



CONSOLIDATED FINANCIAL STATEMENTS

Period Ended March 31, 2012

AGUAS ANDINAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A.

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

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

ASSETS	Note	31-03-2012 ThCh\$	31-12-2011 ThCh\$
CURRENT ASSETS			
Cash & cash equivalents	8	56.631.433	5.051.499
Other financial assets, current	9	176.771	0
Other non-financial assets, current		858.664	1.374.821
Trade debtors & other accounts receivable, current	9	78.791.298	70.201.189
Accounts receivable from related entities, current	10	5.461	9.176
Inventories	11	3.122.253	3.005.481
Tax assets, current		3.076.577	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		142.662.457	82.643.261
TOTAL CURRENT ASSETS		142.662.457	82.643.261
NON-CURRENT ASSETS			
Other financial assets	9	7.238.651	7.238.651
Other non-financial assets		460.384	460.475
Collection rights	9	2.032.409	2.018.870
Intangible assets other than goodwill	12	223.650.659	223.106.257
Goodwill	13	36.592.577	36.592.577
Property, plant & equipment	14	1.131.330.651	1.117.686.163
Deferred tax assets	24	232.940	249.422
TOTAL NON-CURRENT ASSETS		1.401.538.271	1.387.352.415
TOTAL ASSETS		1.544.200.728	1.469.995.676

The accompanying notes 1 to 28 form an integral part of these consolidated financial statements.

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

EQUITY & LIABILITIES	Note	31-03-2012 ThCh\$	31-12-2011 ThCh\$
EQUITY & LIABILITIES			
Other financial liabilities	9	78.920.100	84.776.754
Trade creditors & other accounts payable	9	58.824.727	64.350.380
Accounts payable to related entities	10	46.921.322	42.332.651
Other provisions	16	1.508.673	1.482.989
Tax liabilities		1.764.073	315.970
Provisions for employee benefits	20	641.017	3.590.075
Other non-financial liabilities		880.447	1.036.882
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		189.460.359	197.885.701
TOTAL CURRENT LIABILITIES		189.460.359	197.885.701
NON-CURRENT LIABILITIES			
Other financial liabilities	9	582.623.921	540.949.948
Other provisions	16	1.078.716	1.066.784
Deferred tax liabilities	24	32.347.273	34.186.391
Other accounts payable	9	1.568.634	1.570.602
Provisions for employee benefits	20	8.385.580	7.927.200
Other non-financial liabilities		7.348.585	7.347.230
TOTAL NON-CURRENT LIABILITIES		633.352.709	593.048.155
TOTAL LIABILITIES		822.813.068	790.933.856
EQUITY			
Issued capital	3	155.567.354	155.567.354
Accumulated earnings	3	342.211.086	300.422.138
Accounting issues	3	164.064.038	164.064.038
Other equity participations	3	-5.965.555	-5.965.555
Equity attributable to owners of the controller	3	655.876.923	614.087.975
Non-controller participations	4	65.510.737	64.973.845
TOTAL EQUITY		721.387.660	679.061.820
TOTAL EQUITY & LIABILITIES		1.544.200.728	1.469.995.676

The accompanying notes 1 to 28 form an integral part of these consolidated financial statements.

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

STATEMENT OF RESULTS BY NATURE		31-03-2012	31-03-2011
Statement of Results	Note	ThCh\$	ThCh\$
Revenues from ordinary activities	18	108.710.040	98.233.041
Raw materials & consumables used		-7.897.863	-6.208.706
Employee benefit expenses	20	-9.101.183	-8.888.323
Charges for depreciation & amortization	12-14	-13.118.223	-12.974.318
Other expenses, by nature	22	-18.170.783	-15.911.878
Other gains	5	305.493	27.663
Financial income	5	1.605.632	1.208.546
Financial costs	5	-5.539.323	-6.172.537
Exchange differences	21	3.493	651
Results of indexation adjustments		-5.783.223	-2.668.425
Earnings before taxes		51.014.060	46.645.714
Charge for income taxes	24	-8.688.220	-9.150.612
Earnings from continuing operations		42.325.840	37.495.102
Earnings		42.325.840	37.495.102
Earnings attributable to:			
Owners of the controller		41.788.948	37.423.343
Earnings attributable to non-controller participations	4	536.892	71.759
Earnings		42.325.840	37.495.102
Earnings per share			
Basic earnings per share from continuing operations		6,83	6,12
Basic earnings per share	25	6,83	6,12

STATEMENT OF COMPREHENSIVE RESULTS		31-03-2012	31-03-2011
		ThCh\$	ThCh\$
Earnings		42.325.840	37.495.102
Total comprehensive result		42.325.840	37.495.102
Comprehensive result attributable to:			
Owners of the controller		41.788.948	37.423.343
Non-controller participations	4	536.892	71.759
Total comprehensive result		42.325.840	37.495.102

The accompanying notes 1 to 28 form an integral part of these consolidated financial statements.

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

STATEMENT OF CASH FLOWS DIRECT	Note	31-03-2012 ThCh\$	31-03-2011 ThCh\$
Proceeds of sales of goods & services		125.394.215	111.039.718
Proceeds of royalties, quotas, commissions & other ordinary revenues		29.553	87.052
Proceeds of insurance claims & annuities		46.812	54.152
Other proceeds from operating activities		532.893	500.888
Payments to suppliers of goods & services		-29.671.976	-27.829.854
Payments to & on behalf of employees		-12.474.546	-11.664.493
Payments of insurance premiums & other obligations		-40.357	-3.629
Other operating activity payments		-11.838.137	-11.328.303
Intereses pagados		-3.685.818	-5.137.079
Intereses recibidos		404.704	57.149
Income taxes refunded (paid)		-8.999.280	-8.936.102
Other cash inflows (outflows)		-226.253	-1.146.628
Net cash flow from operating activities		59.471.810	45.692.870
Proceeds of sales of property, plant & equipment		195.217	29.828
Purchases of property, plant & equipment		-29.446.100	-21.783.531
Purchases of intangible assets		-5.000	-38.297
Other cash inflows (outflows)		-3.248.231	0
Net cash flow used in investment activities		-32.504.114	-21.791.999
Proceeds of long-term loans		39.938.922	1.281.630
Proceeds of short-term loans		2.814.985	3.952.182
Total loan proceeds		42.753.907	5.233.812
Loan repayments		-17.891.681	-6.369.264
Other cash inflows (outflows)		-249.989	0
Net cash flow used in financing activities		24.612.237	-1.135.451
Net increase in cash & cash equivalents		51.579.934	22.765.420
Cash & cash equivalents at start of the period		5.051.499	6.089.962
Cash & cash equivalents at end of the period	8	56.631.433	28.855.382

The accompanying notes 1 to 28 form an integral part of these consolidated financial statements.

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

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in the equity	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2012		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					41.788.948	41.788.948	536.892	42.325.840
Total changes in equity		0	0	0	41.788.948	41.788.948	536.892	42.325.840
Closing balance as of 31-03-2012	3,4	155.567.354	164.064.038	-5.965.555	342.211.086	655.876.923	65.510.737	721.387.660

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in the equity	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2011		155.567.354	164.064.038	-5.965.555	293.922.289	607.588.126	66.043.653	673.631.779
Restated initial balance		155.567.354	164.064.038	-5.965.555	293.922.289	607.588.126	66.043.653	673.631.779
Comprehensive result								
Earnings					37.423.343	37.423.343	71.759	37.495.102
Total changes in equity		0	0	0	37.423.343	37.423.343	71.759	37.495.102
Closing balance as of 31-03-2011	3,4	155.567.354	164.064.038	-5.965.555	331.345.632	645.011.469	66.115.412	711.126.881

The accompanying notes 1 to 28 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 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 comercialization 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, is understood that exists a group when the matrix has one or more subsidiaries entities, being these which the matrix has control directly or indirectly. The accounting policies applied in the elaboration of the consolidated financial statements of the Group, are developed in the Note 2.2.

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

To March 31, 2012, the Group has 1,824 employees distributed in 63 CEOs, 623 professionals and 1,138 employees and administratives.



2. BASES OF PREPARATION AND ACCOUNTING POLICIES

2.1 Preparation

These consolidated financial statements relate to the statements of financial position as of March 31, 2012 and December 31, 2011, the comprehensive results of its operations, changes in equity and cash flows for the three-month periods ended March 31, 2012 and 2011, and have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 interim consolidated financial statements are issued.

