.000	6,57%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	CLP	6.300.000	11.700.000	26.938.853	17-07-2017	44.938.853	45.000.000	44.960.483	45.000.000	6,93%	6,97%	Semi-annual
Aguas Manquehue S.A.	89.221.000-4	CL	Banco Estado	97.030.000-7	CL	CLP	0	0	0	09-07-2012	0	0	7.976.000	7.976.000	6,85%	6,85%	At maturity
Total							24.385.727	37.074.333	33.319.770		94.779.830	94.898.667	105.654.338	105.674.667			

Nominal value = principal+accrued interest

Book value = principal+accrued interest-deferred issue costs (amortized cost method)

The detail of reimbursable financial contributions as of September 30, 2011 and December 31, 2010 is as follows:

Reimbursable Financial Contributions, current portion

Registration No. or identification of instrument	Currency or indexation unit	Residual UF 30-09-2011	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Tax No.	Repayment	Secured (Yes/No)
			30-09-2011 ThCh\$	31-12-2010 ThCh\$							
AFR	UF	0	0	0	3,69%	3,59%	Chile	Aguas Andinas S.A	61.808.000-5	At maturity	No
AFR	UF	1.638	36.049	217.480	6,21%	5,98%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	0	0	0	3,56%	3,46%	Chile	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	0	0	0	3,84%	3,73%	Chile	Essal S.A.	96.579.800-5	At maturity	No
Total		1.638	36.049	217.480							

Reimbursable Financial Contributions, non-current portion

Registration No. or identification of instrument	Currency or indexation unit	Residual UF 30-09-2011	Book value		Maturity date	Contract real interest rate	Effective rate	Issuer	Tax No.	Repayment	Secured (Yes/No)
			30-09-2011 ThCh\$	31-12-2010 ThCh\$							
AFR	UF	2.542.216	55.961.004	47.175.342	10-06-2026	3,69%	3,59%	Aguas Andinas S.A	61.808.000-5	At maturity	No
AFR	UF	1.239.490	27.284.503	24.703.780	03-03-2026	6,21%	5,98%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	137.171	3.019.493	2.248.463	03-08-2025	3,56%	3,46%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	152.830	3.364.203	3.010.227	09-06-2026	3,84%	3,73%	Essal S.A.	96.579.800-5	At maturity	No
Total		4.071.707	89.629.203	77.137.812							

The detail of bonds outstanding as of September 30, 2010 and December 31, 2010 is as follows:



Bonds, current portion

Type of document	Amount outstanding	Book value ThCh\$			Maturity date	Annual nominal interest rate	Annual effective interest rate	Payments of		Issuer	Tax No.
		30-09-2011		31-12-2010				Interest	Principal		
	UF	Up to 90 days	91 to 365 days	ThCh\$							
BEMOS-B1	0	0	0	712.540	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BEMOS-B2	0	0	0	1.119.721	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-E	1.650.000	479.533	36.216.920	0	01-06-2012	4,00%	4,45%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-F	263.158	4.125.846	2.558.039	5.568.808	01-12-2026	4,15%	4,71%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-G	0	615.871	0	201.729	01-04-2014	3,00%	3,41%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-I	320.000	4.017.034	3.408.016	6.868.295	01-12-2015	3,70%	4,06%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-J	0	259.385	0	40.471	01-12-2018	4,00%	4,20%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-K	80.000	316.895	1.725.322	117.953	01-10-2016	2,90%	3,08%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-M	0	800.646	10.227	399.956	01-04-2031	4,20%	5,04%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-N	0	387.617	0	0	01-10-2016	3,17%	3,33%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-P	0	631.225	7.650	0	01-10-1933	3,86%	3,80%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BESAL-B	115.789	2.128.400	1.154.363	2.575.477	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Total	2.428.947	13.762.452	45.080.537	17.604.950							

Bonds, non-current portion

Type of document	Amount outstanding UF	Book value ThCh\$				Maturity date	Annual nominal interest rate	Annual effective interest rate	Payments of		Issuer	Country of issuer	Tax No.
		30-09-2011			31-12-2010				Interest	Principal			
		13 months to 3 years	3 to 5 years	Over 5 years									
BEMOS-B1	0	0	0	0	13.347.352	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5
BEMOS-B2	0	0	0	0	20.974.457	01-09-2022	6,25%	7,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-E	0	0	0	0	35.336.023	01-06-2012	4,00%	4,47%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-F	3.815.789	11.585.631	10.856.622	58.910.872	81.814.497	01-12-2026	4,15%	4,74%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-G	2.500.000	54.713.382	0	0	53.151.383	01-04-2014	3,00%	3,43%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-I	1.520.000	14.088.122	19.153.412	0	35.743.752	01-12-2015	3,70%	4,07%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-J	1.000.000	0	0	21.789.063	21.208.334	01-12-2018	4,00%	4,20%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-K	920.000	7.044.061	9.177.442	3.945.771	21.344.818	01-10-2016	2,90%	3,08%	Semi-annual	Semi-annual	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-M	1.750.000	0	0	38.808.555	37.837.821	01-04-2031	4,20%	5,04%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-N	1.250.000	0	27.346.519	0	0	01-10-2016	3,17%	3,33%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5
BAGUA-P	1.500.000	0	0	33.259.332	0	01-10-1933	3,86%	3,80%	Semi-annual	At maturity	Aguas Andinas S.A.	Chile	61.808.000-5
BESAL-B	1.852.632	5.097.674	5.097.674	34.544.398	45.087.940	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	Chile	96.579.800-5
Total	16.108.421	92.528.870	71.631.669	191.257.991	365.846.377								

9.5 Risk management

The principal objectives of financial risk management are to ensure the availability of funds to meet financial commitments and 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 default of obligations by our counterparties (customers).

Aguas Andinas S.A. 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	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Gross exposure according to balance of accounts receivable	90.373.797	94.049.674
Gross exposure according to estimates of accounts receivable risks	-30.853.162	-28.720.502
Net exposure, risk concentrations	59.520.635	65.329.172

Movement in credit risk accounts receivable	ThCh\$
Initial balance as of 01-01-2011	28.720.502
Increase in existing provisions	7.873.882
Reductions	5.741.222
Changes, total	2.132.660
Closing balance as of 30-09-2011	30.853.162

Trade debtors & other accounts receivable	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Less than three months	55.862.742	62.041.555
Three to six months	945.103	69.468
Six to twelve months	250.078	257.018
Over twelve months	2.462.712	2.961.131
Total	59.520.635	65.329.172



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.

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

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

- 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 (undiscounted cash flows)

Balances as of September 30, 2011	Up to 90 days		91 days to 12 months		13 months to 3 years		3 to 5 years		Over 5 years	
	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate
Bank loans	1.300.000	6,83%	17.975.622	6,74%	35.859.542	6,61%	45.143.188	6,71%	35.590.365	6,93%
Bonds	15.716.577	4,25%	53.636.810	4,00%	119.547.182	3,41%	93.002.725	3,63%	262.320.379	4,54%
AFR	76.624	7,94%	23.198	7,95%	17.509.302	7,44%	8.567.815	3,73%	91.898.479	3,86%
Total	17.093.201		71.635.630		172.916.026		146.713.728		389.809.224	

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

iii. Interest rate risk

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

Debt instruments	Rate	%
Bank loans	Variable	17,49%
Bonds	Fixed	67,83%
AFR	Fixed	14,68%
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%.

