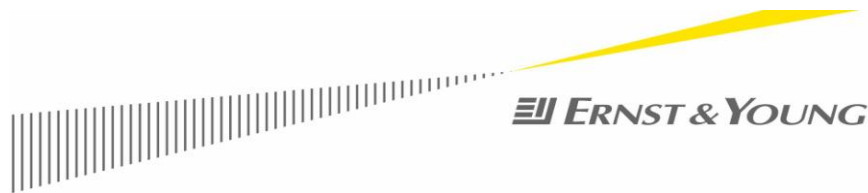




CONSOLIDATED FINANCIAL STATEMENTS

Periods ended December 31, 2012 and 2011

AGUAS ANDINAS S.A.



INDEPENDENT AUDITORS REPORT

Shareholders and Directors of
Aguas Andinas S.A.:

We reviewed the consolidated financial statement of Aguas Andinas S.A. and subsidiaries which comprises the consolidated financial position to December 31, 2012 and 2011 and the related consolidated statements of comprehensive income, cash flow and changes in equity for the years ended in those dates and the related notes to consolidated financial statements.

Management's responsibility

The Company's management is responsible for the preparation and presentation of this consolidated financial statements in accordance to International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining sufficient internal control to provide a reasonable preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion about these consolidated financial statements based on our audits. Our audits were made in accordance to audits's standards generally accepted in Chile. Those standards require that we plan and perform our work to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining evidence supporting amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of misstatement of the consolidated financial statements, whether due to fraud or error. Making those risk assessments, the auditor considers relevant internal control to the fair preparation and presentation of the consolidated financial statements of the entity, in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion about the internal control effectivity of the entity. Thus, we do not express that opinion. An audit also includes assessing the appropriateness of accounting policies that are used and the reasonableness of significant accounting estimates made by management of the society, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide us a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Aguas Andinas S.A. and subsidiaries to December 31, 2012 and 2011, the results of its operation and the cash flows for the years ended in those dates, in accordance to International Financial Reporting Standards.

Charles A. Bunce

ERNST & YOUNG LTDA.

Santiago, March 26, 2013.

CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
Consolidated Statements of Comprehensive Results by Nature
Consolidated Statements of Direct Cash Flows
Statements of Changes in Equity
Notes to the Consolidated Financial Statements

Consolidated Statements of Financial Position
As of December 31, 2012 and 2011
(Thousands of Chilean pesos - ThCh\$)

ASSETS	NOTE	31-12-2012 ThCh\$	31-12-2011 ThCh\$
CURRENT ASSETS			
Cash & cash equivalents	7	35.644.437	5.051.499
Other non-financial assets, current		1.768.870	1.374.821
Trade debtors & other accounts receivable, current	8	78.138.154	70.201.189
Accounts receivable from related entities, current	9	8.215	9.176
Inventories	10	4.383.030	3.005.481
Tax assets, current		1.340.037	3.001.095
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		121.282.743	82.643.261
TOTAL CURRENT ASSETS		121.282.743	82.643.261
NON CURRENTS ASSETS			
Other financial assets	8	7.367.236	7.238.651
Other non-financial assets		408.949	460.475
Collection rights	8	3.035.747	2.018.870
Intangible assets other than goodwill	11	225.272.517	223.106.257
Goodwill	12	36.233.012	36.592.577
Property, plant & equipment	13	115.230.877	117.686.163
Deferred tax assets	23	324.398	249.422
TOTAL NON-CURRENT ASSETS		1.424.942.736	1.387.352.415
TOTAL ASSETS		1.546.225.479	1.469.995.676

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

**Consolidated Statements of Financial Position
As of December 31, 2012 and 2011
(Thousands of Chilean pesos - ThCh\$)**

EQUITY AND LIABILITIES	NOTE	31-12-2012 ThCh\$	31-12-2011 ThCh\$
CURRENT LIABILITIES			
Other financial liabilities	8	56.804.996	84.776.754
Trade creditors & other accounts payable	8	74.682.140	64.350.380
Accounts payable to related entities	9	27.662.460	42.332.651
Other provisions	15	133.167.9	148.298.9
Tax liabilities		142.685	315.970
Provisions for employee benefits	19	2.906.724	3.590.075
Other non-financial liabilities		194.163.7	103.688.2
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		166.752.321	197.885.701
TOTAL CURRENT LIABILITIES		166.752.321	197.885.701
NON-CURRENT LIABILITIES			
Other financial liabilities	8	637.349.551	540.949.948
Other provisions	15	109.423.9	106.678.4
Deferred tax liabilities	23	37.557.315	34.186.391
Other accounts payable	8	149.879.9	157.060.2
Provisions for employee benefits	19	8.677.001	7.927.200
Other non-financial liabilities		9.043.975	7.347.230
TOTAL NON-CURRENT LIABILITIES		695.220.880	593.048.155
TOTAL LIABILITIES		861.973.201	790.933.856
EQUITY			
Issued capital		155.567.354	155.567.354
Accumulated earnings		308.088.574	300.422.138
Accounting issues		164.064.038	164.064.038
Other equity participations		-5.965.555	-5.965.555
Equity attributable to owners of the controller		621.754.411	614.087.975
Non-controller participations	4	62.497.867	64.973.845
TOTAL EQUITY		684.252.278	679.061.820
TOTAL EQUITY & LIABILITIES		1.546.225.479	1.469.995.676

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

**Consolidated Statements of Comprehensive Results by Nature
For the years ended December 31, 2012 and 2011
(Thousands of Chilean pesos - ThCh\$)**

STATEMENT OF RESULTS BY NATURE	NOTE	31-12-2012	31-12-2011
Statement of Results		ThCh\$	ThCh\$
Revenues from ordinary activities	17	382.885.743	362.767.808
Raw materials & consumables used		-29.162.856	-26.646.147
Employee benefit expenses	19	-38.668.809	-38.129.099
Charges for depreciation & amortization	11-13	-55.209.591	-52.640.160
Impairment of book value in the result for the period	14	0	-822.344
Other expenses, by nature	21	-73.131.256	-71.299.649
Other gains	5	628.694	2.863.423
Financial income	5	8.291.012	6.483.046
Financial costs	5	-24.170.380	-25.647.705
Exchange differences	20	-26.013	7.331
Results of indexation adjustments		-13.888.896	-19.082.323
Earnings before taxes		157.547.648	137.854.181
Charge for income taxes	23	-35.793.146	-25.687.519
Earnings from continuing operations		121.754.502	112.166.662
Earnings		121.754.502	112.166.662
Earnings attributable to:			
Owners of the controller		121.269.559	111.479.263
Earnings attributable to non-controller participations	4	484.943	687.399
Earnings		121.754.502	112.166.662
Earnings per share			
Basic earnings per share from continuing operations		19,82	18,22
Basic earnings per share	24	19,82	18,22

STATEMENT OF COMPREHENSIVE RESULTS		31-12-2012	31-12-2011
		ThCh\$	ThCh\$
Earnings		121.754.502	112.166.662
Total comprehensive result		121.754.502	112.166.662
Comprehensive result attributable to:			
Owners of the controller		121.269.559	111.479.263
Non-controller participations	4	484.943	687.399
Total comprehensive result		121.754.502	112.166.662

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

Consolidated Statements of Direct Cash Flows
For the years ended December 31, 2012 and 2011
(Thousands of Chilean pesos - ThCh\$)

STATEMENT OF CASH FLOWS, DIRECT	NOTE	31-12-2012	31-12-2011
		ThCh\$	ThCh\$
Collection classes from operating activities			
Proceeds of sales of goods & services		447.904.655	419.622.303
Proceeds of insurance claims & annuities		218.176	2.943.968
Other proceeds from operating activities		3.363.931	2.450.911
Classes of payments			
Payments to suppliers of goods & services		-121.106.985	-104.589.468
Payments to & on behalf of employees		-40.480.725	-38.464.432
Payments of insurance premiums & other obligations		-2.348.327	-1.714.885
Other operating activity payments		-42.893.387	-32.811.782
Interest paid		-14.858.268	-17.647.204
Interest received		3.402.516	2.129.081
Income taxes refunded (paid)		-27.844.087	-30.225.081
Other cash inflows (outflows)		-1.938.561	-1.652.160
Net cash flow from operating activities		203.418.938	200.041.251
Proceeds of sales of property, plant & equipment		366.659	379.597
Purchases of property, plant & equipment		-97.590.330	-120.125.943
Purchases of intangible assets		-345.465	-143.985
Other cash inflows (outflows)		-7.800.063	-2.374.553
Net cash flow used in investment activities		-105.369.199	-122.264.884
Proceeds of long-term loans		135.805.272	76.126.843
Proceeds of short-term loans		3.168.591	50.105.012
Total loan proceeds		138.973.863	126.231.855
Loan repayments		-90.191.909	-97.952.724
Dividends paid		-115.387.450	-106.861.120
Other cash inflows (outflows)		-851.305	-232.841
Net cash flow used in financing activities		-67.456.801	-78.814.830
Net increase in cash and cash equivalents before the effect of changes in the exchange rate		30.592.938	-1.038.463
Effects of changes in exchange rates on cash and cash equivalents		0	0
Net increase in cash & cash equivalents		30.592.938	-1.038.463
Cash & cash equivalents at start of the period		5.051.499	6.089.962
Cash & cash equivalents at end of the period	7	35.644.437	5.051.499

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

Statements of Changes in Equity
For the years ended December 31, 2012 and 2011
(Thousands of Chilean pesos - ThCh\$)

Statements of change 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 01-01-2012		155.567.354	164.064.038	-5.965.555	300.422.138	614.087.975	64.973.845	679.061.820
Restated initial balance		155.567.354	164.064.038	-5.965.555	300.422.138	614.087.975	64.973.845	679.061.820
Comprehensive result								
Earnings					121.269.559	121.269.559	484.943	121.754.502
Dividends	3				-113.603.128	-113.603.128		-113.603.128
Reduction for transfers & other changes	4			5		5	-2.960.921	-2.960.916
Total changes in equity		0	0	5	7.666.431	7.666.436	-2.475.978	5.190.458
Closing balance as of 31-12-2012	3,4	155.567.354	164.064.038	-5.965.550	308.088.569	621.754.411	62.497.867	684.252.278

Statements of change 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					111.479.263	111.479.263	687.399	112.166.662
Dividends	3				-104.979.414	-104.979.414		-104.979.414
Reduction for transfers & other changes	4					0	-1.757.207	-1.757.207
Total changes in equity		0	0	0	6.499.849	6.499.849	-1.069.808	5.430.041
Closing balance as of 31-12-2012	3,4	155.567.354	164.064.038	-5.965.555	300.422.138	614.087.975	64.973.845	679.061.820

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



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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).



2. BASES OF PREPARATION AND ACCOUNTING POLICIES

2.1 Preparation

These consolidated financial statements relate to the statements of financial position as of December 31, 2012 and 2011, the comprehensive results of its operations, changes in equity and cash flows for the years ended December 31, 2012 and 2011, and have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board ("IASB") and represent the full, explicit and unreserved adoption of IFRS as established in Circular 1,924 of April 24, 2009, Circular 556 of December 3, 2009 and Circular 658 of February 2, 2011 of the 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 able to access the financial system for financing their businesses which, in the management's opinion, determines its ability to continue as an ongoing company, as established by the accounting standards under which these consolidated financial statements are issued.

Functional and 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 consolidated financial statements, the results and financial position of each Group company are shown in Chilean pesos (rounded to thousands of pesos), which is the functional currency and the presentational currency of the Society and its subsidiaries for the consolidated financial statements.