Functional and presentational currency

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

New accounting pronouncements

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

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



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

New & amendments	Date of obligatory application
IFRS 7, Financial instruments: disclosures	Annual periods starting or after July 1, 2013
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
IAS 19 Employee benefits	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 shows that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been fully applied. The board meeting held on May, 25 2012 approved these consolidated financial statements.

The consolidated financial statements of Aguas Andinas S.A. and subsidiaries for the year 2011 were approved by its board meeting held 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 interim consolidated financial statements, it is possible that events may occur



in the future that cause them to be amended (upward or downward) in the following periods, which would be booked 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 (see subsidiaries included in the consolidated financial statements of Aguas Andinas S.A. in Note 7).

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

B. Operative segments

The Group adopted IFRS 8, *Operative Segments* with effect from January 1, 2009. IFRS 8 sets the standards for reporting with respect to the operative segments and disclosures relating to products and services. Operative segments are defined as components of an entity for which separate financial information exists which is regularly 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 show that it is probable that the future economic benefits attributed to it 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 accumulated impairment losses. Amortization is calculated on a straight-line basis over their estimated useful lives. Estimated useful lives and the amortization method are revised at the closing of each statement of position, booking the effect of any change in the estimate from then on.

ii. Method of amortization of intangible assets:

Intangible assets with defined useful life.

The amortization method employed by the Company 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 unless annual deterioration is shown, as indicated in IAS 36.

Determination of useful life

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

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



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

D. Goodwill

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

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

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

Effective 2010, with the coming into effect of the modifications made to IAS 27 "Consolidated and separate financial statements", any effect arising from a transaction with non-controller (minority) participations, not deriving from a change in control, are booked directly in equity attributed to the owners of the controller. During the three-month period ended March 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. However, for the first application of IFRS, certain land was revalued and the value obtained was considered as its attributed cost. Historic cost includes expenses directly attributable to the acquisition of the asset.

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



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

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

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount (Note 15).

Useful lives

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

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

1. Nature of the materials 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 the following:

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

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

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



Fixed 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 these exist, the recoverable value is estimated of such assets in order to determine the impairment suffered (if any). When it is not possible to estimate the recoverable value of an asset in particular, the Group estimates the fair value of the cash-generating unit to which this asset belongs.

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

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

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

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 at the close of the periods.

ii. Operative leases

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

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

iii. Implicit leases

The Society and 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 March 31, 2012, the Society and subsidiaries have a shareholding in Sociedad Eléctrica Puntilla S.A. which has been valued at fair value on the acquisition date, as established in IAS 39, paragraph 43. Its later measurement will be at cost as there is no active market, as specified in paragraph 46 c) of the same standard. The Society and subsidiaries, in consideration of the shares received, signed a contract of permanence by which it holds performance bonds for the term of the contract to ensure compliance.



iii. Financial assets held to maturity

Financial assets held to maturity correspond to non-derivative financial assets with fixed or determinable payments and established maturity dates that the Group has the intention and capacity to hold until maturity. Financial assets held to maturity are booked at amortized cost using the effective interest-rate method less any impairment of value, and income is booked on the basis of effective return. 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. Interest income is booked by application of the effective interest rate.

Trade debtors and other accounts receivable.

Trade debtors relate to the billing of water consumption, sewage services, sewage treatment and other services, and to the accrued revenue from consumption between the date of the last meter reading (according to an established monthly routine) and the closing date of the financial statements. These are shown net of the estimate of bad accounts or 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, less than 1%.

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

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



For the subsidiaries Gestión y Servicios S.A., Anam S.A. and Ecoriles S.A., a 100% provision is made for customers with debts overdue more than 120 days.

A 100% provision is made for overdue notes receivable.

v. Financial assets available for sale

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

To the closing date of these financial statements, the Group does not hold financial assets available for sale.

I. Inventories

Materials, spares and inputs are shown at cost which does not exceed their net realization value. The costing method is the weighted average cost. Inventories that have not turned over during the previous 12 months are value 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, as long as keep the current level of capitalization of the company and is consistent with the investment policies.

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	31-03-2012 Ch\$	31-12-2011 Ch\$
United States dollar	487,44	519,20
Euro	649,83	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 existing positions to which it is exposed due to its business.

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

Hedges of fair value. Changes in the market value of derivative financial instruments designated as hedges, as well as the items hedged, are shown as a credit or charge to results in the respective result accounts (Note 9).

Hedges of cash flows and net foreign-currency investments. Changes in the fair value of these derivative financial instruments are shown, for the part that is effective, directly in a reserve of equity 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.

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

N. Provisions and contingent liabilities

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

The quantification of the provisions is made taking into account the best available information on the matter and its consequences and is reviewed at each accounting closing. The provisions made are used to cover the specific risks for which they were originally shown, their full or partial revision being required when such risks disappear or reduce.

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

O. Employee benefits

The obligation for severance payments which are estimated to accrue to employees who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., are shown at the actuarial value determined using the projected credit-unit method. Actuarial gains and losses on indemnities deriving from changes in the estimates or changes in the rates of turnover, mortality, advance retirements on dismissal, wage increases, inflation, discount rate or of the personnel, are shown directly in results.

Aguas Andinas S.A.

The severance payments of Aguas Andinas S.A. are governed by the Labor Code, except for the amount of the indemnity in any event accumulated to July 31, 2002 and the severance payment of 1.45 monthly wages, excluding voluntary resignation, without any amount or age limit for workers subject to current collective agreements and those, who through their individual work contract, enjoy this benefit. The amount in any event accumulated to that date is adjusted quarterly in line with changes in the consumer price index. The mentioned collective agreement also states that workers who retire from Aguas Andinas S.A. within 120 days of the date when they reach the legal retirement age, can have access to the benefits under the collective contract, and continue to accrue this benefit after July 2002.



Aguas Cordillera S.A. y 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.

Actuarial assumptions

The obligation of the Society and subsidiaries for the accrued severance payments of employees until July and December 2002 and the obligation for the additional indemnity estimated to accrue to workers retiring from the Society, is shown at its actuarial value, determined in accordance with the projected credit-unit method, at a discount rate of 6.1% annually and with mortality rates obtained from the tables RV-2009 of the Superintendency of Securities and Insurance (SVS) and from turnover obtained from internal studies. In addition, there are indemnities agreed in individual work contracts that are booked using the same method.

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

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

P. Income tax and deferred taxes

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

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



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

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

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

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

Q. Ordinary revenue

Policy for accounting for ordinary revenue

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

Policy for accounting for ordinary revenue for sales of goods

Revenue from sales of goods is booked once the risk and benefits are transferred. For the subsidiary Gestión y Servicios S.A., invoicing is made once the material is delivered.

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 services area of the sanitation companies is divided into billing groups which determine dates for meter readings and later billing. This process is developed based on a calendar month.

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

Method for determining the state of termination of services

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

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

R. Earnings per share

The basic earnings per share are calculated as the earnings (loss) attributable to the holders of equity of the controller divided by the average weighted number of common shares in circulation during the period of three months ended March 31, 2012.

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

S. The environment

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

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



T. Consolidated statement of cash flows

The cash flow statement is prepared according to the following criteria:

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

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

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

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

U. Construction contracts

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

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

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

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



V. Capitalized financing costs

Interest-bearing loan policy:

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

Interest-cost capitalization policy:

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

W. Reclassifications

For comparison purposes, certain reclassifications have been made in the statements of results by nature as of 2011.

Reclassifications in the statement of results by nature	Increase/ (Decrease) ThCh\$
Ordinary activity revenues	-154.033
Charge for depreciation & amortization	154.033

3. EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER

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

	31-03-2012	31-12-2011
Serie A Shares	5.811.014.486	5.811.014.486
Serie B Shares	307.950.674	307.950.674
Total	6.118.965.160	6.118.965.160

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

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



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

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

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

As established in the respective policy, the Society has made no provision for the minimum dividend as of March. The Society has therefore reclassified this in the statement of equity as of March 2011 for an amount of ThCh\$11,227,004. This does not affect the presentation of the statement of financial position as of December 31, 2011 as the Society at that date 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 March 31, 2012 and December 31, 2011 amounts to ThCh\$342,211,086 and ThCh\$300,422,138 respectively.

During the period 2012 and year 2011, there were no accumulated earnings arising from first-adoption adjustments booked as of January 1, 2008.