Company	Amount due (principal) ThCh\$	Variable rate	Points (+/-)	Impact on result (ThCh\$) (+/-)
Aguas Andinas S.A	97.698.667	TAB 180 days	203	1.987.400
Aguas Manquehue S.A	7.976.000	TAB 360 days	171	136.514

For loans based on 180-day TAB, the positive or negative change in nominal TAB of 68 basis points, calculated annually, would have an impact on results of +/- ThCh\$ 1,987,400.

For loans based on 360-day TAB, the positive or negative change in nominal TAB of 80 basis points, calculated annually, would have an impact on results of +/- ThCh\$ 136,514.

9.6 Derivative instruments

The Group has the following hedge at fair value at the date of the financial statements:

Company	Hedge instrument	Description of hedge	Item hedged	Nature of risk hedged	Expiry	Current asset	Current liability	Current asset	Current liability
						30-09-2011		31-12-2010	
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
Gestión y Servicios S.A.	Forward purchase	Exchange rate	Liabilities	Fair value	July 5, 2011	0	0	400.688	418.423

9.7 Cash equivalents.

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



Company	Instrument	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Aguas Andinas S.A.	Mutual funds	0	773.000
Aguas Cordillera S.A.	Time deposit	4.317.000	0
Aguas Cordillera S.A.	Mutual funds	0	580.000
Análisis Ambientales S.A.	Time deposit	851.408	0
Eco-Riles S.A.	Time deposit	1.487.816	1.744.000
Essal S.A.	Time deposit	2.522.000	623.000
Essal S.A.	Mutual funds	763.000	614.000
Total		9.941.224	4.334.000

9.8 Trade creditors and other accounts payable

The principal concepts are the following:

Trade creditors & other accounts payable, current	Currency or indexation unit	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Dividends	CLP	1.000.465	981.590
Taxes (VAT, monthly prepayments, sole tax, others)	CLP	6.420.118	5.039.364
Suppliers of investments in progress	CLP	12.431.675	9.695.345
Personnel	CLP	2.386.729	1.928.074
Suppliers	CLP	15.070.057	9.819.300
Suppliers	USD	283.675	175.143
Suppliers	EUR	170.032	273.821
Services provided	CLP	11.226.770	16.161.478
Services provided	USD	0	91.243
Others	CLP	660.396	503.187
Others	USD	17.580	0
Total		49.667.497	44.668.545

9.9 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:



	30-09-2011	
	Amortized cost ThCh\$	Fair value ThCh\$
Other financial assets	7.419.224	7.419.224
Investments held at fair value	7.419.224	7.419.224
Mutual funds	7.419.224	7.419.224
Other financial liabilities	610.602.825	634.525.260
Financial liabilities booked at amortized cost	610.602.825	634.525.260
Bank debt	106.676.054	114.965.279
Bonds	414.261.519	429.894.729
AFR	89.665.252	89.665.252

Methodology and assumptions used in the calculation of fair value

The fair value of financial assets and liabilities was determined using the following methodology:

- a) The amortized cost of time deposits 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 cash flow analysis methodology, applying the discount curves corresponding to the remaining term to the maturity of the obligation.

Booking of fair value measurements in the financial information statements

- Level 1 relates to fair-value measurement methodologies by market quotas (without adjustments) in active markets and considering the same assets and liabilities valued.



- Level 2 relates to fair-value measurement methodologies by 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.

9.10 Other financial assets

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of ThCh\$ 7,221,134 (see Note 2.2, h, ii), over which the Company has no control or significant influence.

10. INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

Transactions between the Society and its subsidiaries reflect market conditions. These transactions have been eliminated in the consolidation and are not detailed in this Note.

Accounts receivable from related entities

Tax No. Related party	Related party	Relationship	Country of origin	Transaction	Currency	Term	Security	Current (ThCh\$)	
								30-09-2011	31-12-2010
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Reimbursement	CLP	30 days	Unsecured	56	27
96.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Development & implementation of geographic information system	CLP	30 days	Unsecured	964	3.566
76.080.553-K	Agbar Solutions Chile Ltda	Related to the controller	CL	Reimbursement of personnel expenses	CLP	30 days	Unsecured	34	0
96.864.190-5	Brisaguas S.A.	Related to the controller	CL	Chemical & bacteriological analysis services	CLP	30 days	Unsecured	0	573
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Sale of laboratory inputs & services	CLP	30 days	Unsecured	3.795	10.840
59.094.680-K	Aguas de Levante	Related to the controller	CL	Sale of materials	CLP	30 days	Unsecured	0	2.066
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Chemical & bacteriological analysis services	CLP	30 days	Unsecured	434	1.149
Total accounts receivable								5.283	18.221



Accounts payable to related entities

Tax No. Related party	Related party	Relationship	Country of origin	Transaction	Currency	Term	Security	Current (ThCh\$)	
								30-09-2011	31-12-2010
93.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Development & implementation geographic information system	CLP	30 days	None	24.150	102.216
59.127.140-K	Aquagest Services Company S.A.	Related to the controller	CL	Purchase of materials	CLP	30 days	None	0	39.747
76.080.553-K	Agbar Solutions Chile Ltda	Related to the controller	CL	Purchase of materials	CLP	30 days	Contract performance guarantee	1.004.155	708.636
76.046.628-K	Asterión S.A.	Related to the controller	CL	Contract for re-engineering of processes & implementation of new customer-service information systems	CLP	30 days	Contract performance bond ThCh\$845,149	2.722.957	1.314.675
96.864.190-5	Brisaguas S.A.	Related to the controller	CL	Collections payable	CLP	30 days	None	0	33.581
59.066.560-6	Degremont S.A. Agencia en Chile	Related to the controller	CL	Principal contract construction La Farfana sewage treatment plant	CLP	30 days	None	0	382.619
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Operation & maintenance services La Farfana sewage treatment plant	CLP	30 days	Contract performance bond UF 194,249.62	3.626.537	2.265.319
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Operating & maintenance services biogas purification plant	CLP	30 days	Contract performance bond UF 112.24	47.280	27.300
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, and construction, operation & maintenance Mapocho sewage treatment plant	CLP	90 days	Contract performance bond UF 357,863	17.695.466	15.127.999
None	Clavagueram de Barcelona S.A.	Related to the controller	CL	Technical assistance Renato Poblete park survey	CLP	30 days	None	0	15.144
None	Sorea	Related to the controller	CL	Expenses reimbursement	CLP	30 days	None	841	1.539
None	Aqua Ambiente Servicios Integrales S.A.	Related to the controller	CL	Expenses reimbursement	CLP	30 days	None	34.949	0
Total accounts payable								25.156.335	20.018.775