New accounting pronouncements

- a) The following IFRS improvements and modifications have been published in the period. These standards have not come into effect at the date of these financial statements and the Company has not applied them in advance:



IFRS amendments	Date of obligatory application
IFRS 9, Financial assets	Annual periods starting or after January 1, 2015
IFRS 10, Consolidated financial statements	Annual periods starting or after January 1, 2013
IFRS 11, Joint agreements	Annual periods starting or after January 1, 2013
IFRS 12 Disclosures of participation in other entities	Annual periods starting or after January 1, 2013
IFRS 13 Measurements of fair value	Annual periods starting or after January 1, 2013
CFRS 20, Stripping costs in the production phase of a mine open pit	Annual periods starting or after January 1, 2013

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

New & amendments	Date of obligatory application
IFRS 7, Financial instruments: disclosures	Annual periods starting or after July 1, 2013
IFRS 10, Consolidated financial statements	Annual periods starting or after January 1, 2013
IFRS 11, Joint agreements	Annual periods starting or after January 1, 2013
IFRS 12 Disclosures of participation in other entities	Annual periods starting or after January 1, 2013
IAS 1 Financial statements presentation	Annual periods starting or after January 1, 2013
IAS 16 Property, plant and equipment	Annual periods starting or after January 1, 2013
IAS 19, Employee benefits	Annual periods starting or after January 1, 2013
IAS 27 Separate financial statements	Annual periods starting or after January 1, 2013 Annual periods starting or after January 1, 2014
IAS 28, Investments in associates and joint ventures	Annual periods starting or after January 1, 2013
IAS 32, Presentation of financial instruments	Annual periods starting or after January 1, 2013 Annual periods starting or after January 1, 2014
IAS 34, Summary financial information	Annual periods starting 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 consolidated financial statements.



Responsibility for the information in the financial statements and estimates made

The information contained in these consolidated financial statements is the responsibility of the board of the Society, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been fully applied. The consolidated financial were approved by the board at its meetings held on March 26, 2013.

The consolidated financial statements of Aguas Andinas S.A. and subsidiaries to period 2011 were approved by the board at its meetings held on February 28, 2012.

Estimates like the following have been used in the preparation of the consolidated 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 deriving from pending litigation

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

2.2 Accounting Policies

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

A. Consolidation

The consolidated financial statements include the financial statements of the Society and the entities controlled by it (its subsidiaries). Subsidiaries are those entities in which the Group has the power to direct 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.



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

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

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

Tax No.	Company	Direct %	Indirect %	Total 2012 %	Direct %	Indirect %	Total 2011 %
96.809.310-K	Aguas Cordillera S.A.	99,990300	0,000000	99,99030	99,990300	0,000000	99,99030
89.221.000-4	Aguas Manquehue S.A.	0,000400	99,999600	100,0000	0,000400	99,999600	100,0000
96.967.550-1	Análisis Ambientales S.A.	99,000000	1,000000	100,0000	99,000000	1,000000	100,0000
96.945.219-8	Ecoriles S.A.	99,038500	0,961500	100,0000	99,038500	0,961500	100,0000
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2,506500	51,000000	53,5065	2,506500	51,000000	53,5065
96.828.120-8	Gestión y Servicios S.A.	97,847800	2,152200	100,0000	97,847800	2,152200	100,0000
96.897.320-7	Inversión Iberaguas Ltda.	99,999998	0,000002	100,0000	99,999998	0,000002	100,0000
76.190.084-6	Aguas del Maipo S.A.	82,649996	17,350004	100,0000	0,000000	0,000000	0,0000

B. Operative segments

IFRS 8 sets the standards for reporting with respect to the operative segments and disclosures relating to products and services. Operative segments are defined as components of an entity for which separate financial information exists which is regularly reviewed by management for taking decisions on the assignment of resources to the subsidiaries and evaluating their performance.

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

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

C. Intangible assets other than goodwill

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

i. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost less accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over their estimated useful lives. Estimated useful lives and the amortization method are revised at the closing of each statement of position, booking the effect of any change in the estimate from then on.



ii. Method of amortization of intangible assets:

Intangible assets with defined useful life.

The amortization method employed by the Society reflects the level to which 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 indefinite useful lives.

Intangible assets with indefinite useful lives relate mainly to water rights and easements which were obtained on an indefinite basis, as established in the acquisition contracts and the rights obtained from the Waters Authority of the Ministry of Public Works. These assets are not amortized but a deterioration test is made annually 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 of present or potential competitors.
- Natural or climatic factors and technological changes that affect the capacity to generate profits.

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

D. Goodwill

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

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

When the definitive determination of goodwill is made in the financial statements of the year following the acquisition of the participation, the headings of the previous year shown for comparison purposes are modified to incorporate the value of the acquired assets and liabilities and the definitive goodwill from the date the participation was acquired.

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 (minority) participations, not deriving from a change in control, are booked directly in equity attributed to the owners of the controller. During the year ended December 31, 2012, 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 the valuation of property, plant and equipment. Historic cost includes expenses directly attributable to the acquisition of the asset.

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

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

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount (Note 13).

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 contained in 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 as follows:

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

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

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

Fixed asset sales policy

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are booked in the consolidated statement of comprehensive results.



F. Impairment of tangible and intangible assets except goodwill

The Group revises the book values of its tangible and intangible assets at each closing date of the consolidated statement of financial position to see whether there exists any indication of impairment. Should this exist, the recoverable value is estimated of such assets in order to determine 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 risks associated with the asset.

When it is estimated that the recoverable value of an asset (or cash-generating unit) is less than its book value, the book value of that asset (or cash-generating unit) is adjusted to its recoverable value, booking a loss for impairment in results immediately. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable value, provided the adjusted book value does not exceed the book value that would have been determined if no loss for impairment of the asset (or cash-generating unit) had been booked in previous periods.

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 Group assets at the lower of fair value at the start of the lease and the present value of the minimum lease payments. The corresponding leasing obligation is included in the statement of position as a financial lease obligation.

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

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

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

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



ii. Operative leases

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

Should lease incentives be received in order to agree an operative lease, such incentives are booked as a liability. The accumulated benefit of incentives is shown on a straight-line basis as a deduction from the leasing expense, except when another systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed.

iii. Implicit leases

The Society and subsidiaries revise their contracts to check the possible existence of implicit leases, in accordance with CFRS 4.

H. Financial assets

Acquisitions and disposals of financial instruments are booked on the date of trading, i.e. the date on which the Group commits to acquire or sell the asset. Investments are written down when the rights to receive cash flows from the investments are transferred and the Group has transferred substantially all the risks and benefits deriving from ownership.

Financial assets are classified in the following categories:

- Financial assets at fair value with changes in results
- Investments held to maturity
- Loans and accounts receivable
- Financial assets available for sale

The classification depends on the nature and purpose of the financial assets and is determined at the time of their initial booking.

Aguas Andinas S.A. and its subsidiaries invest in low-risk instruments that meet the classification standards established in their investment policies. The mutual funds invested in must therefore have a rating of AAfm / M1 (quotas with very high protection against loss associated with credit risks/quotas with the lowest sensitivity to changes in economic conditions). 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 or liability and of the assignment of interest income or expense over the whole corresponding period. The effective interest rate is the rate that exactly discounts the estimated future cash flows receivable over the expected life of the financial asset and makes the net present value equal to its nominal amount.

ii. Financial assets at fair value with changes in results

Financial assets are shown at fair value through results when the asset is held for trading or is designated as at fair value with changes in results.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling or re-purchasing in the immediate future; or
- It forms part of a portfolio of identified financial instruments which the Group manages together and for which there is evidence of a recent and real pattern of obtaining short-term benefits; or
- It is a derivative that has not been designated nor is effective as a hedge instrument

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

- Such designation eliminates or significantly reduces some inconsistency in the valuation or the booking that would arise by using different criteria for valuing assets, or in booking their losses or gains on different bases; or
- It forms part of a group of financial assets which is managed and its return evaluated according to fair value criteria, in accordance with an investment and risk management strategy documented by the Company; or
- It is an implicit derivative that has to be separated from its original contract 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 December 31, 2012, the subsidiary Aguas del Maipo S.A. has 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 that standard.

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. The Society and its subsidiaries currently have no assets held to maturity.



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. Interest income is booked by application of the effective interest rate, except for short-term accounts receivable where the booking of interest would be immaterial.

Trade debtors and other accounts receivable.

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

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

Policy of impairment of financial assets

The Society periodically evaluates impairments affecting its financial assets. The amount of the provision 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 provision 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 provisions for accounts receivable.

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

In Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., a 100% provision is made for customers with debts overdue more than 8 months.

For Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., a provision of 100% of the agreed balance is made for consumption debts transformed into payment agreements.

For the subsidiaries Gestión y Servicios S.A., Anam S.A. 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

I. Inventories

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

J. Dividend policy

The 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 and provided the present level of capitalization is maintained and it is compatible with the investment policies.

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

K. Foreign currency transactions

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

Currency	31-12-2012	31-12-2011
	\$	\$
US Dollar	479,96	519,20
Euro	634,45	672,97

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 for the year 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 interest-rate and exchange risks on current positions to which it is exposed due to its business.

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

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

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

In the 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.

The Group has no derivative financial instruments as of the close of these financial statements.



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. In accordance with IFRS, the Group makes no provision for these concepts although, as required in the same rule, they are detailed in Note 15 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.

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. In those cases there is a limit of six months for purposes of the payment. In other cases, the rules of the Labor Code apply, i.e. they have no right to an indemnity except for dismissal and with a limit of 11 months wages.

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 Company, is shown at its actuarial value, determined in accordance with the projected credit-unit method, at a discount rate of 5.7% 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.

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

For some sanitation 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 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 corresponding legislation, while the non-sanitation subsidiaries do so once the services and/or respective reports are completed.

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

R. Earnings per share

Basic earnings per share is calculated as the earnings (loss) attributable to the holders of equity of the controller divided by the average weighted number of common shares in circulation during the period ended December 31, 2012.

During the years 2012 and 2011, the Group has carried out no kind of operation with a potential diluting effect that supposes that diluted earnings per share are different to basic earnings per share.

S. The environment

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

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

T. Consolidated statement of cash flows

The cash flow statement gathers the cash movements during the year, including VAT and determined by the direct method, and 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 for investment or financing activities.

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

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

U. Construction contracts

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

Contract costs are booked when incurred. When the result of a construction contract cannot be estimated reliably, and it is probable that the contract is going to be profitable, contract revenues are booked over the term of the contract. When it is probable that the contract costs are going to exceed the total revenues, the expected loss is booked immediately as an expense in the period. When the result of a construction contract cannot be estimated reliably enough, contract revenues are booked only to the extent of the contract costs incurred that will probably be recovered.

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

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

V. Capitalized financing costs

Interest-bearing loans policy:

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

Interest-cost capitalization policy:

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

W. Reclassifications

For comparison purposes, certain reclassifications have been made in the statement of results by nature as of December 31, 2011, as follows:

Category	Increase/ (Decrease) ThCh\$
Reclassifications in the statement of results by nature	
Ordinary activity revenues	-965.316
Charge for depreciation & amortization	965.316

3. EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER

The capital of the Company is divided into 6,118,965,160 nominative shares of no par value, totally subscribed and paid at December 31, 2012, corresponding 94,97% to series A and 5,03% to series B.