Accounting issues

The amount registered in accounting issues is the premium on the sale of shares produced in 1999 due to the capital increase. The balance as of March 31, 2012 and December 31, 2011 amount 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 to IFRS, in accordance with SVS Circular 456, and the effects of combinations of businesses of



companies under common control merger of subsidiaries in 2007 and 2008. The balance as of March 31, 2012 and December 31, 2011 amount to ThCh\$-5,965,555 in each period.

4. NON-CONTROLLER PARTICIPATIONS

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

Company	% Participation		Non-controller participations			
	31-03-2012	31-03-2011	31-03-2012		31-03-2011	
	%	%	Equity ThCh\$	Result ThCh\$	Equity ThCh\$	Result ThCh\$
Aguas Cordillera S.A.	0,00997%	0,00997%	21.067	679	20.500	565
Essal S.A. (1)	46,49350%	46,49350%	65.489.670	536.213	66.094.912	71.194
Total			65.510.737	536.892	66.115.412	71.759

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

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	31-03-2012	31-03-2011
	ThCh\$	ThCh\$
Other earnings (losses)	305.493	27.663
Gain on sale of non-current assets, not held for sale	305.493	27.663
Financial costs	-5.539.323	-6.172.537
Bank loans	-1.748.474	-1.537.023
AFR interest expenses	-773.565	-796.803
Bond interest expense	-2.660.595	-3.483.896
Other interest costs	-120.926	-80.331
Amortization of loan agreement complementary costs	-235.763	-274.484
Financial income	1.605.632	1.208.546
Interest income	1.321.799	711.821
Gain on redemption & extinction of debt	283.833	496.725

6. COMBINATIONS OF BUSINESSES

Detail of acquisitions

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

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

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

The summarized statement of financial position of the acquired company including the assignment of fair value as of March 31, 2012 and December 31, 2011 is as follows:



Inversiones Iberaguas Ltda. Consolidated	Iberaguas Consolidated	Fair Value	Iberaguas Consolidated	Iberaguas Consolidated	Fair Value	Iberaguas Consolidated
	31-03-2012	31-03-2012	31-03-2012	31-12-2011	31-12-2011	31-12-2011
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Assets						
Current assets						
Total current assets	16.057.343	0	16.057.343	11.935.892	0	11.935.892
Other financial assets, non-current	17.517	0	17.517	17.517	0	17.517
Intangible assets other than goodwill	6.497.468	3.663	6.501.131	6.517.763	3.764	6.521.527
Goodwill	26.716.713	-26.716.713	0	26.716.713	-26.716.713	0
Property, plant & equipment	120.716.920	79.499.881	200.216.801	120.894.415	80.892.710	201.787.125
Total non-current assets	153.948.618	52.786.831	206.735.449	154.146.408	54.179.761	208.326.169
Total assets	170.005.961	52.786.831	222.792.792	166.082.300	54.179.761	220.262.061
Liabilities						
Total current liabilities	8.629.131	0	8.629.131	7.616.140	0	7.616.140
Other financial liabilities, non-current	43.476.978	4.909.076	48.386.054	42.635.207	4.984.990	47.620.197
Non-current liabilities	922.281	0	922.281	917.629	0	917.629
Deferred tax liabilities	9.847.959	12.885.739	22.733.698	10.031.994	13.109.631	23.141.625
Provisions for employee benefits, non-current	117.758	0	117.758	114.689	0	114.689
Total non-current liabilities	54.364.976	17.794.815	72.159.791	53.699.519	18.094.621	71.794.140
Total liabilities	62.994.107	17.794.815	80.788.922	61.315.659	18.094.621	79.410.280
Equity						
Issued capital	49.090.900	0	49.090.900	49.090.900	0	49.090.900
Accumulated earnings (losses)	3.735.599	-8.803.320	-5.067.721	2.591.137	-8.218.428	-5.627.291
Other equity participations	15.276.404	15.224.305	30.500.709	15.276.404	15.224.305	30.500.709
Equity attributable to owners of the controller	68.102.903	6.420.985	74.523.888	66.958.441	7.005.877	73.964.318
Non-controller participations	38.908.951	28.571.031	67.479.982	37.808.200	29.079.263	66.887.463
Equity	107.011.854	34.992.016	142.003.870	104.766.641	36.085.140	140.851.781
Total equity & liabilities	170.005.961	52.786.831	222.792.792	166.082.300	54.179.761	220.262.061



Essal S.A.	Essal S.A.	Fair Value	Essal with Fair Value	Essal S.A.	Fair Value	Essal with Fair Value
	31-03-2012	31-03-2012	31-03-2012	31-12-2011	31-12-2011	31-12-2011
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Assets						
Current assets						
Total current assets	16.051.844	0	16.051.844	11.929.000	0	11.929.000
Other financial assets, non-current	17.517	0	17.517	17.517	0	17.517
Intangible assets other than goodwill	6.497.468	3.663	6.501.131	6.517.763	3.764	6.521.527
Property, plant & equipment	120.716.920	79.499.881	200.216.801	120.894.415	80.892.710	201.787.125
Total non-current assets	127.231.905	79.503.544	206.735.449	127.429.695	80.896.474	208.326.169
Total assets	143.283.749	79.503.544	222.787.293	139.358.695	80.896.474	220.255.169
Liabilities						
Total current liabilities	9.512.750	0	9.512.750	8.499.585	0	8.499.585
Other financial liabilities	43.476.978	4.909.076	48.386.054	42.635.207	4.984.990	47.620.197
Non-current liabilities	922.281	0	922.281	917.629	0	917.629
Deferred tax liabilities	9.847.959	12.885.739	22.733.698	10.031.994	13.109.631	23.141.625
Provisions for employee benefits	117.758	0	117.758	114.689	0	114.689
Total non-current liabilities	54.364.976	17.794.815	72.159.791	53.699.519	18.094.621	71.794.140
Total liabilities	63.877.726	17.794.815	81.672.541	62.199.104	18.094.621	80.293.725
Equity						
Issued capital	45.681.696	0	45.681.696	45.681.696	0	45.681.696
Accumulated earnings (losses)	37.457.726	-15.413.080	22.044.646	35.211.294	-14.319.956	20.891.338
Other equity participations	-3.733.399	77.121.809	73.388.410	-3.733.399	77.121.809	73.388.410
Equity attributable to owners of the controller	79.406.023	61.708.729	141.114.752	77.159.591	62.801.853	139.961.444
Non-controller participations	0	0	0	0	0	0
Equity	79.406.023	61.708.729	141.114.752	77.159.591	62.801.853	139.961.444
Total equity & liabilities	143.283.749	79.503.544	222.787.293	139.358.695	80.896.474	220.255.169

7. CONSOLIDATED AND UNCONSOLIDATED FINANCIAL STATEMENTS

Identification of link between controller and subsidiary

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

Tax No.	Company	Direct %	Indirect %	Total 2012 (%)	Direct %	Indirect %	Total 2011 (%)
96.809.310-K	Aguas Cordillera S.A.	99,99030	0,000000	99,99030	99,99030	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.	80,000000	20,000000	100,0000	0,000000	0,000000	0,0000



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

Summarized financial information of subsidiaries (statement of financial position) as of 31-03-2012

31-03-2012	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	28.493.047	233.406.061	15.225.553	35.373.974	211.299.581
Aguas Manquehue S.A.	5.184.150	56.361.404	10.085.162	8.341.390	43.119.002
Inversiones Iberaguas Ltda.	900.087	67.213.785	10.969	0	68.102.903
Empresa de Servicios Sanitarios de Los Lagos S.A.	16.051.844	127.231.905	9.512.750	54.364.976	79.406.023
Ecoriles S.A.	4.325.486	174.994	1.103.083	0	3.397.397
Gestión y Servicios S.A.	5.556.215	1.752.252	1.820.812	0	5.487.655
Análisis Ambientales S.A.	2.548.695	1.374.211	496.711	0	3.426.195
Aguas del Maipo S.A.	125	0	0	0	125

Summarized financial information of subsidiaries (statement of comprehensive results) as of 31-03-2012

31-03-2012	Result for period	Ordinary revenues	Operating expenses (-)	Other expenses (-) / Net revenue (+)
Subsidiaries	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	6.809.670	13.813.839	-7.003.780	-389
Aguas Manquehue S.A.	1.445.243	3.123.264	-1.251.859	-426.162
Inversiones Iberaguas Ltda.	1.144.463	0	-1.210	1.145.673
Empresa de Servicios Sanitarios de Los Lagos S.A.	2.246.432	9.916.908	-6.308.293	-1.362.183
Ecoriles S.A.	447.218	2.663.474	-2.146.395	-69.861
Gestión y Servicios S.A.	118.049	2.052.915	-1.904.250	-30.616
Análisis Ambientales S.A.	241.346	1.189.549	-890.141	-58.062