Transactions

Tax No. Related party	Related party	Relationship	Transaction	Currency	30-09-2011		30-09-2010		01-07-2011 30-09-2011		01-07-2010 30-09-2010	
					ThCh\$		ThCh\$		ThCh\$		ThCh\$	
					Amount	Effect on result (Charge)/Credit	Amount	Effect on result (Charge)/Credit	Amount	Effect on result (Charge)/Credit	Amount	Effect on result (Charge)/Credit
59.127.140-K	Aquagest Services Company S.A.	Other related parties	Purchase of materials	CLP	0	0	1.386.891	-1.124.294	0	0	645.428	-383.902
79.046.628-K	Asterión S.A.	Other related parties	Contract for re-engineering of processes & implementation of new customer-service information systems	CLP	1.850.151	-251.936	855.309	-146.344	597.028	-84.766	471.604	-65.671
76.080.553-K	Agbar Solutions Chile Ltda	Other related parties	Purchase of materials on consignment	CLP	2.996.893	-1.425.036	224.723	-224.723	1.089.475	-477.098	224.723	-224.723
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Other related parties	Operation & maintenance services El Trebal sewage treatment plant, and construction, operation & maintenance Mapocho sewage treatment plant	CLP	40.853.404	-5.084.311	1.647.421	-1.510.803	8.432.764	-2.050.996	1.647.421	-1.510.803
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	Operation & maintenance services La Farfana sewage treatment plant	CLP	9.438.807	-8.306.132	-8.425.626	-4.871.847	3.219.801	-2.834.237	3.023.661	-2.657.424
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	Operating & maintenance services biogas purification plant	CLP	119.494	-119.494	39.889	-39.889	38.499	-38.499	34.513	-34.513
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends paid	CLP	34.202.701	0	45.401.990	0	34.202.701	0	45.401.990	0

The criterion of materiality for reporting transactions with related entities is of accumulated amounts of over ThCh\$ 75,000.



Remuneration paid to the directors of Aguas Andinas S.A. and subsidiaries, and to members of the directors' committee

	30-09-2011	30-09-2010	01-07-2011	01-07-2010
	ThCh\$	ThCh\$	30-09-2011	30-09-2010
			ThCh\$	ThCh\$
Directors	238.630	231.458	160.985	144.277
Directors' committee	27.260	26.523	19.192	11.389
Total	265.890	257.981	180.177	155.666

These correspond to fees related to their functions as members of the board and directors' committee as agreed by the ordinary shareholders meetings of the Society and its subsidiaries.

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.

11. INVENTORIES

Class of inventory	30-09-2011	31-12-2010
	ThCh\$	ThCh\$
Merchandise	2.994.750	1.342.120
Supplies for production	552.626	482.589
Others	67.906	58.700
Total inventories	3.615.282	1.883.409

The cost of the inventories shown as an expense during the 2011 period amounts to ThCh\$5,955,627 and ThCh\$4,730,977 in the year 2010.



12. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Intangible assets, net	222.544.345	218.513.009
Tangible assets with finite lives, net	12.705.137	8.963.783
Tangible assets with undefined lives, net	209.839.208	209.549.226
Intangible assets, net	222.544.345	218.513.009
Patents, trademarks & other rights, net	5.939.518	6.079.377
Computer programs, net	6.765.619	2.884.406
Other intangible assets, net	209.839.208	209.549.226
Intangible assets, gross	246.498.554	241.501.386
Intangible assets, gross	246.498.554	241.501.386
Other intangible assets, gross	246.498.554	241.501.386
Intangible assets, gross	219.501.779	219.211.797
Patents, trademarks & other rights, gross	7.654.208	7.653.655
Computer programs, gross	19.342.567	14.635.934

Classes of accumulated amortization & impairment, intangible assets	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Accumulated amortization & impairment, intangible assets, total	23.954.209	22.988.377
Accumulated amortization & impairment, patents, trademarks & other rights	1.714.690	1.574.278
Accumulated amortization & impairment, computer programs	12.576.948	11.751.528
Accumulated amortization & impairment, other identifiable intangible assets	9.662.571	9.662.571



Current period (30-09-2011)

Movement in intangible assets	Patents, trademarks & other rights, net	Computer programs, net	Other intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2011	6.079.377	2.884.406	209.549.226
Additions	553	4.308.593	285.281
Amortization	140.412	1.120.461	0
Other increases (decreases)	0	693.081	4.701
Changes, total	-139.859	3.881.213	289.982
Closing balance as of 30-09-2011	5.939.518	6.765.619	209.839.208

Previous period (31-12-2010)

Movement in intangible assets	Patents, trademarks & other rights, net	Computer programs, net	Other intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2010	6.267.281	3.042.964	208.490.435
Additions	0	840.017	1.058.791
Amortization	187.215	1.351.609	0
Other increases (decreases)	-689	353.034	0
Changes, total	-187.904	-158.558	1.058.791
Closing balance as of 31-12-2010	6.079.377	2.884.406	209.549.226

Detail of significant identifiable intangible assets:

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



Current period (30-09-2011)

Company	Water rights ThCh\$	Easements ThCh\$
Aguas Andinas S.A.	73.901.907	7.413.947
Aguas Cordillera S.A.	92.491.699	7.868.651
Aguas Manquehue S.A.	21.202.676	904.953
Essal S.A.	5.042.791	1.012.584
Total	192.639.073	17.200.135

Fully-amortized identifiable intangible assets in use correspond to a minor portion of software.

Intangible assets with indefinite useful lives:

Both the water rights and easements are rights of the Society for which it is not possible to establish a finite 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.

There were no disbursements in research and development booked as an expense.

Commitments for the acquisition of intangible assets:

Commitments for the period October-December 2011 for the acquisition of intangible assets relate to water rights and easements 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:

Company	ThCh\$
Aguas Andinas S.A.	1.823.651
Aguas Cordillera S.A.	36.561
Aguas Manquehue S.A.	10.675
Essal S.A.	65.521
Análisis Ambientales S.A.	19.749
Total	1.956.157



13. GOODWILL

The following is a detail of goodwill for the different cash-generating units or groups of these to which this is assigned and its movement in the period January-September 2011 and year 2010.

Tax No.	Company	30-09-2011 ThCh\$	31-12-2010 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.	343.332	343.332
96.897.320-7	Inversiones Iberaguas Ltda.	2.426.196	2.426.196
Total		36.592.577	36.592.577



14. PROPERTY, PLANT AND EQUIPMENT

	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Property, plant equipment, net	1.074.893.139	1.031.790.701
Construction in progress	127.270.457	71.171.543
Land	151.151.587	148.941.768
Buildings	70.114.716	70.432.661
Plant & equipment	193.700.218	199.622.110
Computer equipment	1.388.967	1.386.254
Fixed installations & accessories	528.128.828	537.158.355
Motor vehicles	1.259.230	1.307.299
Improvements to leased assets	46.549	70.636
Other property, plant & equipment	1.832.587	1.700.075
Property, plant equipment, gross	1.945.991.872	1.867.380.880
Construction in progress	127.270.457	71.171.543
Land	151.151.587	148.941.768
Buildings	89.562.517	88.617.443
Plant & equipment	358.028.025	351.036.540
Computer equipment	8.711.663	10.307.322
Fixed installations & accessories	1.202.062.428	1.188.318.180
Motor vehicles	4.702.486	4.627.828
Improvements to leased assets	442.440	440.754
Other property, plant & equipment	4.060.269	3.919.502
Accumulated depreciation	871.098.733	835.590.179
Buildings	19.447.801	18.184.782
Plant & equipment	164.327.807	151.414.430
Computer equipment	7.322.696	8.921.068
Fixed installations & accessories	673.933.600	651.159.825
Motor vehicles	3.443.256	3.320.529
Improvements to leased assets	395.891	370.118
Other property, plant & equipment	2.227.682	2.219.427



Reconciliation of changes in property, plant and equipment by class:

According to IAS 16 paragraph 73, the following is information on each of the Company's classes of property, plant and equipment.