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

The composition of each series is as follows:

	31-12-2012	31-12-2011
Serie A Shares	5.811.028.171	5.811.014.486
Serie B Shares	307.936.989	307.950.674
Total	6.118.965.160	6.118.965.160

The capital as of December 31, 2012 and 2011 amounts to ThCh\$155,567,354.

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 capital management objectives or policies in the periods reported.



During the period January-December 2012 agreed and made dividend payments in Aguas Andinas S.A., as detailed below:

- The ordinary shareholders meeting held on April 17, 2012 agreed to distribute 100% of the earnings for 2011, after deducting the interim dividend paid in November 2011. Because of this, the dividend No. 54 of the Company amounted to ThCh\$ 77,222,260 equivalent to Ch\$ 12.62015 per share. This payment was required from May 23, 2012, having entitled to 6,118,965,160 shares.
- In board meeting held on October 23, 2012, agreed to distribute the amount of ThCh\$35,456,344, on account of earnings for 2012, acting as interim dividend. Because of this, the interim dividend No. 55 of the Company amounted to Ch\$5.7945 per share. This payment was made on November 13, 2012, having entitled to 6,118,965,160 shares.

In 2011 agreed and made dividend payments in Aguas Andinas S.A., as detailed below:

- 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 board meeting held October 26, 2010 agreed to distribute the amount of ThCh\$ 34,257,027 on account of earnings for 2011, acting as interim dividends. Because of this, the interim dividend No. 53 of the Company amounted to Ch\$ 5.5985 per share. This payment was made on November 23, 2011, having entitled to 6,118,965,160 shares.

Provision for minimum dividend

As of December 31, 2012, a provision was made to complement the minimum dividend of 30% of earnings, amounting to ThCh\$924,524.

The Society has made no provision for the minimum dividend as of December 31, 2011 as the Society had paid more than 30% of the year's earnings as an interim dividend.

Accumulated earnings

The amounts booked for revaluation of land and intangible assets and other adjustments of the first adoption of IFRS are included in accumulated earnings and are subject to restrictions on their distribution as they first have to be booked as realized, through the use or sale, as established in IAS 16 and Circular 456 of June 20, 2008 of the SVS. The balance as of December 31, 2012 and 2011 amounts to ThCh\$308,088,569 and ThCh\$300,422,138 respectively.

There were no accumulated results resulting from first-adoption adjustments booked as of January 1, 2008 during 2012 and 2011.



Accounting issues

The amount registered in accounting issues is the premium on the sale of shares produced in 1999 due to the capital increase. The balance as of December 31, 2012 and 2011 amounted to ThCh\$164,064,038 in each period.

Other participations in equity.

Other participations refer to the monetary correction of paid capital of the year 2008, the year of transition, 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). The balance as of December 31, 2012 and 2011 is ThCh\$-5.965.550 y ThCh\$ -5.965.555 respectively.

4. NON-CONTROLLER PARTICIPATIONS

The detail by society of the effects caused by the participation of third parties in the equity and results as of December 31, 2012 and 2011 is as follows:

Society	% Participation		Non-controller participations			
	31-12-2012	31-12-2011	31-12-2012		31-12-2011	
	%	%	Equity ThCh\$	Result ThCh\$	Equity ThCh\$	Result ThCh\$
Aguas Cordillera S.A.	0,00997%	0,00997%	19.516	1.583	20.388	1.831
Essal S.A. (1)	46,49350%	46,49350%	62.478.351	483.360	64.953.457	685.568
Total			62.497.867	484.943	64.973.845	687.399

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

Transfers and other changes in the table of changes in equity refer to dividends paid to minority participations amounting to ThCh\$2,960,921 and ThCh\$1,757,207 as of December 31, 2012 and 2011 respectively.



5. OTHER REVENUE AND EXPENSES

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

Non-operating revenue & expenses	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Other earnings (losses)		
Insurance claims (1)	39.437	2.430.959
Gain on sale of non-current assets, not held for sale	610.736	443.561
Other losses	-21.479	-11.097
Total	628.694	2.863.423
Financial costs		
Bank loans	-6.603.504	-6.674.474
AFR interest expenses	-3.593.670	-3.100.764
Bond interest expense	-12.619.707	-12.983.572
Other interest costs	-372.853	-430.912
Amortization of loan agreement complementary costs	-980.646	-2.457.983
Total	-24.170.380	-25.647.705
Financial income		
Interest income	7.000.827	4.992.670
Gain on redemption & extinction of debt	1.290.185	1.490.376
Total	8.291.012	6.483.046

(1) In 2011, Aguas Andinas S.A. and the subsidiary Aguas Manquehue S.A. received from the insurance companies RSA Seguros Chile S.A. and ACE Seguros S.A. the payment of claims for damages caused by the earthquake of February 2010, amounting to a total of ThCh\$2,266,544.

6. CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

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



Statement of financial position of subsidiaries (summarized) as of December 31, 2012

31-12-2012	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	17.483.411	234.106.952	27.378.573	28.463.630	195.748.160
Aguas Manquehue S.A.	2.420.975	57.320.378	3.051.130	12.616.821	44.073.402
Inversiones Iberaguas Ltda.	1.162.650	66.682.330	13.014	0	67.831.966
Empresa de Servicios Sanitarios de Los Lagos S.A.	15.695.515	128.022.490	10.929.850	54.424.201	78.363.954
Ecoriles S.A.	4.043.103	216.291	1.304.359	0	2.955.035
Gestión y Servicios S.A.	7.527.597	329.548	3.676.247	64.668	4.116.230
Análisis Ambientales S.A.	3.245.982	1.900.236	974.628	0	4.171.590
Aguas del Maipo S.A.	753.481	8.766.378	436.044	16.949	9.066.866

Statement of comprehensive results of subsidiaries (summarized) as of December 31, 2012

31-12-2012	Result for the period	Ordinary revenues	Operating expenses (-)	Other expenses (-) / Other income (+)
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	15.870.397	42.692.838	-24.339.382	-2.483.059
Aguas Manquehue S.A.	2.416.288	8.112.953	-4.310.645	-1.386.020
Inversiones Iberaguas Ltda.	3.850.525	0	-4.840	3.855.365
Empresa de Servicios Sanitarios de Los Lagos S.A.	7.567.547	38.913.676	-24.227.120	-7.119.009
Ecoriles S.A.	1.413.668	10.442.333	-8.772.900	-255.765
Gestión y Servicios S.A.	283.619	8.281.044	-7.901.870	-95.555
Análisis Ambientales S.A.	986.741	4.983.083	-3.831.766	-164.576
Aguas del Maipo S.A.	180.028	826.534	-612.864	-33.642

Statement of financial position of subsidiaries (summarized) as of December 31, 2011

31-12-2011	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	19.597.806	232.723.159	12.178.572	35.652.483	204.489.910
Aguas Manquehue S.A.	3.275.668	56.173.713	9.956.126	7.819.496	41.673.759
Inversiones Iberaguas Ltda.	901.480	66.068.105	11.144	0	66.958.441
Empresa de Servicios Sanitarios de Los Lagos S.A.	11.929.000	127.429.695	8.499.585	53.699.519	77.159.591
Ecoriles S.A.	4.166.662	193.088	1.409.571	0	2.950.179
Gestión y Servicios S.A.	5.772.506	1.772.187	2.175.087	0	5.369.606
Análisis Ambientales S.A.	2.283.730	1.385.679	484.559	0	3.184.850
Aguas del Maipo S.A.	125	0	0	0	125



Statement of comprehensive results of subsidiaries (summarized) as of December 31, 2011

31-12-2011	Result for the period	Ordinary revenues	Operating expenses (-)	Other expenses (-) / Other income (+)
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	18.363.246	42.478.752	-23.960.842	-154.664
Aguas Manquehue S.A.	3.728.133	8.288.727	-5.008.462	447.868
Inversiones Iberaguas Ltda.	2.972.983	0	-4.813	2.977.796
Empresa de Servicios Sanitarios de Los Lagos S.A.	5.847.039	35.144.206	-23.765.531	-5.531.636
Ecoriles S.A.	1.408.812	9.683.463	-8.121.390	-153.261
Gestión y Servicios S.A.	7.625	8.298.258	-8.286.606	-4.027
Análisis Ambientales S.A.	1.091.586	4.543.200	-3.282.330	-169.284

Detail of significant subsidiaries

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

The following are considered to be significant subsidiaries:

Name of significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.
Tax No.	96.809.310-k	89.221.000-4	95.579.800-5
Country	Chile	Chile	Chile
Functional currency	Chilean pesos	Chilean pesos	Chilean pesos
Percentage participation in significant subsidiary	99,99003%	100,00000%	53,50650%
Percentage voting rights in significant subsidiary	99,99003%	100,00000%	53,50650%
Percentage of consolidated figures			
Contribution margin	9,55%	1,98%	7,64%
Property, plant & equipment	7,53%	2,92%	10,54%
Result for the period	10,27%	1,52%	2,86%



7. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Banks	2.804.022	2.518.752
Time deposits (Note 8.7)	32.840.415	2.532.747
Total	35.644.437	5.051.499

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

Detail of some items of the statement of cash flows

- **Other 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).
- **Other investment activity outflows:** Relate mainly to interest associated with bond issues, which have been capitalized as a result of investments in property, plant and equipment.

8. FINANCIAL INSTRUMENTS

8.1 Capital risk management

The Group manages its capital to ensure that Group entities continue as ongoing businesses through the maximization of profitability for shareholders by the optimization of the debt and capital structure. The Group's general strategy has not changed since 2009. The group's capital structure comprises debt, which includes the loans disclosed in Note 8.4, the capital attributable to equity holders of the controller, which includes the capital, reserves and retained earnings which are shown in Note 3.



8.2 Significant accounting policies

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

8.3 Classes of financial instruments

Classes of financial instruments			31-12-2012	31-12-2011
			ThCh\$	ThCh\$
Trade debtors			81.173.901	72.220.059
Trade debtors, current			78.138.154	70.201.189
Trade debtors & other accounts receivable, current	CLP	8.5	78.133.751	70.150.105
Trade debtors & other accounts receivable, current	USD	8.5	882	47.501
Trade debtors & other accounts receivable, current	EUR	8.5	3.521	3.583
Collection rights, non-current			3.035.747	2.018.870
Collection rights, non-current	CLP	8.5	3.035.747	2.018.870
Other financial liabilities, current			56.804.996	84.776.754
Bank loans	CLP	8.4	20.744.471	27.418.868
Bonds	CLP	8.4	21.727.323	57.334.977
Reimbursable financial contributions (AFR)	CLP	8.4	14.333.202	22.909
Other financial liabilities, non-current	CLP	8.4	637.349.551	540.949.948
Bank loans	CLP	8.4	76.631.832	94.789.758
Bonds	CLP	8.4	452.897.896	350.517.275
Reimbursable financial contributions (AFR)	CLP	8.4	107.819.823	95.642.915
Trade payables			76.180.939	65.920.982
Trade debtors & other accounts receivable, current			74.682.140	64.350.380
Trade debtors & other accounts receivable, current	CLP	8.7	73.992.425	63.827.726
Trade debtors & other accounts receivable, current	USD	8.7	531.414	352.342
Trade debtors & other accounts receivable, current	EUR	8.7	158.301	170.312
Other accounts payable, non-current			1.498.799	1.570.602
Other accounts payable, non-current	CLP	8.7	1.498.799	1.570.602

8.4 Information on financial liabilities

Other financial liabilities

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



The bonds, bank loans and AFRs are booked valued at amortized cost, while hedge liabilities are value at amortized cost.