Summarized financial information of subsidiaries (statement of financial position) as of 31-12-2011

31-12-2011	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	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

Summarized financial information of subsidiaries (statement of comprehensive results) as of 31-03-2011

31-03-2011	Result for period	Ordinary revenues	Operating expenses (-)	Other expenses (-) / Net revenue (+)
Subsidiaries	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	5.677.509	12.537.051	-6.575.950	-283.592
Aguas Manquehue S.A.	1.176.325	2.786.945	-1.266.829	-343.791
Inversiones Iberaguas Ltda.	634.105	0	-1.480	635.585
Empresa de Servicios Sanitarios de Los Lagos S.A.	1.246.247	8.526.480	-6.052.586	-1.227.647
Ecoriles S.A.	417.459	2.423.109	-1.964.210	-41.440
Gestión y Servicios S.A.	-205.489	2.061.765	-2.287.887	20.633
Análisis Ambientales S.A.	289.894	1.062.659	-726.263	-46.502

Detail of significant subsidiaries

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



Name of the significant subsidiaries	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	Pesos chilenos	Pesos Chilenos	Pesos chilenos
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 totals			
Contribution margin	11,02%	3,03%	5,84%
Property, plant & equipment	7,70%	2,92%	10,67%
Result for the period	12,81%	3,46%	1,47%

8. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Banks	2.398.208	2.518.752
Mutual funds (Note 9.7)	200.000	0
Time deposits (Note 9.7)	54.033.225	2.532.747
Totales	56.631.433	5.051.499

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

Detail of some items of the statement of cash flows

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



9. FINANCIAL INSTRUMENTS

9.1 Capital risk management

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

9.2 Significant accounting policies

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

9.3 Classes of financial instruments



Other financial assets, current			176.771	0
Time deposits	EUR	9.6	176.771	0
Trade debtors			80.823.707	72.220.059
Trade debtors, current			78.791.298	70.201.189
Trade debtors & other accounts receivable, current	CLP	9.5	78.720.909	70.150.105
Trade debtors & other accounts receivable, current	USD	9.5	44.934	47.501
Trade debtors & other accounts receivable, current	EUR	9.5	25.455	3.583
Collection rights, non-current			2.032.409	2.018.870
Collection rights, non-current	CLP	9.5	2.032.409	2.018.870
Other financial liabilities, current			78.920.100	84.776.754
Bank loans	CLP	9.4	14.921.162	27.418.868
Bonds	CLP	9.4	62.567.994	57.334.977
Reimbursable financial contributions	CLP	9.4	1.430.944	22.909
Liabilities hedge foreign currency derivatives	CLP	9.4		0
Other financial liabilities, non-current	CLP	9.4	582.623.921	540.949.948
Bank loans	CLP	9.4	90.299.087	94.789.758
Bonds	CLP	9.4	391.870.656	350.517.275
Reimbursable financial contributions	CLP	9.4	100.454.178	95.642.915
Trade payables			60.393.361	65.920.982
Trade creditors & other accounts payable, current			58.824.727	64.350.380
Trade creditors & other accounts payable, current	CLP	9.8	58.211.501	63.827.726
Trade creditors & other accounts payable, current	USD	9.8	369.938	352.342
Trade creditors & other accounts payable, current	EUR	9.8	243.288	170.312
Other accounts payable, non-current			1.568.634	1.570.602
Other accounts payable, non-current	CLP	9.8	1.568.634	1.570.602

9.4 Information on financial liabilities

Other financial liabilities

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

The bonds, bank loans and AFRs are booked valued 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 March 31, 2012 and December 31, 2011 is as follows:

Bank loan balances, current.

Empresa deudora	Rut deudora	País empresa deudora	Banco o Institución Financiera acreedora	Rut acreedora	País empresa acreedora	Residual 31-03-2012 M\$	Total valor contable M\$			Total valor nominal M\$		Tasa nominal	Tasa efectiva	Tipo de amortización	Moneda o unidad de reajuste
							31-03-2012		31-12-2011 M\$	31-03-2012	31-12-2011				
							Hasta 90 días	91 a 365 días							
Aguas Andinas S.A.	61.808.000-5	CL	Banco BBVA	97.032.000-8	CL	1.150.673	0	1.245.382	393.888	1.252.171	400.611	6,45%	6,49%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	373.065	0	509.217	337.237	512.633	340.608	6,37%	6,41%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	Banco Corpbanca	97.023.000-9	CL	2.800.000	0	2.865.333	3.116.125	2.876.112	3.127.277	6,30%	6,39%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	Banco Santander	97.036.000-K	CL	0	0	50.956	212.162	54.679	215.822	6,45%	6,50%	Semi-annual	CLP
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	1.575.000	0	2.149.826	1.423.762	2.164.225	1.437.975	6,37%	6,41%	Semi-annual	CLP
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	0,00%	0,00%	At maturity	CLP
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	0,00%	0,00%	At maturity	CLP
Aguas Andinas S.A.	61.808.000-5	CL	Banco BBVA	97.032.000-8	CL	0	0	0	676.699	0	676.699	0,00%	0,00%	At maturity	CLP
Aguas Manquehue S.A.	89.221.000-4	CL	Banco Estado	97.030.000-7	CL	7.976.000	0	8.100.448	8.238.556	8.100.448	8.238.554	6,85%	6,85%	Semi-annual	CLP
Totales						13.874.738	0	14.921.162	27.418.868	14.960.268	27.457.985				

Nominal value = principal+accrued interest

Residual value = total principal due

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

Bank loan balances, non-current.

Debtor	Tax No. Debtor	Bank or financial institution	Tax No. Creditor	Country debtor	Currency or indexation unit	Years to maturity				31-03-2012		31-12-2011		Nominal rate	Effective rate	Repayments
						13 months to 3 years	3 to 5 years	More than 5 years	Term	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	Banco BBVA	97.032.000-8	CL	CLP	4.691.207	11.842.116	0	28-06-2016	16.533.323	16.551.993	17.682.348	17.702.667	6,45%	6,49%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Banco de Chile	97.004.000-5	CL	CLP	1.812.030	2.771.340	5.689.522	17-07-2017	10.272.892	10.285.935	10.645.396	10.659.000	6,37%	6,41%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Banco Corpbanca	97.023.000-9	CL	CLP	10.595.920	0	0	28-08-2013	10.595.920	10.600.000	11.993.419	12.000.000	6,30%	6,39%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Banco Santander	97.036.000-K	CL	CLP	0	9.526.986	0	28-08-2015	9.526.986	9.537.000	9.526.061	9.537.000	6,45%	6,50%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Banco de Chile	97.004.000-5	CL	CLP	7.650.000	11.700.000	24.019.966	17-07-2017	43.369.966	43.425.000	44.942.534	45.000.000	6,37%	6,41%	Semi-annual
Total						24.749.157	35.840.442	29.709.488		90.299.087	90.399.928	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 financial contributions as of March 31, 2012 and December 31, 2011 is as follows:

Reimbursable financial contributions, current portion

No. of registration or identification of instrument	Currency or indexation unit	Balance UF 31-03-2012	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Country	Tax No. Debtor	Repayment	Secured (Yes/No)
			31-03-2012 ThCh\$	31-12-2011 ThCh\$								
AFR	UF	2.278	51.497	0	3,69%	3,56%	Chile	Aguas Andinas S.A	Chile	61.808.000-5	At maturity	No
AFR	UF	61.218	1.379.447	22.909	6,15%	5,89%	Chile	Aguas Cordillera S.A.	Chile	96.809.310-k	At maturity	No
AFR	UF	0	0	0	3,58%	3,48%	Chile	Aguas Manquehue	Chile	89.221.000-4	At maturity	No
AFR	UF	0	0	0	3,81%	3,70%	Chile	Essal S.A.	Chile	96.579.800-5	At maturity	No
Total		63.496	1.430.944	22.909								