Property developments carried out and financed by construction companies contributed to the Society and subsidiaries as of September 30, 2011 and December 31, 2010 amount to ThCh\$21,448,929 and ThCh\$17,062,539 respectively (see Note 2.E).



Current period 30-09-2011

Concept	Initial balance	Additions	Divestitures	Depreciation charge	Other increases (reductions)	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Construction in progress,net	71.171.543	72.926.036	-851.589	0	-15.975.533	56.098.914	127.270.457
Land	148.941.768	2.286.845	-85.727	0	8.701	2.209.819	151.151.587
Buildings, net	70.432.661	277.879	-24.616	-1.313.343	742.135	-317.945	70.114.716
Plant & equipment, net	199.622.110	2.994.095	-245.560	-13.156.922	4.486.495	-5.921.892	193.700.218
Computer equipment, net	1.386.254	220.442	-1	-531.831	314.103	2.713	1.388.967
Fixed installations & accessories, net	537.158.355	3.816.063	0	-23.424.108	10.578.518	-9.029.527	528.128.828
Motor vehicles, net	1.307.299	229.659	-81.720	-344.597	148.589	-48.069	1.259.230
Improvements to leased assets, net	70.636	5.168	0	-26.379	-2.876	-24.087	46.549
Other property, plant & equipment, net	1.700.075	140.767	0	-8.255	0	132.512	1.832.587
Classes of property, plant & equipment, net	1.031.790.701	82.896.954	-1.289.213	-38.805.435	300.132	43.102.438	1.074.893.139

Previous year 31-12-2010

Concept	Initial balance	Additions	Divestitures	Depreciation charge	Other increases (reductions)	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Construction in progress,net	108.193.775	28.038.863	-36.792	0	-65.024.303	-37.022.232	71.171.543
Land	149.179.546	0	-31.431	0	-206.347	-237.778	148.941.768
Buildings, net	71.758.052	285.663	-320.958	-1.731.668	441.572	-1.325.391	70.432.661
Plant & equipment, net	209.746.022	5.891.598	-178.261	-18.182.631	2.345.382	-10.123.912	199.622.110
Computer equipment, net	1.602.794	462.414	-710	-736.682	58.438	-216.540	1.386.254
Fixed installations & accessories, net	474.261.342	32.371.339	-2.330.519	-30.322.638	63.178.831	62.897.013	537.158.355
Motor vehicles, net	1.456.189	335.555	-42.163	-444.747	2.465	-148.890	1.307.299
Improvements to leased assets, net	92.778	15.716	0	-37.858	0	-22.142	70.636
Other property, plant & equipment, net	2.017.909	0	-1.231	-16.880	-299.723	-317.834	1.700.075
Classes of property, plant & equipment, net	1.018.308.407	67.401.148	-2.942.065	-51.473.104	496.315	13.482.294	1.031.790.701



The detail of each consolidated Group company of amounts of future commitments for acquisitions of property, plant and equipment during 2011, is as follows:

Company	ThCh\$
Aguas Andinas S.A.	38.614.009
Aguas Cordillera S.A.	814.078
Aguas Manquehue S.A.	721.836
Essal S.A.	2.022.115
Ecoriles S.A.	0
Gestión y Servicios S.A.	73.957
Análisis Ambientales S.A.	56.201
Total	42.302.196

Elements of property, plant and equipment temporarily out of service, which it is believed might be re-used in the future:



Company	30-09-2011 ThCh\$
Aguas Andinas S.A.	116.552
Aguas Cordillera S.A.	168.613
Total	285.165

15. IMPAIRMENT OF VALUE OF ASSETS

Information about asset impairment per cash generating unit:

Each company as a whole is defined as a cash-generating unit as each is individually capable of generating future economic benefits. According to the accounting standard, the Society will evaluate 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, property, plant and equipment and goodwill.

The respective tests for impairment were made as of December 31, 2010 based on estimations and projections of the Group. These estimates indicated that the benefits attributable to the participations with lower associated values exceed individually their consolidated book values in all cases. As of September 30, 2011 there were no identified indications of impairment.

As of December 31, 2010, revisions were made of the Society's tangible assets following the earthquake of February 2010, estimating an impairment of ThCh\$ 1,554,718, equivalent as of September 30, 2010, which was shown in the line "losses for impairment" in the statement of comprehensive results, associated with the following:

- Water treatment and pumping plants.
- Sewage treatment and pumping plants.
- Operative premises (enclosures and others).
- Water storage tanks.
- Sewers.
- Other administrative assets (warehouses, agencies and offices).

As of September 30, 2011, impairment was booked in the subsidiary Aguas Manquehue S.A for ThCh\$851,589 as a result of the termination of operation of two sewage treatment plants and a pumping plant with the commencement of the full operation of the North Sewer, by which sewage is treated at the La Farfana sewage treatment plant.



16. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

The detail of these as of September 2011 and December 2010 is as follows:

Classes of provisions	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Provision for legal claims	1.495.797	991.798
Other provisions, current	1.495.797	991.798
Other provisions, non-current	1.046.118	1.020.602
Provisions, non-current	1.046.118	1.020.602

The movement in current provisions in the period is:

	Legal claims ThCh\$	Total ThCh\$
Initial balance provisions	991.798	991.798
Changes in provisions		
Increase in existing provisions	625.401	625.401
Provision used	-47.441	-47.441
Other decreases	-73.961	-73.961
Changes in provisions, total	503.999	503.999
Closing balance	1.495.797	1.495.797

The provisions comprising 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 could affect the Society:

- a) **Nature of class of provision:** The Sanitation Services Superintendency (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 Company did not commit the breach and therefore that its appeal will be accepted.

- b) **Nature of class of provision:** Aguas Andinas S.A. sold land to CORFO located at Quebrada de Ramón. The sale contract stated that there was a lawsuit pending with a third party who claimed ownership of 7.8 hectares of land, for which the court should determine its location. Depending on the location is the amount to be returned to CORFO and this to the individual.

Timetable foreseen for release of class of provision: During 2011.

Principal assumptions concerning future events relating to class of provision: The court determined the location of the land.

Uncertainties about the timing and amount of a class of provision: Pending a determination of the value of the land.

- c) **Nature of class of provision:** There are lawsuits relating to labor demands against Aguas Andinas, which was demanded additionally. In the event the demands are accepted the amount should be less than that demanded.



Timetable foreseen for release of class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: The lawsuits relate to demands amounting to ThCh\$ 302,809.

Principal assumptions regarding future events relating to the class of provision: Sentences in first instances given and appealed against to the Supreme Court.

- d) **Nature of class of provision:** Ordinary demand for compensation of damages. Plaintiff claim incorrect feasibility certificate issued by the company.

Timetable foreseen for release of class of provision: During 2011.

Uncertainties about the timing and amount of a class of provision: Demand received by UF 1.500. Aguas Andinas appealed that judgement. Firstly, the judgment was confirmed by the Court of Appeals of Santiago, the claimed amount must be canceled.