Reimbursable financial contributions (AFRs)

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 December 31, 2012 and 2011 is as follows:

Bank loan balances, current.

Debtor	Tax No. Debtor	Country debtor	Bank or financial institution	Tax No. Creditor	Country creditor	Residual	Total book value ThCh\$			Total nominal value ThCh\$		Nominal rate	Effective rate	Repayment
						31-12-2012 ThCh\$	Up to 90 days	91 to 365 days	31-12-2011 ThCh\$	31-12-2012	31-12-2011			
Aguas Andinas S.A.	61.808.000-5	CL	BANCO BBVA	97.032.000-8	CL	2.301.350	1.550.907	1.147.677	393.888	2.704.577	400.611	6,56%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO DE CHILE	97.004.000-5	CL	746.130	695.228	370.369	337.237	1.070.990	340.608	6,57%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO CORPBANCA	97.023.000-9	CL	12.000.000	1.667.067	10.596.723	3.116.125	12.267.500	3.127.277	6,41%	6,68%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO SANTANDER	97.036.000-K	CL	213.287	213.287		212.162	217.232	215.822	6,56%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO DE CHILE	97.004.000-5	CL	3.150.000	2.937.350	1.565.863	1.423.762	4.521.488	1.437.975	6,57%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO BBVA	97.032.000-8	CL	0	0	0	8.011.439	0	8.011.439	-	-	At maturity
Aguas Andinas S.A.	61.808.000-5	CL	BANCO CORPBANCA	97.023.000-9	CL	0	0	0	5.009.000	0	5.009.000	-	-	At maturity
Aguas Andinas S.A.	61.808.000-5	CL	BANCO BBVA	97.032.000-8	CL	0	0	0	676.699	0	676.699	-	-	At maturity
Aguas Manquehue	89.221.000-4	CL	Banco Estado	97.030.000-7	CL	0	0	0	8.238.554	0	8.238.554	-	-	Semi-annual
TOTAL						18.410.766	7.063.839	13.680.632	27.418.866	20.781.787	27.457.985			

Nominal value = principal+accrued interest

Residual value = total principal outstanding

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

Bank loan balances, non-current.

Debtor	Tax No. Debtor	Country debtor	Bank or financial institution	Tax No. Creditor	Country creditor	Currency or indexation unit	Years to maturity			Term	31-12-2012		31-12-2011		Nominal rate	Effective rate	Repayments
							13 months to 3 years	3 to 5 years	More than 5 years		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	4.775.259	10.611.687	0	28-08-2016	15.386.947	15.401.320	17.682.348	17.702.667	6,56%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO DE CHILE	97.004.000-5	CL	CLP	2.130.031	7.774.615	0	17-07-2017	9.904.646	9.912.870	10.645.396	10.659.000	6,57%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO CORPBANCA	97.023.000-9	CL	CLP			0	28-08-2013	0	0	11.993.419	12.000.000	6,41%	6,68%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO SANTANDER	97.036.000-K	CL	CLP	9.529.981	0	0	28-08-2015	9.529.981	9.537.000	9.526.061	9.537.000	6,56%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	BANCO DE CHILE	97.004.000-5	CL	CLP	8.991.454	32.818.805	0	17-07-2017	41.810.259	41.850.000	44.942.534	45.000.000	6,57%	6,61%	Semi-annual
TOTAL							25.426.725	51.205.107	0		76.631.833	76.701.190	94.789.758	94.898.667			



Nominal value = principal+accrued interest

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

The detail of reimbursable financial contributions as of December 31, 2012 and 2011 is as follows:

Reimbursable financial contributions, current portion

Registration No. or Identification of the Instrument	Currency/ind exation unit	Residual UF 31-12-2012	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Issuer tax No.	Repayment	Secured (Yes/No)
			31-12-2012 ThCh\$	31-12-2011 ThCh\$							
AFR	UF	79.929	1.825.642	0	2,75%	2,64%	Chile	Aguas Andinas S.A	61.808.000-5	At maturity	No
AFR	UF	547.599	12.507.560	22.909	8,30%	7,91%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
TOTAL		627.528	14.333.202	22.909							

Reimbursable financial contributions, non-current portion

Registration No. or Identification of the Instrument	Currency/ind exation unit	Residual UF 31-12-2012	Book value		Maturity date	Contract real interest rate	Effective rate	Issuer	Issuer tax No.	Repayment	Secured (Yes/No)
			31-12-2012 ThCh\$	31-12-2011 ThCh\$							
AFR	UF	3.321.821	75.872.878	59.799.378	26-09-2027	3,77%	3,61%	Aguas Andinas S.A	61.808.000-5	At maturity	No
AFR	UF	910.130	20.788.046	28.474.918	26-09-2027	4,76%	4,56%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	290.291	6.630.461	3.672.266	30-07-2027	3,74%	3,60%	Aguas Manquehue S.A	89.221.000-4	At maturity	No
AFR	UF	198.261	4.528.438	3.696.353	13-08-2027	3,68%	3,68%	Essal S.A.	96.579.800-5	At maturity	No
TOTAL		4.720.503	107.819.823	95.642.915							

The detail of bonds outstanding as of December 31, 2012 and 2011 is as follows:

Bonds, current portion

Type of document	Amount outstanding UF	Book value ThCh\$			Final maturity	Nominal annual interest rate	Effective annual interest rate	Payments of		Issuer	Tax No.- issuer
		31-12-2012		31-12-2011 ThCh\$				Interest	Principal		
		Up to 90 days	91 to 365 days								
BAGUA-E	0	0	0	36.840.674	01-06-2012	4,00%	4,45%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-F	263.158	288.060	5.692.467	5.832.936	01-12-2026	4,15%	4,70%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-G	0	212.871	0	208.796	01-04-2014	3,00%	3,39%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-I	320.000	94.909	7.220.145	7.139.137	01-12-2015	3,70%	4,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-J	0	42.500	0	41.866	01-12-2018	4,00%	4,19%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-K	160.000	1.950.953	1.812.850	3.692.853	01-10-2016	2,90%	3,08%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-M	0	426.823	0	415.083	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-N	0	167.191	0	165.061	01-10-2016	3,17%	3,36%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-P	0	335.437	0	326.326	01-10-2033	3,86%	3,81%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-Q	0	135.291	0	0	01-06-2032	4,00%	3,94%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-R	0	115.303	0	0	01-04-2019	3,30%	3,63%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-S	0	500.563	0	0	01-04-2035	3,90%	3,93%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BESAL-B	115.789	201.980	2.529.980	2.672.245	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Total	858.947	4.471.881	17.255.442	57.334.977							



Bonds, non-current portion

Type of document	Amount outstanding	Book value ThCh\$				Final maturity	Nominal annual interest rate	Effective annual interest rate	Payments of		Issuer	Tax No.- issuer
		31-12-2012							Interest	Principal		
	UF	13 months to 3 years	3 to 5 years	More than 5 years	31-12-2011							
BAGUA-E	0	0	0	0	0	01-06-2012	4,00%	4,45%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-F	3.684.210	11.676.384	11.676.384	52.543.683	79.575.198	01-12-2026	4,15%	4,70%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-G	2.500.000	57.048.527			55.469.493	01-04-2014	3,00%	3,39%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-I	1.360.000	23.650.860			30.127.460	01-12-2015	3,70%	4,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-J	1.000.000			22.657.929	22.078.317	01-12-2018	4,00%	4,19%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-K	840.000	7.286.645	8.197.475		18.650.577	01-10-2016	2,90%	3,08%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-M	1.750.000			40.251.148	39.304.181	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-N	1.250.000		28.444.037		27.711.404	01-10-2016	3,17%	3,36%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-P	1.500.000			34.489.410	33.676.802	01-10-2033	3,86%	3,81%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-Q	1.650.000			37.985.428	0	01-06-2032	4,00%	3,94%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-R	1.000.000	5.029.027	10.058.054	7.543.541	0	01-04-2019	3,30%	3,63%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-S	2.300.000			52.319.190	0	01-04-2035	3,90%	3,93%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BESAL-B	1.794.737	5.152.941	5.152.941	31.734.292	43.923.843	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Total	20.628.947	109.844.384	63.528.891	279.524.621	350.517.275							

8.5 Risk management

The principal objectives of financial risk management are to ensure the availability of funds to meet financial commitments and to protect the value of the economic flows of the Group's assets and liabilities.

This management is carried out through the identification of the risks, the determination of tolerance to each risk, the hedging of such financial risks and the control of hedge transactions. Financial risk management is therefore based on hedging all significant exposures, provided there are suitable instruments and they are reasonably priced.

i. Credit risk

Credit risk is the possibility of financial loss arising from the default of obligations by our counterparties (customers).

Aguas Andinas 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	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Gross exposure per balance sheet for risks of accounts receivable	112.197.434	102.803.132
Gross exposure per estimates of risks of accounts receivable	-31.023.533	-30.583.073
Net exposure, risk concentration	81.173.901	72.220.059

Movement of credit risk, accounts receivable	ThCh\$
Initial balance at 01-01-2012	30.583.073
Increase in existing provisions	3.438.892
Decreases	-2.998.432
Changes, total	440.460
Closing balance at 30-09-2012	31.023.533

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

Ageing of gross debt	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Less than 3 months	75.832.558	68.377.685
3 to 6 months	2.176.991	2.417.865
6 to 8 months	906.418	985.542
More than 8 months	33.281.467	31.022.040
Total	112.197.434	102.803.132

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

Past-due debt	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Less than 3 months	9.588.420	8.295.279
3 to 6 months	1.090.508	952.091
6 to 8 months	1.056.237	945.360
More than 8 months	29.237.321	28.113.888
Total	40.972.486	38.306.618

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



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

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

Maturity structure (non-discounted flows)

Balance at 31-12-2012	Up to 90 days		91 days to 1 year		13 months to 3 years		3 to 5 years		More than 5 years	
	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate	ThCh\$	Contract interest rate
Bank loans	7.605.198	6,52%	16.658.592	6,45%	34.853.897	6,56%	56.534.649	6,57%	0	-
Bonds	6.276.719	2,90%	31.463.896	4,11%	141.789.841	3,43%	89.308.502	3,57%	396.534.800	4,20%
AFR	1.545.172	7,48%	13.441.308	7,61%	6.554.818	4,82%	38.755.578	4,51%	104.200.878	3,69%
Total	15.427.089		61.563.796		183.198.556		184.598.729		500.735.678	

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

iii. Interest rate risk

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

Debt instruments	Rate	%
Bank loans	Variable	14,05%
Bonds	Fixed (UF)	68,34%
AFR	Fixed (UF)	17,61%
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	Pts (+/-)	Impact on result ThCh\$ (+/-)
Aguas Andinas S.A	94.898.667	TAB 180 days	96	910.785

For loans based on 180-day TAB, the positive or negative change in nominal TAB of 96 basis points, calculated annually, would have an impact on results of +/- ThCh\$ 910,785.