Reimbursable financial contributions, non-current portion

No. of registration or identification of instrument	Currency or indexation unit	Balance UF 31-03-2012	Book value		Contract real interest rate	Effective rate	Placemen t in Chile or abroad	Issuer	Tax No. Debtor	Repayment	Secured (Yes/No)
			31-03-2012 ThCh\$	31-12-2011 ThCh\$							
AFR	UF	2.832.934	63.835.778	59.799.378	29-03-2027	3,69%	3,56%	Aguas Andinas S.A	61.808.000-5	At maturity	No
AFR	UF	1.260.064	28.393.676	28.474.918	22-03-2027	6,15%	5,89%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	183.962	4.145.313	3.672.266	29-11-2026	3,58%	3,48%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	181.038	4.079.411	3.696.353	16-03-2027	3,93%	3,70%	Essal S.A.	96.579.800-5	At maturity	No
Total		4.457.998	100.454.178	95.642.915							

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

BONDS

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
		31-03-2012		31-12-2011 ThCh\$				Interest	Principal		
		Up to 90 days	91 to 365 days								
BAGUA-E	1.650.000	37.645.355	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	3.852.418	2.964.937	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	631.812	0	208.796	01-04-2014	3,00%	3,41%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-I	320.000	3.963.921	3.605.362	7.139.137	01-12-2015	3,70%	4,05%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-J	0	265.610	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	2.094.090	1.802.681	3.692.853	01-10-2016	2,90%	3,09%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-M	0	830.199	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	395.438	0	165.061	01-10-2016	3,17%	3,37%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-P	0	653.610	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	522.920	0	0	01-06-2032	4,00%	3,94%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BESAL-B	115.789	2.153.046	1.186.595	2.672.245	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Total	2.508.947	53.008.419	9.559.575	57.334.977							

Bonds, non-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
		31-03-2012			31-12-2011				Interest	Principal		
		13 months to 3 years	3 to 5 years	More than 5 years								
BAGUA-E	0	0	0	0	0	01-06-2012	4,00%	4,45%	Semi-annual	At maturity	Agua ​ s Andinas S.A.	61.808.000-5
BAGUA-F	3.684.210	11.859.747	11.859.747	56.819.286	79.575.198	01-12-2026	4,15%	4,70%	Semi-annual	Semi-annual	Agua ​ s Andinas S.A.	61.808.000-5
BAGUA-G	2.500.000	56.119.780	0	0	55.469.492	01-04-2014	3,00%	3,41%	Semi-annual	At maturity	Agua ​ s Andinas S.A.	61.808.000-5
BAGUA-I	1.360.000	14.253.238	16.224.127	0	30.127.460	01-12-2015	3,70%	4,05%	Semi-annual	Semi-annual	Agua ​ s Andinas S.A.	61.808.000-5
BAGUA-J	1.000.000	0	0	22.325.996	22.078.317	01-12-2018	4,00%	4,19%	Semi-annual	At maturity	Agua ​ s Andinas S.A.	61.808.000-5
BAGUA-K	840.000	7.142.132	11.717.425	0	18.650.577	01-10-2016	2,90%	3,09%	Semi-annual	Semi-annual	Agua ​ s Andinas S.A.	61.808.000-5
BAGUA-M	1.750.000	0	0	39.720.622	39.304.181	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Agua ​ s Andinas S.A.	61.808.000-5
BAGUA-N	1.250.000	0	28.014.525	0	27.711.404	01-10-2016	3,17%	3,37%	Semi-annual	At maturity	Agua ​ s Andinas S.A.	61.808.000-5
BAGUA-P	1.500.000	0	0	34.034.141	33.676.802	01-10-2033	3,86%	3,81%	Semi-annual	At maturity	Agua ​ s Andinas S.A.	61.808.000-5
BAGUA-Q	1.650.000	0	0	37.473.247	0	01-06-2032	4,00%	3,94%	Semi-annual	At maturity	Agua ​ s Andinas S.A.	61.808.000-5
BESAL-B	1.794.737	5.218.285	5.218.285	33.870.073	43.923.844	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Total	17.328.947	94.593.182	73.034.109	224.243.365	350.517.275							

9.5 Risk management

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

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

i. Credit risk

Credit risk is the possibility of financial loss arising from 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	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Gross exposure per balance sheet for risks of accounts receivable	112.683.174	102.803.132
Gross exposure per estimates of risks of accounts receivable	-31.859.467	-30.583.073
Net exposure, risk concentration	80.823.707	72.220.059

Movement of credit risk, accounts receivable	ThCh\$
Initial balance at 01-01-2012	30.583.073
Increase in existing provisions	1.443.604
Decreases	-167.210
Changes, total	1.276.394
Closing balance at 31-03-2012	31.859.467

Trade debtors & other accounts receivable	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Less than 3 months	77.922.548	69.354.415
3 to 6 months	622.766	208.393
6 to 12 months	245.984	638.381
More than 12 months	2.032.409	2.018.870
Total	80.823.707	72.220.059

ii. Liquidity risk

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

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

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

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

Maturity structure (non-discounted flows)

Balances as of March 31, 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	0	0,00%	20.253.488	6,56%	34.700.459	6,37%	42.150.277	6,41%	30.725.980	6,37%
Bonds	55.642.175	4,02%	17.534.053	4,06%	123.716.143	3,58%	95.455.867	3,77%	316.032.679	4,31%
AFR	0	0,00%	1.524.387	7,04%	17.894.575	7,04%	15.058.767	4,49%	103.936.239	3,54%
Total	55.642.175		39.311.929		176.311.178		152.664.912		450.694.898	



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

Debt instruments	Rate	%
Bank loans	Variable	15,94%
Bonds	Fixed	68,65%
AFR	Fixed	15,41%
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	96.298.667	TAB 180 days	196	1.887.181
Aguas Manquehue S.A	7.976.000	TAB 360 days	201	160.008

For loans based on 180-day TAB, the positive or negative change in nominal TAB of 196 basis points, calculated annually, would have an impact on results of +/- ThCh\$ 1,887,181.

For loans based on 360-day TAB, the positive or negative change in nominal TAB of 201 basis points, calculated annually, would have an impact on results of +/- ThCh\$ 160,008.



9.6 Other financial assets, current

The following refers to time deposits with maturities higher than 90 days:

Company	Instrument	Investment currency	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Aguas Andinas S.A.	Time deposit	Euro	176.771	0

9.7 Cash equivalents.

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

Company	Instrument	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Aguas Andinas S.A.	Time deposit	23.108.288	0
Aguas Cordillera S.A.	Time deposit	18.377.442	0
Aguas Manquehue S.A.	Time deposit	2.602.170	0
Análisis Ambientales S.A.	Time deposit	1.000.150	0
Análisis Ambientales S.A.	Mutual fund	200.000	0
Gestión y Servicios S.A.	Time deposit	150.023	0
Eco-Riles S.A.	Time deposit	1.451.370	0
Essal S.A.	Time deposit	7.343.782	2.532.747
Total		54.233.225	2.532.747

9.8 Trade creditors and other accounts payable

The principal concepts are the following:



Trade creditors & other accounts payable	Currency or indexation unit	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Dividends	CLP	857.049	857.049
Taxes (VAT, prepayments, sole tax, others)	CLP	11.443.461	11.757.412
Suppliers for investments in progress	CLP	12.407.950	14.767.252
Personnel	CLP	1.834.467	2.372.162
Suppliers	CLP	16.762.139	20.470.765
Suppliers	USD	261.115	243.519
Suppliers	EUR	243.288	170.312
Accrued services	CLP	14.230.076	12.965.555
Accrued services	USD	91.243	91.243
Others	CLP	676.359	637.531
Others	USD	17.580	17.580
Total		58.824.727	64.350.380

9.9 Fair value of financial instruments

Fair value of financial instruments booked at amortized cost.

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



	31-03-2012	
	Amortized cost ThCh\$	Fair value ThCh\$
Cash & cash equivalents		
Investments held at fair value	200.000	200.000
Mutual funds	200.000	200.000
Investments held at amortized cost		
Time deposits	54.033.225	54.033.225
Other financial liabilities	661.544.021	672.147.827
Financial liabilities held at amortized cost	661.544.021	672.147.827
Bank debt	105.220.249	107.418.536
Bonds	454.438.650	462.844.169
AFR	101.885.122	101.885.122

Methodology and assumptions used in the calculation of fair value

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

- a) The amortized cost of time deposits is a good approximation of fair value as they are very short-term operations.
- b) The amortized cost of AFR liabilities is a good approximation of fair value as they are not very liquid in the market but their issue rate is determined in line with the regulation (Decree Law 70).
- c) The fair value of bonds was determined based on market price references as these instruments are traded on the market under normal conditions and with a high level of liquidity.
- d) The fair value of bank debt was determined through the cash flow analysis methodology, applying the discount curves corresponding to the remaining term to the maturity of the obligation.