- e) **Nature of class of provision:** Demand for non-compliance with contract, Constructora Bengol Ltda. with Aguas Andinas S.A.

Timetable foreseen for release of class of provision: Not determined.

Uncertainties about the timing and amount of a class of provision: Pending notification of conciliation audience. Demand amounts to ThCh\$ 146,000 plus interest, indexation and costs. There is a high probability that the demand will be rejected.

- f) **Nature of class of provision:** The Metropolitan COREMA (regional environmental authority) applied a fine of 1.000 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. 10% of the fine was paid prior to the lawsuit.

Timetable foreseen for release of class of provision: Not determined.

Uncertainties about the timing and amount of a class of provision: Society estimates that not incurred the foul denounced by the authority, consequently expected to accept the claim.



- g) Nature of class of provision:** CONAMA (the national environmental authority) applied a fine of 720 UTM 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. The parties are called to hear sentence; there are moderate probabilities that the demand will be accepted.

- h) Nature of class of provision:** An individual made demand against Aguas Andinas for payment of an indemnity for devaluation of land as the result of a previous judgment which ordered Aguas Andinas S.A to indemnify the deterioration in value.

Timetable foreseen for release of class of provision: Not determined.

Uncertainties about the timing and amount of a class of provision: Latest evidence efforts by an independent judicial expert appraised the devaluation at ThCh\$296,866, there are probabilities that the demand will be accepted.

2.- Other provisions, non-current

These relate 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 demanded for damages and extra-contractual liability due to bad odors coming from the Western Santiago and later La Farfana sewage treatment plants, affecting the physical and mental health of the residents. The demands amount to a total of UF 1,333,496. The Society has presented several defenses against the civil demands for damages, expecting to obtain positive results in all cases.
- 2- The Treasury has made demand on 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\$ 2,705,451 plus indexation,



interest and costs. The case is in the evidence stage. The management believes that this will have no adverse effect on the financial statements.

- 3.- Demand for damages brought against Aguas Cordillera S.A. by a 79 residents of Lo Barnechea district due to supply problems in October and November 1996. The amount demanded is ThCh\$ 728,626. There are good probabilities of obtaining a favorable result; final evidence stage pending.
- 4.- Agua Potable Las Hijuelas demanded damages for services in arbitration proceedings against Aguas Cordillera S.A., for alleged non-compliance with a contract signed between the parties on July 12, 2009, for the maintenance and operation of water networks. The amount of the demand is UF 20,000. The case is in its evidence stage; the Society believes that the demand will not prosper.

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 companies.

17. 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\$31,824,533 as of September 30, 2011 and ThCh\$22,180,609 as of December 31, 2010.

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



Creditor	Debtor	Type of guarantee	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Asociación Canal Sociedad Maipo	Aguas Andinas S.A.	Performance bond	6.856.929	6.680.021
Chilectra S.A.	Aguas Andinas S.A.	Performance bond	11.013	10.728
Constructora San Francisco	Aguas Andinas S.A.	Performance bond	117.706	5.450
Dirección de Obras Hidraulica	Aguas Andinas S.A.	Performance bond	87.007	75.867
Dirección Regional de Obras Hidraulica	Aguas Andinas S.A.	Performance bond	33.558	0
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance bond	10.484	23.215
Director de Vialidad	Aguas Andinas S.A.	Performance bond	1.200.410	311.105
Ministerio de Obras Publicas	Aguas Andinas S.A.	Performance bond	777.271	582.368
Municipalidad de Lo Barnechea	Aguas Andinas S.A.	Performance bond	11.013	0
Municipalidad de Peñalolen	Aguas Andinas S.A.	Performance bond	35.766	6.436
Municipalidad de Pirque	Aguas Andinas S.A.	Performance bond	32.345	0
Municipalidad de Providencia	Aguas Andinas S.A.	Performance bond	43.260	42.193
Municipalidad de Santiago	Aguas Andinas S.A.	Performance bond	20.484	19.945
S.I.S.S.	Aguas Andinas S.A.	Performance bond	10.356.525	6.045.981
S.I.S.S.	Aguas Andinas S.A.	Guarantee policy	0	12.208
Secretaría Ministerial de Obra	Aguas Andinas S.A.	Performance bond	13.629	19.658
Serectaría Regional Ministerial	Aguas Andinas S.A.	Performance bond	38.520	29.306
Serviu Metropolitano	Aguas Andinas S.A.	Performance bond	1.011.320	1.265.714
Soc. Con. Aut. Acon	Aguas Andinas S.A.	Performance bond	55.065	0
Sociedad Concesionaria Via Santa Rosa	Aguas Andinas S.A.	Performance bond	22.378	15.427
Sociedad Concesionaria Via Santa Rosa	Aguas Andinas S.A.	Guarantee policy	0	21.799
Asociación Canal de Maipo	Aguas Cordillera S.A.	Performance bond	760.544	1.060.151
Ministerio de Obras Publicas	Aguas Cordillera S.A.	Performance bond	327.789	0
Municipalidad de Las Condes	Aguas Cordillera S.A.	Performance bond	17.000	5.500
Municipalidad de Lo Barnechea	Aguas Cordillera S.A.	Performance bond	0	10.728
Municipalidad de Vitacura	Aguas Cordillera S.A.	Performance bond	44.052	42.911
S.I.S.S.	Aguas Cordillera S.A.	Performance bond	1.394.326	764.461
Serviu Metropolitano	Aguas Cordillera S.A.	Performance bond	267.115	19.929
S.I.S.S.	Aguas Manquehue S.A.	Performance bond	1.199.089	888.038
S.I.S.S.	Aguas Manquehue S.A.	Guarantee policy	0	84.770
Essbio S.A	Anam S.A	Performance bond	0	30.723
Cía Minera Doña Inés de Collahuasi	Ecoriles S.A	Performance bond	0	22.034
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance bond	16.519	16.091
Serviu	Gestión y Servicios S.A.	Performance bond	3.122.196	779.109
Director de Obras Hidraulicas	Essal S.A.	Performance bond	245.168	184.403
Serviu	Essal S.A.	Performance bond	237.568	218.444
Director de Vialidad	Essal S.A.	Performance bond	442.990	0
S.I.S.S.	Essal S.A.	Guarantee policy	2.421.791	2.272.349
Total			31.230.830	21.567.062

b) Bond issue covenants

i. Aguas Andinas S.A.



The Society 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 unconsolidated and consolidated financial statements of the subsidiary corporations registered with the SVS, both the quarterly and the audited annual statements, in 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 that, 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.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and unconsolidated balance sheets, defined as the debt to equity ratio.

Starting in 2010, the above covenant will be 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).

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 September 30, 2011.



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

The Society 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, in 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 that, in the opinion of the company'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 1.2:1, measured on its balance sheets, defined as the debt to equity ratio.

Starting in 2010, the above covenant will be 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).

6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5:1.

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 September 30, 2011.



c) Bank loan covenants

The Society has covenants and restrictions in loan agreements with various Chilean banks, 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 disposal of 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 Society has loans, a copy of the unconsolidated 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 that, 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 September 30, 2011.

The Society and 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).

d.- Guarantees received from third parties.