8.6 Cash equivalents.

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

Society	Instrument	31-12-2012	31-12-2011
		ThCh\$	ThCh\$
Aguas Andinas S.A.	Time deposit	15.534.711	0
Aguas Cordillera S.A.	Time deposit	8.925.063	0
Análisis Ambientales S.A.	Time deposit	1.684.220	0
Eco-Riles S.A.	Time deposit	1.133.107	0
ESSAL S.A.	Time deposit	5.563.314	2.532.747
Total		32.840.415	2.532.747

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

8.7 Trade creditors and other accounts payable

The principal concepts are the following:



Trade creditors & other accounts payable, current and non-current	Currency or indexation unit	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Dividends	CLP	1.567.984	857.049
Taxes (VAT, prepayments, sole tax, others)	CLP	11.551.548	11.757.412
Suppliers for investments in progress	CLP	24.854.971	14.767.252
Personnel	CLP	2.149.166	2.372.162
Suppliers	CLP	16.740.975	20.470.765
Suppliers	USD	422.591	243.519
Suppliers	EUR	158.301	170.312
Accrued services	CLP	16.417.188	12.965.555
Accrued services	USD	91.243	91.243
Others	CLP	710.593	637.531
Others	USD	17.580	17.580
Total, current		74.682.140	64.350.380
Water Afr	CLP	467.433	472.042
Suppliers for investments in progress	CLP	961.402	1.029.147
Several creditors	CLP	69.964	69.413
Total, non-current		1.498.799	1.570.602
Total, current and non-current		76.180.939	65.920.982

8.8 Fair value of financial instruments

Fair value of financial instruments booked at amortized cost.

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

	31-12-2012	
	Amortized cost ThCh\$	Fair value ThCh\$
Investments held at amortized cost		
Time deposits	32.840.415	32.840.415
Other financial liabilities		
	694.154.547	703.719.034
Financial liabilities held at amortized cost	694.154.547	703.719.034
Bank debt	97.376.303	100.445.587
Bonds	474.625.219	481.120.421
AFR	122.153.025	122.153.026



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 updating of the cash flows of each loan (principal and interest disbursements), applying the discount curves corresponding to the remaining term. This term corresponds to the number of days between the closing date of the financial statements and the date of the disbursement of cash.

Booking of fair value measurements in the financial information statements

- Level 1 relates to fair-value measurement methodologies by market quotes (without adjustments) in active markets and considering the same assets and liabilities valued.
- Level 2 relates to fair-value measurement methodologies 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.

8.9 Other financial assets

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of ThCh\$7,349,718 and ThCh\$ 7,221,134 as of December 31, 2012 and 2011 respectively (see Note 2.2, h, ii), over which the Company has no control or significant influence. The balance of ThCh\$17.518 relates to other financial investments in both periods.



9. INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

Transactions between the Company and its subsidiaries meet 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	Name of related party	Relationship	Country of origin	Transaction with related party	Currency	Term	Security	31-12-2012	31-12-2011
								ThCh\$	ThCh\$
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Reimbursement	CLP	30 days	Unsecured	0	179
96.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Development & implementation geographic information system	CLP	30 days	Unsecured	2.379	213
76.080.553-K	Aqualogy Solutions Chile Ltda	Related to the controller	CL	Reimbursement personnel expenses	CLP	30 days	Unsecured	75	4.567
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Sale of inputs & laboratory services	CLP	30 days	Unsecured	5.249	3.805
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Reimbursement personnel expenses	CLP	30 days	Unsecured	59	25
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Chemical & bacteriological analysis services	CLP	30 days	Unsecured	453	387
Total								8.215	9.176

Accounts payable to related entities

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction with related party	Currency	Term	Security	31-12-2012	31-12-2011
								ThCh\$	ThCh\$
93.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Development & implementation geographic information system	CLP	30 days	Unsecured	46.047	41.404
None	Aqualogy Development Network S.A.	Related to the controller	CL	Human resources advice	CLP	30 days	Unsecured	0	12.253
59.127.140-K	Aqualogy Aqua Ambiente Servicios Integrales S.A.	Related to the controller	CL	Technical assistance Renato Poblete park design & construction	CLP	30 days	Unsecured	105.513	23.394
76.080.553-K	Aqualogy Solutions Chile Ltda	Related to the controller	CL	Purchase of materials	CLP	30 days	Performance bond. Amount ThCh\$279,298	746.659	404.861
76.046.628-K	Asterión S.A.	Related to the controller	CL	Process re-engineering service contract & implementation of new information systems for customer service	CLP	30 days	Performance bond for ThCh\$845,149	2.296.412	3.188.031
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	La Farfana sewage treatment plant operation & maintenance services	CLP	30 days	Performance bond for UF194,249.62	2.747.486	2.343.631
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Operation & maintenance services biogas purification plant	CLP	30 days	Performance bond for UF112.24	0	27.462
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage treatment plant	CLP	90 days	Performance bond for UF357,863	21.131.244	36.290.795
76.080.553-K	Aqualogy Solutions Chile Ltda	Related to the controller	CL	Purchase of materials	CLP	30 days	Unsecured	101.745	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Service contract Ice-Piggins	CLP	30 days	Unsecured	24.146	0
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividend payable	CLP	30 days	Unsecured	463.208	0
None	Sorea	Related to the controller	CL	Reimbursement	CLP	30 days	Unsecured	0	820
Total								27.662.460	42.332.651



Transactions

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction	Currency	31-12-2012		31-12-2011	
						ThCh\$		ThCh\$	
						Amount	Effect on results (Charge)/	Amount	Effect on results (Charge)/
79.046.628-K	Asterión S.A.	Other related parties	CL	Process re-engineering service contract & implementation of new information systems for customer service	CLP	2.043.532	-349.060	2.564.591	-366.173
76.080.553-K	Aqualogy Solutions Chile Ltda	Other related parties	CL	Purchase of materials	CLP	4.242.518	-2.947.079	3.461.767	-2.104.253
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Other related parties	CL	Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage treatment plant	CLP	36.392.047	-7.324.614	78.545.888	-6.107.995
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	Operation & maintenance services La Farfana sewage treatment plant	CLP	13.572.350	-11.281.407	12.663.709	-11.141.512
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	Operation & maintenance services biogas purification plant	CLP	183.651	-183.651	160.738	-160.768
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Other related parties	CL	Dividends paid	CLP	57.123.687	0	52.451.675	0

The criterion of materiality for reporting transactions with related entities is accumulated amounts of over ThCh\$ 100,000.

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

	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Directors	386.969	323.788
Directors' committee	28.051	33.254
Total	415.020	357.042

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 Company and its subsidiaries.

At the end of year 2012, the list of managers and chief executives of Aguas Andinas was conformed by 61 professionals. The total compensation in the year was ThCh\$5,221 and chief executives's compensation for years of service amounted to ThCh\$877.

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

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



10. INVENTORIES

Class of inventories	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Merchandise	3.778.480	2.403.677
Supplies for production	586.283	538.067
Others	18.267	63.737
Total inventories	4.383.030	3.005.481

The cost of the inventories shown as an expense in the statement of results during periods 2012 and 2011 amounts to ThCh\$8,973,554 and ThCh\$7,913,420 respectively.

11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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



	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Intangible assets, net	225.272.517	223.106.257
Tangible assets with finite lives, net	15.010.122	13.205.680
Tangible assets with indefinite lives, net	210.262.395	209.900.577
Intangible assets, net	225.272.517	223.106.257
Patents, trademarks & other rights, net	5.705.135	5.892.614
Computer programs, net	9.304.987	7.313.066
Other intangible assets, net	210.262.395	209.900.577

Intangible assets, gross	253.011.694	247.587.806
Intangible assets, gross	253.011.694	247.587.806
Other intangible assets, gross	253.011.694	247.587.806
Intangible assets, gross	219.924.966	219.563.148
Patents, trademarks & other rights, gross	7.653.843	7.654.107
Computer programs, gross	25.432.885	20.370.551

Classes of accumulated amortization & impairment, intangible assets	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Accumulated amortization & impairment, intangible assets, total	27.739.177	24.481.549
Accumulated amortization & impairment, registered trademarks & other rights	1.948.708	1.761.493
Accumulated amortization & impairment, computer programs	16.127.898	13.057.485
Accumulated amortization & impairment, other intangible assets	9.662.571	9.662.571

Movement of intangible assets 30-12-2012

Movements in intangible assets	Patents, trademarks & other rights, net	Computer programs, net	Other intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2012	5.892.614	7.313.066	209.900.577
Additions	1.589	4.999.336	367.767
Disappropriations	-1.853		-5.949
Amortization	-187.215	-3.007.415	0
Changes, total	-187.479	1.991.921	361.818
Closing balance as of 31-12-2012	5.705.135	9.304.987	210.262.395



Movement of intangible assets 31-12-2011

Movements 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	452	6.021.437	352.096
Disappropriations	0	0	-745
Amortization	-187.215	-1.592.777	0
Changes, total	-186.763	4.428.660	351.351
Closing balance as of 31-12-2011	5.892.614	7.313.066	209.900.577

Detail of significant individual identifiable intangible assets:

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

Society	31-12-2012		31-12-2011	
	Water rights ThCh\$	Easements ThCh\$	Water rights ThCh\$	Easements ThCh\$
Aguas Andinas S.A.	74.099.786	7.489.600	74.020.926	7.350.200
Aguas Cordillera S.A.	92.506.464	7.865.577	92.506.463	7.853.889
Aguas Manquehue S.A.	21.207.395	900.294	21.207.395	900.294
Essal S.A.	5.159.524	1.033.755	5.051.316	1.010.094
Total	192.973.169	17.289.226	192.786.100	17.114.477

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 foreseeable useful life, i.e. the period of economic benefits associated with these assets are indefinite. Both assets are legal rights that are not extinguished nor affected by restrictions.

Commitments for acquiring intangible assets:

Commitments for acquisitions of intangible assets in 2013 relate to water rights, easements and computer programs necessary for the normal operation of the Group companies and in particular for new works under development or prior study stages, plus the expansion of concession zones, shown as follows:



Society	ThCh\$
Aguas Andinas S.A.	3.191.782
Aguas Cordillera S.A.	190.097
Aguas Manquehue S.A.	106.250
Essal S.A.	423.860
Análisis Ambientales S.A.	33.300
Total	3.945.289

12. GOODWILL

The following is a detail of goodwill for the different cash-generating units or groups of them to which this is assigned and its movement in periods 2012 and 2011.