Booking of fair value measurements in the financial information statements

- Level 1 relates to fair-value measurement methodologies by market 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.

9.10 Other financial assets

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of ThCh\$ 7,221,134.- (see Note 2.2, h, ii), over which the Company has no control or significant influence. This amount has as a cross-entry deferred income for the same amount classified in other non-financial liabilities. The balance of ThCh\$17.517 relates to other financial investments.

10. INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

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

Accounts receivable from related entities

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction with related party	Currency	Term	Security	31-03-2012 ThCh\$	31-12-2011 ThCh\$
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Reimbursement	CLP	30 days	Unsecured	44	179
96.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Development & implementation geographic information system	CLP	30 days	Unsecured	283	213
76.080.553-K	Agbar Solutions Chile Ltda.	Related to the controller	CL	Reimbursement personnel expenses	CLP	30 days	Unsecured	0	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	4.389	3.805
76.148.998-4	Agbar Medioambiente Chile S.A.	Related to the controller	CL	Reimbursement personnel expenses	CLP	30 days	Unsecured	15	25
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Chemical & bacteriological analysis services	CLP	30 days	Unsecured	730	387
Total accounts receivable								5.461	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	31-03-2012 ThCh\$	31-12-2011 ThCh\$
93.713.610-7	Agbar Chile S.A.	Related to controller	CL	Development & implementation geographic information system	CLP	30 days	Unsecured	46.047	41.404
None	Aqua Development Network S.A.	Related to controller	CL	Human resources advice	CLP	30 days	Unsecured	0	12.253
None	Aqua Ambiente Servicios Integrales S.A.	Related to controller	CL	Technical assistance Renato Poblete park design & construction	CLP	30 days	Unsecured	10.052	23.394
76.080.553-K	Agbar Solutions Chile Ltda.	Related to controller	CL	Purchase of materials	CLP	30 days	Performance bond. Amount ThCh\$244,800	763.990	404.861
76.046.628-K	Asterión S.A.	Related to controller	CL	Process re-engineering service contract & implementation of new information systems for customer service	CLP	30 days	Performance bond for ThCh\$845,149	2.969.505	3.188.031
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	La Farfana sewage treatment plant operation & maintenance services	CLP	30 days	Contract performance bond UF 194,249.62	2.305.768	2.343.631
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	Operation & maintenance services biogas purification plant	CLP	30 days	Performance bond for UF 112.24	49.424	27.462
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to controller	CL	Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage treatment plant	CLP	90 days	Performance bond for UF 357,863	40.775.745	36.290.795
None	Sorea	Related to controller	CL	Expense reimbursements	CLP	30 days	Unsecured	791	820
Total accounts payable								46.921.322	42.332.651

Transactions

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction	Currency	31-03-2012 ThCh\$		31-03-2011 ThCh\$	
						Amount	Effect on results (Charge)/Credit	Amount	Effect on results (Charge)/Credit
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	432.995	-86.673	613.699	-329.857
76.080.553-K	Agbar Solutions Chile Ltda.	Other related parties	CL	Purchase of materials	CLP	714.802	-487.369	818.202	-569.280
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	28.075.953	-1.555.443	7.040.923	-1.512.973
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	Operation & maintenance services La Farfana sewage treatment plant	CLP	3.194.336	-2.804.632	3.061.229	-2.691.948
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	Operation & maintenance services biogas purification plant	CLP	43.989	-43.989	38.936	-23.005

The criterion of materiality for reporting transactions with related entities is accumulated amounts of over ThCh\$ 25,000.



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

	31-03-2012	31-03-2011
	ThCh\$	ThCh\$
Directors	101.159	79.760
Directors' committee	6.963	12.514
Total	108.122	92.274

These correspond to fees related to their defined functions as agreed by the ordinary shareholders meetings.

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

The management of the Society is unaware of any transactions between related parties and directors and/or executives.

11. INVENTORIES

The following is a detail by class of inventory as of March 31, 2012 and December 31, 2011:

Class of inventories	31-03-2012	31-12-2011
	ThCh\$	ThCh\$
Merchandise	2.418.904	2.403.677
Supplies for production	624.700	538.067
Others	78.649	63.737
Total inventories	3.122.253	3.005.481

The cost of the inventories shown as an expense during 2012 and 2011 periods amounts to Ch\$2,099,884 and ThCh\$1,664,630 respectively.



12. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Intangible assets, net	223.650.659	223.106.257
Tangible assets with finite lives, net	13.721.403	13.205.680
Tangible assets with indefinite lives, net	209.929.256	209.900.577
Intangible assets, net	223.650.659	223.106.257
Patents, trademarks & other rights, net	5.846.489	5.892.614
Computer programs, net	7.874.914	7.313.066
Other intangible assets, net	209.929.256	209.900.577
Intangible assets, gross	248.838.459	247.579.584
Intangible assets, gross	248.838.459	247.579.584
Other intangible assets, gross	248.838.459	247.579.584
Intangible assets, gross	219.591.827	219.563.148
Patents, trademarks & other rights, gross	7.654.786	7.654.107
Computer programs, gross	21.591.846	20.362.329

Classes of accumulated amortization & impairment, intangible assets	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Accumulated amortization & impairment, intangible assets, total	25.187.800	24.473.327
Accumulated amortization & impairment, registered trademarks & other rights	1.808.297	1.761.493
Accumulated amortization & impairment, computer programs	13.716.932	13.049.263
Accumulated amortization & impairment, other intangible assets	9.662.571	9.662.571

Movement of intangible assets

Current period (31-03-2012)

Movement in intangible assets	Patents, trademarks & other rights, net	Computer programs, net	Other intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2012	5.892.614	7.313.066	209.900.577
Additions	679	1.229.514	33.679
Disappropriations	0	0	5.000
Amortization	46.804	667.666	0
Changes, total	-46.125	561.848	28.679
Closing balance as of 31-03-2012	5.846.489	7.874.914	209.929.256



Previous year (31-12-2011)

Movement in intangible assets	Patents, trademarks & other rights, net	Computer programs, net	Other intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2011	6.079.377	2.884.406	209.549.226
Additions	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 identifiable intangible assets:

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

Current period (31-03-2012)

Company	Water rights ThCh\$	Easements ThCh\$
Aguas Andinas S.A.	74.004.916	7.367.727
Aguas Cordillera S.A.	92.506.464	7.853.889
Aguas Manquehue S.A.	21.207.395	900.294
Essal S.A.	5.078.477	1.010.094
Total	192.797.252	17.132.004

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

Intangible assets with indefinite useful lives:

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

There were no disbursements for research and development.



Commitments for the acquisition of intangible assets:

Commitments for the acquisition of intangible assets for the period April-December 2012 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:

Company	ThCh\$
Aguas Andinas S.A.	3.731.185
Aguas Cordillera S.A.	108.472
Aguas Manquehue S.A.	129.929
Essal S.A.	75.022
Análisis Ambientales S.A.	23.347
Total	4.067.955

13. 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 for the period 2012 and 2011

Tax No.	Company	31-03-2012 ThCh\$	31-12-2011 ThCh\$
96.809.310-k	Aguas Cordillera S.A.	33.823.049	33.823.049
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	343.332	343.332
96.897.320-7	Inversiones Iberaguas Ltda.	2.426.196	2.426.196
Total		36.592.577	36.592.577



14. PROPERTY, PLANT AND EQUIPMENT

	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Property, plant equipment, net	1.131.330.651	1.117.686.163
Construction in progress	188.903.784	169.583.994
Land	151.608.953	151.262.638
Buildings	69.649.951	69.943.651
Plant & equipment	190.329.408	193.175.614
Computer equipment	1.971.487	1.966.760
Fixed installations & accessories	525.765.170	528.763.450
Motor vehicles	1.234.883	1.234.200
Improvements to leased assets	38.824	36.951
Other property, plant & equipment	1.828.191	1.718.905
Property, plant equipment, gross	2.026.592.710	2.000.580.488
Construction in progress	188.903.784	169.583.994
Land	151.608.953	151.262.638
Buildings	89.943.800	89.806.468
Plant & equipment	362.572.109	361.204.538
Computer equipment	9.722.509	9.498.364
Fixed installations & accessories	1.214.538.490	1.210.118.981
Motor vehicles	4.787.966	4.713.955
Improvements to leased assets	453.905	442.267
Other property, plant & equipment	4.061.194	3.949.283
Accumulated depreciation	895.262.059	882.894.325
Buildings	20.293.849	19.862.817
Plant & equipment	172.242.701	168.028.924
Computer equipment	7.751.022	7.531.604
Fixed installations & accessories	688.773.320	681.355.531
Motor vehicles	3.553.083	3.479.755
Improvements to leased assets	415.081	405.316
Other property, plant & equipment	2.233.003	2.230.378