As of September 30, 2011 and December 31, 2010, the Society has received documents in guarantee for ThCh\$33,202,307 and ThCh\$40,553,766 respectively, arising mainly from works contracts with construction companies to ensure their due performance. There are also other guarantees for service contracts and acquisition of materials, to ensure timely delivery.

A detail of the more important bank guarantees received as of September 30, 2011 is summarized below:



Contractor or supplier	ThCh\$	Expiry
CONSTRUCCIONES Y MONTAJES COM S.A.	110.239	08-03-2012
ITT WATER & WASTEWATER CHILE S.A.	209.374	30-11-2011
CHILECTRA S.A.	220.259	01-08-2012
COSTANERA CENTER S.A.	220.259	31-03-2012
INMOBILIARIA BUIÑ S.A.	227.712	01-04-2013
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	235.663	15-03-2013
AGBAR SOLUTIONS CHILE LTDA.	279.299	03-05-2012
SOC. GRAL DE AGUAS DE BARCELONA S.A.	314.746	31-10-2012
SONDA S.A.	314.746	31-10-2012
C. DE PETROLEOS DE CHILE COPEC S.A.	370.361	22-03-2012
ING. Y CONST. M. S. T. S.A.	448.111	15-05-2013
CONSORCIO EDEPE S.A	475.385	23-08-2013
CONSTRUCTORA OAS LTDA.	660.776	11-11-2011
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	672.167	15-05-2013
NICOLAIDES S.A.	829.935	20-09-2013
ACCIONA INFRAESTRUCTURAS S.A. AGENCIA EN CHILE	1.475.833	23-07-2013
EMP. DEP. DE A.S. MAPOCHO TREBAL LTDA	3.732.197	01-06-2017
EMPRESA DEPURADORA DE AGUAS SERVIDAS LTDA	4.278.519	31-12-2012
EMP DEPURADORA DE A.S. MAPOCHO TREBAL LTDA	7.882.247	15-04-2012
Total	22.957.828	

18. ORDINARY REVENUES

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

Class of ordinary revenues	30-09-2011 ThCh\$	30-09-2010 ThCh\$	01-07-2011 30-09-2011 ThCh\$	01-07-2010 30-09-2010 ThCh\$
Sale of assets	4.530.974	4.427.716	1.913.936	1.906.097
Provision of services	256.859.423	233.944.924	74.457.414	70.099.864
Total	261.390.397	238.372.640	76.371.350	72.005.961



19. LEASES

Operative leases as lessee:

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

	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Future minimum non-cancellable lease paymentss, up to 1 year, lessees	1.335.273	1.354.691
Future minimum non-cancellable lease paymentss, 1 to 5 years, lessees	5.341.091	5.418.765
Future minimum non-cancellable lease paymentss, lessees, total	6.676.364	6.773.456
Minimum lease payments under operative leases	1.934.645	2.436.193
Lease & sub-lease quotas booked in the statement of results, total	1.934.645	2.436.193

Significant operative lease 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 leasing 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 and mostly with 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	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	261.459	215.888
Amount of contingent rentals booked in statement of results	180.106	173.619
Total	441.565	389.507

Significant operative leases of the lessor:

Income from these sources is immaterial for the company.

20. EMPLOYEE BENEFITS

The Society at the consolidated level has a workforce of 1,803, of whom 63 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses, total 1,366 and those with special indemnity clauses are 39, while 398 workers are covered by the Labor Code.

As of December 31, 2010, the Society launched its "Proyecta" program to motivate voluntary and assisted retirement that provides a series of economic, health and non-monetary benefits. This is for the benefit of our employees suffering from illnesses that make it difficult for them to perform their duties normally or are close to the legal retirement age. Indemnities were paid during May to the people benefiting from this program.

In Aguas Andinas S.A., the collective contracts for the employees and operatives Nos. 1 and 2 unions were signed on July 31, 2010 for a term of four years. The No.3 Professionals and Technicians Union contract has a term of two years.

The collective contracts of Aguas Cordillera S.A., and personnel of Aguas Manquehue S.A., were signed on November 26, 2010, November 30, 2010 and December 23, 2010 for the No.1 and 2 Unions and the Workers and Supervisors Union respectively, all for a term of four years.

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 severance payments.



The actuarial calculation is applied for workers who recorded 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 severance payments.

Accounting policies for gains and losses on defined benefits plans

The obligation for the indemnity 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., are shown at their actuarial value, determined using the projected credit-unit method. The positive or negative effect on indemnities deriving from changes in estimates or in rates of turnover, mortality, advanced retirements through dismissal, wage increases, inflation or discount of the workers, are booked directly in results.

Actuarial assumptions

Years of service: In Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Manquehue it is assumed that workers will remain with those societies 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 and to workers with individual contracts with 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.: 765, Aguas Cordillera S.A.: 126, Aguas Manquehue S.A.: 21, and Essal S.A. 252.

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

Employee turnover and disability rates and early retirements: Based on the Group's statistical experience, the turnover rate used is 6.5% for the objective workers. Disabled and early retirements have not been considered due to their infrequent nature.

Discount rate: A rate of 6.4% p.a. is used, corresponding to the risk-free rate, plus the credit risk and the estimation of expected long-term inflation.

Inflation rate: The forecast long-term inflation rate reported by the Central Bank of Chile was used, amounting to 3.0%, for making long-term estimates for both 2011 and 2010.



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 Society 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.

The terms of their respective individual work contracts apply for employees of Aguas Andinas S.A. and its subsidiaries who are not party to collective agreements. The non-sanitation companies, Gestión y Servicios S.A., Ecoriles S.A. and Anam S.A., apply what is indicated in the labor code.

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

The following are the movements in actuarial provisions to September 2011 and December 2010, which include movements in provisions:

Provisions for employee benefits	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Movement in actuarial provision		
Initial balance	7.497.850	6.990.792
Cost of the services	270.363	386.011
Interest cost	402.746	560.193
Actuarial (gains) or losses	297.970	681.818
Benefits paid	-1.583.149	-1.834.738
Provision severance payments	0	713.771
Sub-total	6.885.780	7.497.847
Profit sharing & bonuses	2.061.876	2.915.058
Total provision for employee benefits, current	2.352.400	3.607.781
Total provision for employee benefits, non-current	6.595.256	6.805.124



Information on 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. For the 2011 period and 2010 year, the amounts are ThCh\$1,506,555 and ThCh\$2,915,058 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 generated by each Group society.