Tax No.	Society	31-12-2012	31-12-2011
		ThCh\$	ThCh\$
96.809.310-K	Aguas Cordillera S.A.	33.823.049	33.823.049
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A. (Essal S.A.)	343.332	343.332
96.897.320-7	Inversiones Iberaguas Ltda.	2.066.631	2.426.196
Total		36.233.012	36.592.577



13. PROPERTY, PLANT AND EQUIPMENT

	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Property, plant equipment, net	1.152.300.877	1.117.686.163
Construction in progress	90.147.941	169.583.994
Land	151.936.301	151.262.638
Buildings	73.255.245	69.943.651
Plant & equipment	269.308.541	193.175.614
Computer equipment	2.012.780	1.966.760
Fixed installations & accessories	562.408.958	528.763.450
Motor vehicles	1.014.335	1.234.200
Improvements to leased assets	31.478	36.951
Other property, plant & equipment	2.185.298	1.718.905
Property, plant equipment, gross	2.083.643.414	2.000.580.488
Construction in progress	90.147.941	169.583.994
Land	151.936.301	151.262.638
Buildings	94.884.369	89.806.468
Plant & equipment	453.700.638	361.204.538
Computer equipment	10.518.469	9.498.364
Fixed installations & accessories	1.272.959.964	1.210.118.981
Motor vehicles	4.768.271	4.713.955
Improvements to leased assets	463.266	442.267
Other property, plant & equipment	4.264.195	3.949.283
Accumulated depreciation	931.342.537	882.894.325
Buildings	21.629.124	19.862.817
Plant & equipment	184.392.097	168.028.924
Computer equipment	8.505.689	7.531.604
Fixed installations & accessories	710.551.006	681.355.531
Motor vehicles	3.753.936	3.479.755
Improvements to leased assets	431.788	405.316
Other property, plant & equipment	2.078.897	2.230.378



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

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



Movement of property, plant and equipment 31-12-2012

Concept	Initial balance ThCh\$	Additions ThCh\$	Disposals ThCh\$	Depreciation ThCh\$	Total changes M\$	Final balance ThCh\$
Construction in progress, net	169.583.994	-79.156.928	-279.125	0	-79.436.053	90.147.941
Land	151.262.638	688.257	-14.594	0	673.663	151.936.301
Buildings, net	69.943.651	5.146.218	-49.985	-1.784.639	3.311.594	73.255.245
Plant & equipment, net	193.175.614	94.840.613	-197.639	-18.510.047	76.132.927	269.308.541
Computer equipment, net	1.966.760	1.001.157	0	-955.137	46.020	2.012.780
Fixed installations & accessories, net	528.763.450	65.301.104	-1.337.829	-30.317.767	33.645.508	562.408.958
Motor vehicles, net	1.234.200	313.295	-122.759	-410.401	-219.865	1.014.335
Improvements to leased assets, net	36.951	20.999	0	-26.472	-5.473	31.478
Other property, plant & equipment, net	1.718.905	477.070	-179	-10.498	466.393	2.185.298
Classes of property, plant & equipment, net	1.117.686.163	88.631.785	-2.002.110	-52.014.961	34.614.714	1.152.300.877



Movement of property, plant and equipment 31-12-2011

Concept	Initial balance ThCh\$	Additions ThCh\$	Disposals ThCh\$	Depreciation ThCh\$	Total changes M\$	Final balance ThCh\$
Construction in progress, net	71.171.543	98.412.451	0	0	98.412.451	169.583.994
Land	148.941.768	2.406.597	-85.727	0	2.320.870	151.262.638
Buildings, net	70.432.661	1.412.051	-143.115	-1.757.946	-489.010	69.943.651
Plant & equipment, net	199.513.013	11.704.040	-561.029	-17.480.410	-6.337.399	193.175.614
Computer equipment, bet	1.386.254	1.321.892	-1	-741.385	580.506	1.966.760
Fixed installations & accessories, net	536.302.135	23.151.463	-293.417	-30.396.731	-7.538.685	528.763.450
Motor vehicles, net	1.307.299	473.386	-109.544	-436.941	-73.099	1.234.200
Improvements to leased assets, net	70.636	2.118	0	-35.803	-33.685	36.951
Other property, plant & equipment, net	1.700.075	29.782	0	-10.952	18.830	1.718.905
Classes of property, plant & equipment, net	1.030.825.384	138.913.780	-1.192.833	-50.860.168	86.860.779	1.117.686.163

*The negative additions relate to transfers from works under construction to definitive assets.



The detail of each consolidated Group society of amounts of future commitments for acquisitions of property, plant and equipment during 2013, is as follows:

Society	ThCh\$
Aguas Andinas S.A.	54.289.061
Aguas Cordillera S.A.	2.715.285
Aguas Manquehue S.A.	4.623.730
Essal S.A.	6.977.529
Ecoriles S.A.	64.600
Gestión y Servicios S.A.	3.245
Análisis Ambientales S.A.	1.592.674
Total	70.266.124

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

Society	31-12-2012
	ThCh\$
Aguas Andinas S.A.	105.617
Aguas Cordillera S.A.	166.175
Total	271.792

14. IMPAIRMENT OF VALUE OF ASSETS

Asset impairment by cash generating unit:

Each society as a whole is defined as a cash-generating unit as each is individually capable of generating future economic benefits and represents the smallest group of assets that generate independent cash flows. According to the accounting standards, the Company evaluates on each closing of its statement of financial position whether there is any sign of impairment of value of any asset. If there is, the Company 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, 2012 based on the Group's estimates and projections. These estimates indicated that the benefits attributable to the participations with lower associated values exceed individually their consolidated book values in all cases.



No impairment of assets has been booked as of December 31, 2012.

As of December 31, 2011 an impairment was booked in Aguas Manquehue S.A. as a result of the termination of the operation of two sewage treatment plants and a pumping plant due to the full operation of the new North Sewer, whereby the sewage is treated at the La Farfana sewage treatment plant, and Company reflecting disused premises.

The detail of impairment losses by subsidiary is as follows:

Society	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Aguas Andinas S.A.	0	199.280
Aguas Cordillera S.A.	0	2.281
Aguas Manquehue S.A.	0	620.783
Total	0	822.344

15. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

The detail of these as of December 2012 and 2011 is as follows:

Classes of provisions	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Provision for legal claims	1.331.679	1.482.989
Provisiones, corriente	1.331.679	1.482.989
Other provisions, non-current	1.094.239	1.066.784
Provisions, non-current	1.094.239	1.066.784



The movement in current provisions in the year was:

	Legal claims	Total
	ThCh\$	ThCh\$
Initial balance provisions	1.482.989	1.482.989
Changes in provisions		
Increase in existing provisions	120.253	120.253
Provision used	-186.128	-186.128
Other decreases	-85.435	-85.435
Changes in provisions, total	-151.310	-151.310
Closing balance	1.331.679	1.331.679

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 the sanitation 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 2013.



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 were demanded directly or under sub-contracts, and severally.

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\$ 420,319.

Principal assumptions regarding future events relating to the class of provision: Sentences in first instances given and appealed against to the Appeals Court. There are also lawsuits pending before the Santiago labor and social-security courts.

- d) **Nature of class of provision:** The SISS began proceedings to sanction Aguas Andinas S.A. with respect to overflows of waste waters due to an obstruction of the trunk sewer in the districts of El Bosque and San Bernardo. Currently in the discussion stage.

Timetable foreseen for release of class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: Aguas Andinas S.A. was fined the sum of 301 UTA. An appeal has been made which has not yet been resolved.

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

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

Uncertainties about the timing and amount of a class of provision: 10% of the fine was paid into court to start the claim. The parties are called to hear sentence. There are moderate probabilities that the demand will be accepted. Currently pending resolution of a request for abandonment of proceedings presented by the COREMA.

- f) Nature of class of provision:** CONAMA (the national environmental authority) applied a fine of 300 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. The notification of sentence in the first instance is pending, rejecting the claim made by the company.

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

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

Uncertainties about the timing and amount of a class of provision: 10% of the fine has been paid in order to bring an appeal to the courts. Final sentence given rejecting the appeal; when this is notified, an appeal has been made to the Santiago courts of appeal.

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

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

Uncertainties about the timing and amount of a class of provision: The claim brought before the courts; currently in the discussion stage.

- i) 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: Sentence given accepting the demand and ordering Aguas Andinas to pay the sum of ThCh\$296.866 plus costs. An appeal has been made.

2.- Other provisions, non-current

These relate basically to a transaction on July 10, 2007, signed before the notary María Gloria Acharan Toledo, between Aguas Cordillera S.A. and property developers by which should Aguas Cordillera S.A. in the future abandon and sell the land transferred to it, it would pay at least U.F.52,273.29. This amount will be set off against the debt receivable from the developers.

B.- Contingent liabilities

- 1.- Aguas Andinas S.A. was 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 1,153,222 which includes different cases accumulated in the 5th Civil Court of Santiago. The Society has presented several defenses against the civil demands for damages, expecting to obtain positive results in all cases.
- 2.- There is a suit for damages against Aguas Andinas S.A. with respect to bad odors from the El Trebal sewage treatment plant. The lawyer Bertolone, representing 314 residents of the district of El Trebal, adjoining the sewage plant of that name, alleges moral damages produced by odors coming from the plant, plus other environmental damage. The demands amount to a total of ThCh\$10,990,000, plus interest, indexation and costs. The discussion stage has now expired and a resolution adopted to receive evidence, but this has not been notified to date.
- 3.- 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\$ 2,745,994 plus indexation, interest and costs. The management believes that this will have no adverse effect on the financial statements.
- 4.- Demand for damages brought against Aguas Cordillera S.A. by 79 residents of Lo Barnechea district due to supply problems in October and November 1996. The amount demanded is ThCh\$ 728,626. Sentence was given in the first instance rejecting the demand in all its parts. It is too early to estimate the result of the case.
- 5.- In 2009 Condominio Polo Manquehue sued Aguas Manquehue S.A. for damages caused to its property due to works carried out. Amount ThCh\$150,000 plus interest, indexation and costs. Currently in the discussion stage, so it is premature to estimate the result.



- 6.- In 2007 the estate of Leon Woppke demanded the Chilean Treasury (Aguas Manquehue S.A.) for determination of the amount of expropriation of a land. The plaintiff claimed the amount of provisional compensation. The amount consigned in the court was ThCh\$173,408 and the amount claimed by the plaintiff is ThCh\$910,392 plus interest, indexation and costs. Sentence was given partially accepting the claim and requiring the Company to pay UF 1.5 UF per square meter expropriated. Agreement has been reached with the claimant which has accepted a final settlement of ThCh\$ 174,408.

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.

16. Guarantees and restrictions

a) Direct guarantees

Guarantee policies and performance bonds have been granted in favor of various institutions, the principal ones being the SISS, to guarantee the conditions for the provision of services and development programs in the Company's concession areas, SERVIU Metropolitano to guarantee the replacement of paving, and other institutions, for ThCh\$31,283,530 and ThCh\$36,762,989 as of December 31, 2012 and 2011 respectively.

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



Creditor	Debtor	Type of guarantee	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Asociación Canal Sociedad Maipo	Aguas Andinas S.A.	Performance bond	6.361.888	6.940.407
Chilectra S.A.	Aguas Andinas S.A.	Performance bond	31.965	31.692
Constructora San Francisco	Aguas Andinas S.A.	Performance bond	124.254	119.139
Constructora Santa Rosa	Aguas Andinas S.A.	Performance bond	23.206	29.116
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance bond	13.133	49.069
Dirección de Obras Hidraulica	Aguas Andinas S.A.	Performance bond	248.879	85.638
Dirección Regional de Obras Hidraulica	Aguas Andinas S.A.	Performance bond	0	30.600
Director de Vialidad	Aguas Andinas S.A.	Performance bond	331.191	1.215.024
Gobierno Regional Metropolitano	Aguas Andinas S.A.	Performance bond	125.438	4.780
Ministerio de Obras Publicas	Aguas Andinas S.A.	Performance bond	806.027	786.734
Municipalidad de Lo Barnechea	Aguas Andinas S.A.	Performance bond	11.420	22.294
Municipalidad de Peñalolen	Aguas Andinas S.A.	Performance bond	37.089	72.403
Municipalidad de Pirque	Aguas Andinas S.A.	Performance bond	0	32.345
Municipalidad de Providencia	Aguas Andinas S.A.	Performance bond	0	45.725
Municipalidad de Santiago	Aguas Andinas S.A.	Performance bond	21.472	20.733
Municipalidad de La Pintana	Aguas Andinas S.A.	Performance bond	51.440	0
S.I.S.S.	Aguas Andinas S.A.	Performance bond	8.229.248	13.665.728
Secretaría Ministerial de Obra	Aguas Andinas S.A.	Performance bond	4.599	13.339
Serectaría Regional Ministerial	Aguas Andinas S.A.	Performance bond	34.098	38.520
Serviu Metropolitano	Aguas Andinas S.A.	Performance bond	4.255.744	1.107.420
Soc. Con. Aut. Acon	Aguas Andinas S.A.	Performance bond	0	55.735
S.I.S.S.	Aguas Cordillera S.A.	Performance bond	495.621	1.411.301
Ministerio de Obras Publicas	Aguas Cordillera S.A.	Performance bond	339.916	331.780
Serviu Metropolitano	Aguas Cordillera S.A.	Performance bond	215.322	111.470
Municipalidad de Las Condes	Aguas Cordillera S.A.	Performance bond	17.000	17.000
Municipalidad de Vitacura	Aguas Cordillera S.A.	Performance bond	45.682	44.588
Asociación Canal de Maipo	Aguas Cordillera S.A.	Performance bond	788.681	769.803
S.I.S.S.	Aguas Manquehue S.A.	Performance bond	971.463	682.978
Asociación Canal de Maipo	Aguas Manquehue S.A.	Performance bond	887.201	0
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance bond	17.131	16.721
Subsecretaria de Agricultura	Gestión y Servicios S.A.	Performance bond	0	1.062.731
Serviu	Gestión y Servicios S.A.	Performance bond	2.997.341	837.158
Essbio S.A.	Anam S.A.	Performance bond	13.704	0
Siderúrgica Huachipato	Anam S.A.	Performance bond	45.682	0
Director de Obras Hidraulicas	Essal S.A.	Performance bond	586.391	287.985
Serviu	Essal S.A.	Performance bond	350.035	238.964
Municipalidad de Futaleufú	Essal S.A.	Performance bond	24.176	7.933
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance bond	59.231	14.372
Director de Vialidad	Essal S.A.	Performance bond	49.545	481.880
E.F.E.	Essal S.A.	Performance bond	68.563	11.147
S.I.S.S.	Essal S.A.	Insurance policy	2.042.428	1.966.070
Total			30.726.204	32.660.322