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

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

Current period 31-03-2012

Concept	Initial balance ThCh\$	Additions ThCh\$	Disposals ThCh\$	Depreciation ThCh\$	Total changes ThCh\$	Final balance ThCh\$
Construction in progress, net	169.583.994	19.384.716	-64.926	0	19.319.790	188.903.784
Land	151.262.638	358.459	-12.144	0	346.315	151.608.953
Buildings, net	69.943.651	144.910	0	-438.610	-293.700	69.649.951
Plant & equipment, net	193.175.614	1.367.965	0	-4.214.171	-2.846.206	190.329.408
Computer equipment, net	1.966.760	224.144	0	-219.417	4.727	1.971.487
Fixed installations & accessories, net	528.763.450	4.419.123	-3	-7.417.400	-2.998.280	525.765.170
Motor vehicles, net	1.234.200	122.964	-20.516	-101.765	683	1.234.883
Improvements to leased assets, net	36.951	11.638	0	-9.765	1.873	38.824
Other property, plant & equipment, net	1.718.905	111.911	0	-2.625	109.286	1.828.191
Classes of property, plant & equipment, net	1.117.686.163	26.145.830	-97.589	-12.403.753	13.644.488	1.131.330.651



Previous year 31-12-2011

Concept	Initial balance	Additions	Disposals	Depreciation	Total changes	Final balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	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	199.622.110	11.704.040	-561.029	-17.589.507	-6.446.496	193.175.614
Computer equipment, bet	1.386.254	1.321.892	-1	-741.385	580.506	1.966.760
Fixed installations & accessories, net	537.158.355	23.151.463	-293.417	-31.252.951	-8.394.905	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	1.031.790.701	138.913.780	-1.192.833	-51.825.485	85.895.462	1.117.686.163



The detail of each consolidated Group Society of amounts of future commitments for acquisitions of property, plant and equipment during the year 2012, is as follows:

Company	ThCh\$
Aguas Andinas S.A.	42.742.925
Aguas Cordillera S.A.	2.967.249
Aguas Manquehue S.A.	3.961.577
Essal S.A.	6.000.000
Ecoriles S.A.	56.863
Gestión y Servicios S.A.	298.917
Análisis Ambientales S.A.	1.238.130
Total	57.265.661

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

Company	31-03-2012 ThCh\$
Aguas Andinas S.A.	112.205
Aguas Cordillera S.A.	167.638
Total	279.843

15. IMPAIRMENT OF VALUE OF ASSETS

Asset impairment by cash generating unit:

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



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

The respective tests for impairment were made as of period of 2011 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.

As of December 31, 2011 impairments were booked in Aguas Manquehue S.A. as a result of the termination of operation of two sewage treatment plants and a pumping plant following the full operation of the north trunk sewer, by which the sewage is treated at the La Farfana sewage treatment plant. In Aguas Andinas S.A. deterioration was recognized as a result of disused premises.

The detail of impairments by subsidiary as of December 31, 2011 is as follows:

Company	31-12-2011 ThCh\$
Aguas Andinas S.A	199.280
Aguas Cordillera S.A.	2.281
Aguas Manquehue S.A	620.783
Total impairment losses	822.344

16. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

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

Classes of provisions	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Provision for legal claims	1.508.673	1.482.989
Other provisions, current	1.508.673	1.482.989
Other provisions, non-current	1.078.716	1.066.784
Provisions, non-current	1.078.716	1.066.784



The movement in current provisions in the period was:

Other provisions, current	Legal claims	Total
	ThCh\$	ThCh\$
Initial balance provisions	1.482.989	1.482.989
Changes in provisions		
Increase in existing provisions	35.469	35.469
Provision used	-9.785	-9.785
Other increase (decrease)	0	0
Changes in provisions, total	25.684	25.684
Closing balance	1.508.673	1.508.673

The provisions comprising this heading are described as follows:

1.- Legal claims

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

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

- a) Nature of class of provision:** The Sanitation Services Superintendency (SISS) has ordered fines on Aguas Andinas S.A. and subsidiaries, mainly for non-compliance with instructions and breach of the continuity and quality of the service provided by the Society.

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

Uncertainties about the timing and amount of a class of provision: It is believed that the Society 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 2012.

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

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

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

Timetable foreseen for release of class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: The lawsuits relate to demands amounting to ThCh\$ 325,996.

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

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

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

Uncertainties about the timing and amount of a class of provision: Pending notification of conciliation audience. Demand amounts to ThCh\$ 146,000 plus interest, indexation and costs. This judgment is finished favorably, abandonment of the procedure was accepted.

- 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.

- 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. The parties are awaiting sentence.

- 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: Not brought before presenting the claim in 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 1,389,314.82. The Society has presented several defenses against the civil demands for damages, expecting to obtain positive results in all cases. Final sentence was given in April 2012 against the company, described in Note 28, Subsequent events to these financial statements.
- 2.- There is a suit for damages against Aguas Andinas S.A. The lawyer Bertolone, representing 314 residents of the district of El Trebal, adjoining the sewage plant of that name, alleging moral damage 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 case is currently in the discussion stage and Aguas Andinas S.A. is preparing its defense. Given the present state of the case and the information provided, the Society believes that there are low probabilities that the demand will be accepted.
- 3.- Aguas Andinas S.A. was sued in a special case to determine the amount of an expropriation that the Ministry of Public Works made on behalf of the Company of land related to the Farfana Trebal interceptor project, second stage. The expropriated party is claiming the amount of provisional compensation consigned by Aguas Andinas S.A. The amount claimed is ThCh\$ 365,000. Sentence was given fixing compensation at UF 2 per square meter. This was rejected by the Treasury, the final compensation payable remaining at UF 2 per square meter, approximately UF 14,525.28. The amount should be consigned in the court, probably during the first half of 2012.
- 4.- The Treasury has made demand on Aguas Andinas S.A. and Aguas Cordillera S.A., seeking the return of sums paid during 2004 with respect to the transfer of sanitation infrastructure in the



Costanera Norte section. This demand amounts to ThCh\$ 2,705,451 plus indexation, interest and costs. The case is in the evidence stage. The management believes that this will have no adverse effect on the financial statements.

- 5.- Demand for damages brought against Aguas Cordillera S.A. by a 79 residents of Lo Barnechea district due to supply problems in October and November 1996. The amount demanded is ThCh\$ 728,626. There are good probabilities of obtaining a favorable result; final evidence stage pending.
6. - 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.
- 7.- 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 Society to pay UF 1.5 per square meter expropriated. Sentence has been notified and an agreement between the parties is being studied.

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

17. Guarantees and restrictions

a) Direct guarantees

Guarantee policies and performance bonds have been granted in favor of various institutions, the principal ones being the SISS, to guarantee the conditions for the provision of services and development programs in the Company's concession areas, SERVIU Metropolitano to guarantee the replacement of paving, and other institutions, for ThCh\$35,158,793 and ThCh\$36,762,989 as of March 31, 2012 and December 31, 2011 respectively.