Personnel expenses

Personnel expenses to September 2011 and 2010 are as follows:

Personnel expenses	30-09-2011	30-09-2010	01-07-2011 30-09-2011	01-07-2010 30-09-2010
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Wages & salaries	17.557.028	17.395.211	5.735.593	5.884.254
Defined benefits	6.933.383	6.485.163	2.174.072	2.130.130
Severance payments	1.604.141	2.289.210	268.552	904.120
Other personnel expenses	1.287.610	994.619	387.620	281.012
Total personnel expenses	27.382.162	27.164.203	8.565.837	9.199.516



21. EFFECT OF EXCHANGE DIFFERENCES

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

Exchange differences	Currency	30-09-2011	30-09-2010	01-07-2011 30-09-2011	01-07-2010 30-09-2010
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade debtors & other accounts receivable	EUR	1.160	-535	-343	18
Trade debtors & other accounts receivable	US\$	-6.212	0	901	0
Accounts receivable related entities	EUR	-41	112	-41	0
Other financial assets	US\$	-15.779	77.741	-1.611	0
Total assets		-20.872	77.318	-1.094	18
Trade creditors & other accounts payable	EUR	-7.157	933	3.708	6.868
Trade creditors & other accounts payable	US\$	6.092	-3.274	5.487	-5.648
Accounts payable to related entities	EUR	180	0	540	0
Other financial liabilities	US\$	14.522	-13.775	8.889	0
Other non-financial liabilities	US\$	15.406	-78.703	0	0
Total liabilities		29.043	-94.819	18.624	1.220
(Loss) gain from exchange differences		8.171	-17.501	17.530	1.238

22. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs as of September 30, 2011 and December 31, 2010 is as follows:

Capitalized interest costs:

Capitalized interest, property, plant & equipment		30-09-2011	31-12-2010
Rate of capitalization of capitalized interest costs, property, plant & equipment	%	8,20	7,58
Amount of capitalize interest, property, plant & equipment	ThCh\$	2.751.304	1.824.396



23. INCOME TAX AND DEFERRED TAXES

Due to the legal modification approved in 2010, referring to the temporary change in corporate tax rates, the reversal of timing differences for deferred taxes for the years 2011 and 2012 has been calculated as a function of the rate applicable to those years, 20% and 18.5% respectively, while the reversals of the following years continue as a function of a rate of 17%.

Deferred tax assets

Deferred tax assets	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Water rights (amortization)	143.580	121.467
Provision doubtful accounts	5.283.545	4.914.826
Provision vacations	261.269	289.310
Litigation	622.174	526.362
Severance payments	714.821	833.913
Other provisions	142.850	236.314
Unearned income	53.960	41.521
Taxation goodwill	11.456.393	11.500.104
Variation monetary correction & asset depreciation	13.151.164	11.520.130
Deferred revenue	3.366.677	1.732.743
La Dehesa reservoir transaction	196.821	191.870
Others	1.399.231	1.366.270
Deferred tax assets	36.792.485	33.274.830



Deferred tax liabilities

Deferred tax liabilities	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Depreciation fixed assets	15.130.267	15.575.275
Amortization	1.115.067	1.572.926
Investment expense related companies	71.945	71.945
Revaluations property, plant & equipment	14.283.664	14.283.665
Revaluations of intangible assets	28.733.432	28.733.432
Fair value of assets in purchase of Essal S.A.	13.333.524	14.005.202
Others	5.886	17.639
Deferred tax liabilities	72.673.785	74.260.083

Movement of deferred tax liabilities	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Deferred tax liabilities, initial balance	74.260.083	76.579.980
Increases (decreases) in deferred tax liabilities	-1.362.405	-1.424.326
Acquisitions through combinations of businesses	-223.893	-895.571
Changes in deferred tax liabilities	-1.586.298	-2.319.897
Changes in deferred tax liabilities total	72.673.785	74.260.083

Reconciliation of tax charge using the legal tax rate and the charge using the effective rate

Income tax charge (credit) by current & deferred parts	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Current income tax charge		
Current tax charge	21.086.846	16.906.013
Adjustment previous year's tax charge	-24.956	-13.525
Current tax charge, net, total	21.061.890	16.892.488
Deferred tax charge (credit) relating to the creation & reversal of timing differences	-3.876.359	-3.244.655
Other deferred tax charge	39.757	30.601
Deferred tax charge, net, total	-3.836.602	-3.214.055
Charge (credit) for income taxes	17.225.288	13.678.433



The numeric reconciliation between the charge (credit) for tax and the result of multiplying the accounting gain by the applicable tax rate(s).

	30-09-2011	30-09-2010
	ThCh\$	ThCh\$
Tax charge using the legal rate	18.940.419	14.926.209
Permanent difference for monetary correction taxation equity	2.235.797	1.501.553
Other permanent differences	-520.666	-253.777
Adjustments to tax charge using the legal rate, Total	1.715.131	1.247.776
Tax charge using the effective rate	17.225.288	13.678.433

Reconciliation of the legal rate with the effective tax rate

Numeric reconciliation between the average effective rate and the applicable tax rate, specifying the way the applicable rate used is calculated.

	30-09-2011	30-09-2010
Legal taxation rate	20,00%	17,00%
Permanent difference for monetary correction taxation equity	-2,36%	-1,71%
Other permanent differences	0,55%	0,29%
Effective tax rate	18,19%	15,58%

24. EARNINGS PER SHARE

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



		30-09-2011	30-09-2010
Earnings attributable to shareholders in equity of the controller	ThCh\$	77.336.260	73.352.088
Results available to common shareholders, basic	ThCh\$	77.336.260	54.984.723
Weighted average number of shares, basic		6.118.965.160	6.118.965.160
Earnings per share	Ch\$	12,64	11,98

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 the basic earnings per share.

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 water business (water).
- Operations unrelated to the water 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 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, industrial waste treatment and integral engineering services, plus the sale of products related to the services mentioned. The subsidiaries included are EcoRiles S.A., Anam S.A. and Gestión y Servicios S.A.

General information on results, assets, liabilities and equity.

General information on results	30-09-2011		30-09-2010	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Revenues from ordinary activities with external customers	245.182.606	16.207.791	229.844.570	8.528.070
Revenues from ordinary activities between segments	380.319	2.096.968	355.188	1.987.384
Operating expenses	-88.696.306	-14.162.169	-80.294.660	-10.998.648
Depreciation & amortization	-40.613.019	-304.881	-41.107.788	-277.370
Other earnings & expenses	1.931.744	340	1.689.401	-8.409
Financial income	5.363.053	206.682	2.674.327	91.769
Financial costs	-20.152.718	-46.758	-16.198.799	-47.101
Result of indexation & exchange differences	-12.990.977	31.710	-8.433.668	-14.440
Income tax charge	-16.861.440	-363.848	-13.293.252	-385.182
Earnings of segment	73.543.262	3.665.835	75.235.319	-1.123.926
Earnings of segment attributable to owners of the controller	73.402.714	3.665.835	74.464.613	-1.123.926
Earnings of segment attributable to non-controller participations	140.548	0	770.706	0

Total assets, liabilities & equity	30-09-2011		31-12-2010	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Current assets	80.065.161	12.225.814	66.669.934	19.925.285
Non-current assets	1.388.598.467	3.321.693	1.346.208.598	3.373.864
Total assets	1.468.663.628	15.547.508	1.412.878.532	23.299.149
Current liabilities	160.200.088	4.749.676	99.371.171	4.685.584
Non-current liabilities	629.018.269	0	639.875.582	0
Equity attributable to owners of the controller	614.201.999	10.797.832	607.588.126	18.613.565
Non-controller participations	65.243.272	0	66.043.653	0
Total equity & liabilities	1.468.663.628	15.547.508	1.412.878.532	23.299.149

Significant items of revenues and expenses by segment

Water and non-water segments

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



Revenues

Our revenues are mainly generated by the regulated services we provide related to the production and distribution of water, the collection, treatment and disposal of sewage and other regulated services (including revenues 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 revenues from the sale of fixed assets.