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 individual and consolidated financial statements of the subsidiary corporations registered with the SVS, both the quarterly and the audited annual statements, within the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.

2.- Book in its accounts the provisions arising from adverse contingencies which, in the opinion of the Society's management, should be reflected in its financial statements and/or those of its subsidiaries.

3.- Maintain insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the society's kind.

4.- Obligation to ensure that transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

5.- Maintain a debt ratio no higher than 1.5:1, measured on its individual and unconsolidated balance sheets, defined as the debt to equity ratio.

Starting in 2010, the above covenant was adjusted according to the difference between the consumer price index (CPI) of the month in which the debt level is calculated and the CPI for December 2009. This ratio will be adjusted up to a maximum of 2.0:1 (debt ratio = total liabilities/total equity). As of December 31, 2012, the debt level is 1.26:1.

6.- Not sell, assign or transfer essential assets (public-utility concession granted by the S.I.S.S. for Greater Santiago), except for contributions or transfers of essential assets to subsidiary societies.

The Society is in compliance with all the covenants established in the bond indentures as of December 31, 2012.

i. 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, within the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.

2.- Book in its accounts the provisions arising from adverse contingencies which, in the opinion of the society's management, should be reflected in its financial statements.

3.- Maintain insurance to reasonably protect its assets in line with usual practices for industries of the society's kind.

4.- Obligation to ensure that transactions carried out with related parties are made on equitable conditions similar to those normally prevailing in the market.

5.- Maintain a debt ratio no higher than 1.29:1, measured on its balance sheets, defined as the debt to equity ratio.

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). As of December 31, 2012, the debt level is 0.83:1.

6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5:1. As of December 31, 2012, the ratio is 7.36:1.

7.- Not to sell, assign or transfer essential assets.

The Society is in compliance with all the covenants established in the bond indentures as of December 31, 2012.



c) Bank loan covenants

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

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



10.- Ensure that transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

The Society is in compliance with all the covenants set out in bank loan agreements as of December 31, 2012.

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

d.- Guarantees received from third parties.

As of December 31, 2012 and 2011, the Society has received documents in guarantee for ThCh\$34,313,739 and ThCh\$33,152,515 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 December 31, 2012 is summarized below:



Contractor or supplier	ThCh\$	Expiry date
COSTANERA CENTER S.A.	228.408	31-03-2013
CHILECTRA S.A.	228.408	11-07-2013
CHILECTRA S.A.	228.408	01-08-2013
BAPA S.A.	232.839	10-04-2013
INMOBILIARIA BUIN S.A.	236.137	01-04-2013
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	244.381	15-03-2013
CAPTAGUA INGENIERIA S.A.	258.345	05-09-2013
CAPTAGUA INGENIERIA S.A.	267.700	31-07-2013
AQUALOGY SOLUTIONS CHILE LTDA.	279.298	03-05-2014
SOCIEDAD GENERAL DE AGUAS DE BARCELONA S.A.	314.746	31-12-2013
SONDA S.A.	314.746	31-10-2013
CONSTRUCTORA PEREZ Y GOMEZ LTDA.	328.342	13-09-2013
COMPAÑIA DE PETROLEOS DE CHILE COPEC S.A.	384.063	22-03-2013
INGENIERIA Y CONSTRUCCION M. S. T. S.A.	464.690	15-05-2013
CONSORCIO EDEPE S.A.	492.972	23-08-2013
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	697.035	15-05-2013
ACCIONA INFRAESTRUCTURAS S.A. AGENCIA EN CHILE	1.530.433	23-07-2013
EMPRESA DEPURADORA DE AGUAS SERVIDAS MAPOCHO TREBAL LTDA.	3.870.274	01-06-2017
EMPRESA DEPURADORA DE AGUAS SERVIDAS LTDA.	4.436.807	31-12-2017
EMPRESA DEPURADORA DE AGUAS SERVIDAS MAPOCHO TREBAL LTDA.	8.173.859	31-03-2013
CONSTRUCTORA MOLLER Y PEREZ COTAPOS	263.559	15-11-2013
CONSTRUCTORA MOLLER Y PEREZ COTAPOS	263.559	15-07-2013
COMSA DE CHILE S.A.	228.408	01-06-2013
INMOBILIARIA V Y R LTDA.	159.885	13-03-2014
Total	24.127.302	



17. ORDINARY REVENUE

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

Classes of ordinary revenues	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Sale of assets	7.606.468	6.201.682
Provision of services	375.279.275	356.566.126
Total	382.885.743	362.767.808

18. LEASES

Financial leases as lessor:

Financial leases, lessor	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Total gross investment	89.299	89.299
Minimum amounts receivable under financial leases	51.620	78.096

Minimum amounts receivable under financial leases	Gross M\$	Interest M\$
Up to 1 year	30.972	5.139
Between 1 & 5 years	20.648	1.119
Total	51.620	6.258
Lease installments booked in statement of results, total	28.100	8.260



Operative leases as lessee

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

	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Future minimum non-cancellable lease paymentss, up to 1 year, lessees	1.533.102	1.132.672
Future minimum non-cancellable lease paymentss, 1 to 5 years, lessees	3.612.285	3.385.249
Future minimum non-cancellable lease paymentss, lessees, total	5.145.387	4.517.921
Minimum lease payments under operative leases	2.670.830	2.668.023
Lease & sub-lease installments booked in the statement of results, total	2.670.830	2.668.023

Significant operative leasing agreements:

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

Bases for determining a contingent rental:

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



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

There are agreed automatic one-year renewal periods.

Operative leases as lessors:

The Company 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 Company has the power to terminate them in advance at any time.

Future minimum non-cancellable lease receivables, lessors	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	280.271	235.395
Amount of rentals booked in statement of results	400.554	402.814
Total	680.825	638.209

Significant operative leases of the lessor:

Income from these sources is immaterial for the Company.

19. EMPLOYEE BENEFITS

The Society at the consolidated level has a workforce of 1,838, of whom 61 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,163 and those with special indemnity clauses are 98, while 577 workers are covered by the Labor Code.

As of December 31, 2011, the Group started 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.



The current collective agreements relate to the employees and operatives Nos. 1 and 2 unions and No.3 Professionals and Technicians Union, which have a term of four years and were signed on July 31 and June 22, 2012 respectively.

The current collective agreements 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 terms 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 have indemnities at present value until 2002 (including indemnities in any event recognized to that date), as well as for advances granted against such indemnities.

For workers who form part of or were incorporated into current collective agreements at the date of the financial statements, the actuarial valuation calculation is applied for 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., is booked at its 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 S.A. , it is assumed that workers will remain with those companies until reaching the legal retirement age (women at 60 years of age and men at 65). In the subsidiary Essal S.A., there is a limit of 6 months indemnity payable to people who retire or die.

Participants in each plan: These benefits are extended to all workers who are part of a union agreement 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.: 123, Aguas Manquehue S.A.: 20, and Essal S.A. 255.



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 5.7% p.a. is used, corresponding to the risk-free rate, plus the credit risk and the estimate of expected long-term inflation (the rate of 6.1% was used to December 2011).

Inflation rate: The forecast long-term inflation rate of 3.0% reported by the Central Bank of Chile was used for making long-term estimates for both 2012 and 2011.

Rate of remuneration increases: The rate uses for 2012 was 3.6%.

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 the provisions of 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 during 2012 and 2011, which include movements in the provisions:

Provisions for employee benefits	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Movement in actuarial provision		
Initial balance	8.622.789	7.497.847
Cost of the services	346.817	363.394
Interest cost	487.903	479.862
Actuarial (gains) or losses	-15.451	1.381.163
Benefits paid	-1.275.276	-1.586.439
Provision severance payments	409.072	422.294
Total	8.575.854	8.558.121
Profit sharing & bonuses		
	3.007.871	2.959.154
Total provision for employee benefits, current	2.906.724	3.590.075
Total provision for employee benefits, non-current	8.677.001	7.927.200

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. As of 2012 and 2011, the amounts are ThCh\$3,007,871 and ThCh\$2,959,154 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 December 2012 and 2011 are as follows:

Personnel expenses	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Wages & salaries	-25.508.432	-23.805.870
Defined benefits	-10.315.236	-9.328.282
Severance payments	-1.346.816	-3.347.737
Other personnel expenses	-1.498.325	-1.647.210
Total personnel expenses	-38.668.809	-38.129.099

20. EFFECT OF EXCHANGE DIFFERENCES

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

Exchanges differences	Currency	31-12-2012	31-12-2011
		ThCh\$	ThCh\$
Trade debtors & other accounts receivable	eur	2.247	2.507
	usd	-1.356	-6.348
Accounts receivable from related entities	eur	0	392
Other financial assets	usd	-929	-15.990
	eur	-847	-63
Total Assets		-885	-19.502
Trade debtors & other accounts receivable	eur	-23.829	-5.239
	usd	-2.126	2.069
Accounts payable to related entities	eur	827	76
Other financial liabilities	usd	0	14.522
Other non-financial liabilities	usd	0	15.405
Total Liabilities		-25.128	26.833
Gain (loss) from exchange differences		-26.013	7.331



21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Treatment plant operation	-24.508.704	-26.362.191
Supplies & basic services	-9.704.614	-9.077.328
Commercial services	-17.271.685	-17.202.272
Equipment maintenance & repairs	-8.811.923	-6.873.910
Insurance, licenses & permits	-5.030.718	-4.495.338
Other expenses	-7.803.612	-7.288.610
Total	-73.131.256	-71.299.649

22. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs as of December 31, 2012 and 2011 is as follows:

Capitalized interest costs:

Capitalized interest, property, plant & equipment	31-12-2012	31-12-2011
Rate of capitalization of capitalized interest costs, property, plant & equipment	6,94%	7,99%
Amount of capitalized interest, property, plant & equipment	6.819.828	4.518.261