Tariffs

The most important factor determining the results of our operations and financial position are the tariffs set for our regulated sales and services. Having a natural monopoly, we are regulated by the SISS and our tariffs are set in accordance with the Sanitation Services Tariffs Law (No.70 of 1988).

Our tariff levels 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.

Decrees Nos.60/2010, 176/2010 and 170/2010 set the tariffs for Aguas Andinas S.A., Aguas Cordillera S.A and Aguas Manquehue S.A. respectively for the period 2010–2015. Essal S.A. is in process of tariff negotiations with the competent authority (SISS) for the period 2011-2016.

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 industrial-waste treatment plants, and drinking water and sewage services and analysis.

Significant items of expenses

Water segment

The significant expense items are mainly those related to remuneration, electricity, treatment-plant operation, depreciation of assets, interest expenses and 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 charge for income tax.

Measurement of results, assets and liabilities of each segment

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

The accounting criteria relates 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. This account called Accounts receivable or payable from/to related companies should be netted in the consolidation of the financial statements in accordance with the same 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.

There are no differences in the nature of the measurement of assets and liabilities as, according to the standard, there are no accounting policies that show different criteria of assignment.



Reconciliation or revenues from ordinary activities	30-09-2011 ThCh\$	30-09-2010 ThCh\$
Revenues from ordinary activities of the segments	263.867.684	240.715.213
Elimination of corporate office accounts with the segments	0	0
Elimination of ordinary activity revenues between segments	-2.477.287	-2.342.573
Revenues from ordinary activities	261.390.397	238.372.640

Reconciliation of earnings	30-09-2011 ThCh\$	30-09-2010 ThCh\$
Total consolidation earnings (loss) of segments	77.068.548	73.340.687
Elimination of corporate office accounts with the segments	0	0
Consolidation of elimination of earnings (loss) between segments	267.712	11.401
Consolidation of earnings (loss)	77.336.260	73.352.088

Reconciliations of assets, liabilities & equity of segments	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Reconciliation of assets		
Consolidation total assets of segments	1.484.211.136	1.436.177.681
Elimination of corporate office accounts with the segments	0	0
Elimination of accounts between segments	-25.428.889	-29.738.297
Total assets	1.458.782.247	1.406.439.384
Reconciliation of liabilities		
Consolidation total liabilities of segments	779.968.034	743.932.338
Elimination of corporate office accounts with the segments	0	0
Elimination of accounts between segments	-14.631.058	-11.124.733
Total liabilities	765.336.976	732.807.605
Reconciliation of equity		
Consolidation total equities of segments	624.999.830	626.201.691
Elimination of corporate office accounts with the segments	0	0
Elimination of accounts between segments	-10.797.831	-18.613.565
Equity attributable to owners of the controller	614.201.999	607.588.126

Information on the principal customers of the subsidiaries:

Principal customers for water and sewage:

Administradora Plaza Vespucio S.A.



Centro de Detención Preventiva Santiago 1

Cervecera CCU Chile Ltda.

Ejército de Chile

Embotelladora 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

Principal customers in non-sanitation segment:

CMPC Cordillera S.A.

Watt`s S.A.

Soprole S.A.

Agroindustrial El Paico Ltda.

DSM S.A.

Frigorífico O` Higgins S.A.

Soc. Proc. de leche del sur (Prolesur) S.A.

Industrial Ochagavía Ltda.

Sopraval S.A.

Trendy S.A.

Cía Pesquera Camanchaca S.A.

Codelco

Colun Ltda.

Metrogas S.A.



Types of products water – 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.).
- Integral engineering services and sale of products like pipes, valves, taps and other related items (subsidiary Gestión y Servicios S.A.).

26. THE ENVIRONMENT

Information on disbursements related to the environment:

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

The following is detailed information on disbursements related to the environment:

Aguas Andinas S.A.

Project	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Expansion & improvements PEAS	0	48.106
Expansion & improvements Buin Maipo sewage treatment plant (CTD)	36.868	6.865
Expansion & improvements El Monte STP	307.108	825.844
Expansion & improvements Greater Santiago STP	42.399.779	8.399.723
Expansion & improvements Melipilla STP	5.502	15.309
Expansion & improvements Isla de Maipo STP	13.851	5.029
Expansion & improvements San José de Maipo STP	15.959	1.144
Expansion & improvements other districts STP	2.230	135
Expansion & improvements Paine STP	258.559	19.710
Expansion & improvements Pomaire STP	304.054	34.043
Expansion & improvements Talagante STP	139.551	75.713
Farfana - Trebal interceptor	10.367.852	4.085.009
Clean Urban Mapocho interceptor	70.216	15.212.503
Improvement & renovation equipment & installations	375.466	365.624
Total	54.296.994	29.094.757

Aguas Manquehue S.A.

Project	30-09-2011 ThCh\$	31-12-2010 ThCh\$
North zone sewer	63.245	1.686.570
Improvement & renovation equipment & installations	36.665	16.335
Improvement STPs	3.502	61.474
Total	103.412	1.764.379



Gestión y Servicios S.A.

Project	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Biogas purification plant	0	31.003
Total	0	31.003

Essal S.A.

Project	30-09-2011 ThCh\$	31-12-2010 ThCh\$
Improvement disposal infrastructure	131.958	270.246
EDAR system improvement	128.726	207.002
New treatment systems	0	411.190
Renovation treatment & disposal equipment	42.385	108.088
Total	303.069	996.526

Investments projected in the environment for the year 2011:

Company	ThCh\$
Aguas Andinas S.A.	31.247.854
Aguas Manquehue S.A.	15.972
Essal S.A.	371.691
Total	31.635.517

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 2011.

Future commitments:

The estimated amounts for the year 2011 are:

Total ThCh\$97,867,018.

The Society and its subsidiaries are affected by disbursements related 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

Aguas Andinas S.A.

On October 25, 2011 the company's board unanimously agreed to register two lines of bonds in the Securities Register of the S.V.S. whose main characteristics are the following:

1. Maximum amount of each line of bonds: UF 5,500,000, subject to the limitation set out below. The bonds may be issued in pesos or in Unidades de Fomento.
2. Maximum term of the lines of bonds: Up to 30 years from the date of their registration in the Securities Register of the S.V.S., during which all the payment obligations should mature of the different issues of bonds made against the lines of bonds.
3. Security: They shall have no special security.
4. Use of the funds: Refinancing of liabilities and financing of investments, as stated in each of the complementary deeds.



5. Other general conditions: The bonds may be placed on the market in general, to bearer, not convertible into shares of the Society and payable in Chilean pesos.

Despite the total amounts of the lines of bonds referred to above, bonds may only be placed and/or have placed bonds outstanding against both lines for up to a total amount of UF 5,500,000, considering together both the bonds placed and those issued outstanding against the lines mentioned.

The board also agreed, among other resolutions, to authorize agents to carry out the issuance and placement of bonds against these lines, on the terms and conditions determined at the time.

On October 26, 2011, the board agreed to distribute the sum of ThCh\$34,257,026 as an interim dividend, against the earnings for 2011.

The company's interim dividend No.53 will therefore amount to Ch\$5.5985 per share, payable from November 23, 2011.

As at the date of issue of these consolidated financial statements, the management of the Society and its subsidiaries are unaware of other subsequent events.