23. INCOME TAX AND DEFERRED TAXES

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



Statements of financial position	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Deferred tax assets	324.398	249.422
Deferred tax liabilities	-37.557.315	-34.186.391
Net deferred tax position	-37.232.917	-33.936.969

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

Deferred tax assets

Deferred tax assets	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Water rights (amortization)	200.840	155.284
Provision doubtful accounts	6.252.679	5.240.881
Provision vacations	324.802	287.264
Litigation	725.398	564.464
Severance payments	1.144.765	935.404
Other provisions	190.799	114.117
Income received in advance	104.166	59.623
Variation monetary correction & asset depreciation	33.814.062	27.747.922
Deferred revenue	1.473.480	1.227.593
La Dehesa dam transaction	238.792	198.115
Others	1.423.185	1.371.160
Deferred tax assets	45.892.968	37.901.827

Deferred tax liabilities

Deferred tax liabilities	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Depreciation fixed assets	17.005.185	14.598.489
Amortization	1.047.877	1.030.584
Investment expense related companies	84.641	71.945
Revaluations property, plant & equipment	16.804.312	14.283.665
Revaluations of intangible assets	33.804.037	28.733.432
Fair value of assets in purchase of Essal S.A.	14.369.483	13.109.631
Others	10.350	11.050
Deferred tax liabilities	83.125.885	71.838.796
Net deferred tax position	37.232.917	33.936.969



	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Movement of deferred tax liabilities		
Deferred tax liabilities, initial balance	71.838.796	74.260.083
Increases (decreases) in deferred tax liabilities	10.027.238	-1.525.716
Acquisitions through combinations of businesses	1.259.851	-895.571
Changes in deferred tax liabilities	11.287.089	-2.421.287
Changes in deferred tax liabilities total	83.125.885	71.838.796

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

	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Credit (charge) for income tax by current & deferred parts		
Charge for income tax by current & deferred parts		
Current tax charge	-32.268.136	-31.225.336
Adjustment previous year tax charge	1.972	-1.203.090
Current income tax charge, net	-32.266.164	-32.428.426
Deferred tax charge (credit) relating to the creation & reversal of timing differences	-3.295.948	7.048.282
Other deferred tax charge	-231.034	-307.375
Deferred tax charge, net	-3.526.982	6.740.907
Charge for income taxes	-35.793.146	-25.687.519

Law 20,620 was published on September 27, 2012, establishing a permanent change in the corporate income tax from the commercial year 2012, by which this rate is increased from 18.5% to 20%. The corresponding effect on the result related to a higher provision for income tax amounted to ThCh\$2,420,110.



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

	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Tax charge using the statutory rate	-31.509.530	-27.570.836
Permanent difference for monetary correction taxation equity	1.825.964	3.156.431
Effect of change in deferred tax rate	-5.687.028	0
Other permanent differences	-422.552	-1.273.114
Adjustments to tax charge using the statutory rate, Total	-4.283.616	1.883.317
Tax charge using the effective rate	-35.793.146	-25.687.519

In addition and as required by IAS 12, it was necessary to revalue deferred taxes, adjusting them to the new rate, raising them from 17% which was the rate of reversal approved for the year 2013 onward, to 20%. The charge to results for this concept amounted to ThCh\$5,687,028 the principal charges booked to results being the re-appraisal of fixed and intangible assets.

Reconciliation of the statutory rate and the effective tax rate

	31-12-2012	31-12-2011
Statutory taxation rate	20,00%	20,00%
Permanent difference for monetary correction taxation equity	-1,16%	-2,29%
Effect of change in deferred tax rate	3,61%	0,00%
Other permanent differences	0,27%	0,92%
Effective tax rate	22,72%	18,63%



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.

	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Earnings attributable to shareholders in equity of the controller	121.269.559	111.479.263
Results available to common shareholders, basic		
Weighted average number of shares, basic	6.118.965.160	6.118.965.160
Earnings per share	19,82	18,22

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.
- Operations unrelated to the water business.

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

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



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

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

General information on results, assets, liabilities and equity.

General information on results	31-12-2012		31-12-2011	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Revenues from ordinary activities with external customers	361.790.166	21.095.577	343.913.315	18.854.493
Revenues from ordinary activities between segments	732.576	3.060.515	637.953	3.352.923
Operating expenses	-52.437.223	-15.878.112	-51.106.793	-14.417.687
Depreciation & amortization	-54.774.357	-435.234	-52.227.557	-412.603
Other earnings & expenses	-71.383.409	-4.428.574	-68.276.642	-4.545.426
Financial income	8.176.086	151.221	6.329.306	245.046
Financial costs	-24.148.413	-58.263	-25.667.260	-71.752
Result of indexation & exchange differences	-13.926.144	11.235	-19.114.519	39.527
Income tax charge	-35.138.835	-654.310	-25.151.021	-536.498
Earnings of segment	118.890.447	2.864.055	109.336.782	2.508.023
Earnings of segment attributable to owners of the controller	118.405.504	2.864.055	108.649.383	2.508.023
Earnings of segment attributable to non-controller participations	484.943	0	687.399	0

Total assets, liabilities & equity	31-12-2012		31-12-2011	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Current assets	108.893.032	14.961.038	75.805.119	12.130.798
Non-current assets	1.413.730.283	10.955.359	1.384.001.461	3.350.955
Total assets	1.522.623.315	25.916.397	1.459.806.580	15.481.753
Current liabilities	163.541.496	5.525.058	199.201.364	3.976.994
Non-current liabilities	695.139.263	81.617	593.048.155	0
Equity attributable to owners of the controller	601.444.689	20.309.722	602.583.216	11.504.759
Non-controller participations	62.497.867	0	64.973.845	0
Total equity & liabilities	1.522.623.315	25.916.397	1.459.806.580	15.481.753

Significant items of revenues and expenses by segment

Water and non-water segments

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



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

The 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.

Decree 60/2010 sets the tariffs for Aguas Andinas S.A. for the five-year period 2011 – 2015, Decree 176/2010 sets those for Aguas Cordillera S.A and Decree 170/2010 those for Aguas Manquehue S.A. and the Decree 116 of 31-08-2011 that sets the tariffs for Essal S.A. for the five-year 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 liquid-waste treatment plants, and drinking water and sewage services and analysis.

Significant expense items

Water segment

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

Non-water segment

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

Measurement of results, assets 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 is 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.

Reconciliations of assets, liabilities & equity of segments	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Reconciliation of assets		
Consolidation total assets of segments	1.548.539.712	1.475.288.333
Elimination of accounts between segments	-2.314.233	-5.292.657
Total assets	1.546.225.479	1.469.995.676
Reconciliation of liabilities		
Consolidation total liabilities of segments	864.287.433	796.226.512
Elimination of accounts between segments	-2.314.232	-5.292.656
Total liabilities	861.973.201	790.933.856
Reconciliation of equity		
Consolidation total equities of segments	621.754.411	614.087.975
Elimination of accounts between segments		
Equity attributable to owners of the controller	621.754.411	614.087.975

Principal customers of the subsidiaries:

Principal water segment customers:

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 non-water segment customers:



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.).
- Comprehensive engineering services and sale of products like tubes, valves, taps and other related items (subsidiary Gestión y Servicios S.A.).
- Energy projects (subsidiary Aguas del Maipo S.A.).

26. THE ENVIRONMENT

Disbursements related to the environment:

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

Aguas Andinas S.A.

Project	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Expansion & improvements Buin Maipo sewage treatment plant (STP)	0	42.934
Expansion & improvements El Monte STP	217.890	326.054
Expansion & improvements Greater Santiago STP	38.848.794	59.994.594
Expansion & improvements other localities STP	60.041	40.883
Expansion & improvements Paine STP	902.410	263.778
Expansion & improvements Pomiare STP	15.930	313.874
Expansion & improvements Talagante STP	37.319	150.611
Farfana - Trebal interceptor	6.522.582	16.920.445
Clean Urban Mapocho interceptor	2.138.243	137.059
Improvement & renovation equipment & installations	686.229	474.722
Total	49.429.438	78.664.954

Aguas Manquehue S.A.

Project	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
North zone sewer	0	63.245
Improvement & renovation equipment & installations	34.367	37.295
Improvement STPs	71.225	3.502
Total	105.592	104.042



Essal S.A.

Project	31-12-2012	31-12-2011
	ThCh\$	ThCh\$
Improvement disposal infrastructure	90.222	215.621
EDAR system improvement	267.078	209.613
Renovation treatment & disposal equipment	16.377	48.026
Total	373.677	473.260

Projected environmental investments for 2013:

Society	ThCh\$
Aguas Andinas S.A.	9.061.130
Aguas Manquehue S.A.	15.753
Essal S.A.	313.700
TOTAL	9.390.583

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 2013.

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 FOLLOWING THE DATE OF THE STATEMENT OF FINANCIAL POSITION

As at the date of issue of these consolidated financial statements, the management of the Society and its subsidiaries are unaware of any other subsequent events that affect the financial position and/or results of the parent and subsidiary companies as of December 31, 2012.

On significant events occurred after the December 31, 2012 and that are relate to situations that arose after that date and therefore do not affect the financial situation at that date, it is reported:

On January 21, 2013, due to a series of flood occurred in Cajón del Maipo, that affected the river turbidity levels, one of the main sources of raw water supply of the company to produce drinking water to the most of the communes of Santiago, the main plants of potable water paralyzed, as they are not designed to treat water with turbidity levels that were presented in that occasion. The turbidity registered as well as the duration of the event, made that drinking water reservoir volumes which has the company were consumed during the afternoon and night of Monday 21 and the morning of Tuesday 22, resulting in outages.

Dated February 6, 2013, the SISS started a sanction procedure against Aguas Andinas, in accordance to Res. Ex. No. 461, imputing that, nevertheless is a force majeure event, there was a lack of timely information to the users about the outage and non-compliance of attention conditions in emergency, which in its sanction the SISS considered reprehensible and punishable (with fines in a range of 1 to 1,150 UTA, in accordance to the SISS's Law No. 18.902), although the explicit recognition in this sanction that the outage was inevitable. Also, in accordance to this sanction, the outage affected to 592,000 customers, distributed in 21 communes of Metropolitan Region. The Society made its claims in the administrative file, asking to be acquitted of the charges.

Friday February 8, there was a second event of high turbidity in the Maipo river, which paralyzed the production plants water of the Company and its subsidiary Aguas Cordillera.

Dated February 27, 2013, the SISS started a sanction procedure against Aguas Andinas, in accordance to Res. Ex. No. 736, imputing that, nevertheless is a force majeure event, there was a lack of timely information to the users about the outage and non-compliance of attention conditions in emergency, which in its sanction the SISS considered reprehensible and punishable (with fines in a range of 1 to 1,150 UTA, in accordance to the SISS's Law No. 18.902), although the explicit recognition in this sanction that the outage was inevitable. Also, in accordance to this sanction, the outage affected more than a million customers, distributed in 24 communes of Metropolitan Region. The Society made its claims in the administrative file, asking to be acquitted of the charges.

Dated January 30 and February 6, there were two matrices' breakage (drinking water pipes), which implied outages in the affected sectors, generated for different reasons, that have been analyzed by SISS, who has started a sanction procedure in both cases (Res. Ex. No. 408 and 580, respectively, with fines in a range of 1 to 1,150 UTA, in accordance to the SISS's Law No. 18.902). The Society made its claims in the administrative file, asking to be acquitted of the charges.