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



Creditor	Debtor	Type of guarantee	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Asociación Canal Sociedad Maipo	Aguas Andinas S.A.	Performance bond	7.144.143	6.940.407
Chilectra S.A.	Aguas Andinas S.A.	Performance bond	31.811	31.692
Constructora Santa Rosa	Aguas Andinas S.A.	Performance bond	22.894	29.116
Constructora San Francisco	Aguas Andinas S.A.	Performance bond	126.954	119.139
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance bond	48.402	49.069
Dirección de Obras Hidráulica	Aguas Andinas S.A.	Performance bond	70.081	85.638
Dirección Regional de Obras Hidráulica	Aguas Andinas S.A.	Performance bond	30.600	30.600
Director de Vialidad	Aguas Andinas S.A.	Performance bond	1.228.076	1.215.024
Ministerio de Obras Públicas	Aguas Andinas S.A.	Performance bond	814.850	786.734
Municipalidad de Lo Barnechea	Aguas Andinas S.A.	Performance bond	11.267	22.294
Municipalidad de Peñalolen	Aguas Andinas S.A.	Performance bond	36.591	72.403
Municipalidad de Pirque	Aguas Andinas S.A.	Performance bond	0	32.345
Municipalidad de Providencia	Aguas Andinas S.A.	Performance bond	46.216	45.725
Municipalidad de Santiago	Aguas Andinas S.A.	Performance bond	21.522	20.733
S.I.S.S.	Aguas Andinas S.A.	Performance bond	13.696.566	13.665.728
Gobierno Regional Metropolitano	Aguas Andinas S.A.	Performance bond	20.953	0
Secretaría Ministerial de Obra	Aguas Andinas S.A.	Performance bond	4.599	13.339
Serectaría Regional Ministerial	Aguas Andinas S.A.	Performance bond	47.259	38.520
Serviu Metropolitano	Aguas Andinas S.A.	Performance bond	1.588.531	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	1.426.461	1.411.301
Ministerio de Obras Públicas	Aguas Cordillera S.A.	Performance bond	335.344	331.780
Serviu Metropolitano	Aguas Cordillera S.A.	Performance bond	0	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	45.067	44.588
Asociación Canal de Maipo	Aguas Cordillera S.A.	Performance bond	778.072	769.803
S.I.S.S.	Aguas Manquehue S.A.	Performance bond	845.412	682.978
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance bond	16.900	16.721
Subsecretaría de Agricultura	Gestión y Servicios S.A.	Performance bond	0	1.062.731
Serviu	Gestión y Servicios S.A.	Performance bond	0	837.158
Siderúrgica Huachipato	Anam S.A.	Performance bond	45.067	0
Director de Obras Hidráulicas	Essal S.A.	Performance bond	275.131	287.985
Serviu	Essal S.A.	Performance bond	239.973	238.964
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance bond	14.372	14.372
Director de Vialidad	Essal S.A.	Performance bond	502.214	481.880
E.F.E	Essal S.A.	Performance bond	11.267	11.147
S.I.S.S.	Essal S.A.	Guarantee policy	2.009.429	1.966.070
Total			31.553.024	32.647.609

b) Bond issue covenants

i. Aguas Andinas S.A.

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



1.- Send to the bond-holders' representative a copy of the unconsolidated and consolidated financial statements of the subsidiary corporations registered with the SVS, both the quarterly and the audited annual statements, in the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.

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

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

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

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

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

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

The Society is in compliance with all the covenants established in the bond indentures as of December 31, 2011.

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

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

1.- Send to the bond-holders' representative a copy of the financial statements, both the quarterly and the audited annual statements, in the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.

2.- Book in its accounts the provisions arising from adverse contingencies that, in the opinion of the 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).

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

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

The Society is in compliance with all the covenants established in the bond indentures as of March 31, 2012 and December 31, 2011.

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 disposal of or loss of title to essential assets, except for contributions or transfers of essential assets to subsidiary societies.

3.- Send to the different banks with which the Society has loans, a copy of the unconsolidated and consolidated financial statements, both the quarterly and the audited annual statements, within no more than five days of their presentation to the SVS.

4.- Book in its accounts the provisions arising from adverse contingencies that, in the opinion of the Society's management, should be reflected in its financial statements.

5.- Maintain insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the company'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 March 31, 2012.

The Society and its 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 March 31, 2012 and December 31, 2011, the Society has received documents in guarantee for ThCh\$36,051,207 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 March 31, 2012 is summarized below:



Contractor or supplier	ThCh\$	Expiry
CHILECTRA S.A.	225.335	01-08-2012
INMOBILIARIA BUIN S.A.	232.960	01-04-2013
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	241.094	15-03-2013
CAPTAGUA INGENIERIA S.A.	258.345	05-09-2013
AGBAR SOLUTIONS CHILE LTDA.	279.299	03-05-2012
SOC. GRAL DE AGUAS DE BARCELONA S.A.	314.746	31-10-2012
SONDA S.A.	314.746	31-10-2012
C. DE PETROLEOS DE CHILE COPEC S.A.	378.897	22-03-2013
ING. Y CONST. M. S. T. S.A.	458.439	15-05-2013
CONSORCIO EDEPE S.A	486.341	23-08-2013
CONSTRUCTORA OAS LTDA.	676.005	16-05-2012
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	687.659	15-05-2013
NICOLAIDES S.A.	849.063	20-09-2013
ACCIONA INFRAESTRUCTURAS S.A. AGENCIA EN CHILE	1.509.846	23-07-2013
EMP. DEP. DE A.S. MAPOCHO TREBAL LTDA	3.818.213	01-06-2017
EMPRESA DEPURADORA DE AGUAS SERVIDAS LTDA	4.377.126	31-12-2012
EMP DEPURADORA DE A.S. MAPOCHO TREBAL LTDA	8.063.909	15-04-2012
FONDO DE INV. PRIVADO LOS CASTAÑOS DE LA DEHESA	901.340	30-04-2012
COMSA DE CHILE S.A.	225.335	27-10-2012
INMOBILIARIA V Y R LTDA	157.735	13-03-2014
Total	24.456.433	

18. ORDINARY REVENUES

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

Classes of ordinary revenues	31-03-2012 ThCh\$	31-03-2011 ThCh\$
Sale of assets	1.738.203	1.195.163
Provision of services	106.971.837	97.037.878
Total	108.710.040	98.233.041



19. LEASES

Financial leases as lessors:

The Society has a contract of this kind where it acts as lessor, referring to equipment (drying centrifuges) used for treating liquid waste.

Financial leases, lessee	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Total gross investment	70.027	70.027
Minimum lease payments receivable for financial leases	71.296	78.096
Total	1.269	8.069

	Gross ThCh\$	Interest ThCh\$
No later than a year	35.648	42.827
Later than a year but less than five years	35.648	3.155
Total	71.296	45.982
Lease fees recognized in the income statement, total	5.071	17.482

Operative leases as lessee:

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

	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Future minimum non-cancellable lease paymentss, up to 1 year, lessees	1.456.312	1.409.641
Future minimum non-cancellable lease paymentss, 1 to 5 years, lessees	5.825.247	5.638.563
Future minimum non-cancellable lease paymentss, lessees, total	7.281.559	7.048.204
Minimum lease payments under operative leases	2.444.221	2.668.023
Lease & sub-lease installments booked in the statement of results, total	2.444.221	2.668.023

Significant operative leasing agreements:

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

Bases for determining a contingent rental:



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

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

There are agreed automatic one-year renewal periods.

Operative leases as lessors:

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

Future minimum non-cancellable lease receivables, lessors	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	246.756	235.395
Amount of rentals booked in statement of results	96.798	402.814
Total	343.554	638.209

Significant operative leases of the lessor:

Income from these sources is immaterial for the Company.

20. EMPLOYEE BENEFITS

The Society at the consolidated level has a workforce of 1,824, of whom 63 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses, total 1,376 and those with special indemnity clauses are 36, while 412 workers are covered by the Labor Code.

As of December 31, 2011 the Group started "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 for the employees and operatives Nos. 1 and 2 unions were signed on July 31, 2010 for a term of four years. The No.3 Professionals and Technicians Union of Aguas Andinas S.A. agreement has a term of two years.



The 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 a term of four years.

Policies for defined benefits plans

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

The actuarial calculation is applied for workers who 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.

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.: 940, Aguas Cordillera S.A.: 131, Aguas Manquehue S.A.: 20, and Essal S.A. 258.

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

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

Discount rate: A rate of 6.1% p.a. is used, corresponding to the risk-free rate, plus the credit risk and the estimation of expected long-term inflation.

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



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, 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 to March 2012 and December 2011, which include movements in provisions:

Provisions for employee benefits	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Movement in actuarial provision		
Initial balance	8.558.121	7.497.847
Cost of the services	75.348	363.394
Interest cost	124.524	479.862
Actuarial (gains) or losses	-687.351	1.381.163
Benefits paid	-586.966	-1.586.439
Provision severance payments	962.721	422.294
Sub-total	8.446.397	8.558.121
Profit sharing & bonuses	580.200	2.959.154
Total provision for employee benefits, current	641.017	3.590.075
Total provision for employee benefits, non-current	8.385.580	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. In the period 2012 and year 2011, the amounts are ThCh\$580,200 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 March 2012 and 2011 are as follows:

Personnel expenses	31-03-2012	31-03-2011
	ThCh\$	ThCh\$
Wages & salaries	-5.527.422	-5.364.581
Defined benefits	-2.582.345	-2.257.869
Severance payments	-598.230	-875.912
Other personnel expenses	-393.186	-389.961
Total personnel expenses	-9.101.183	-8.888.323

21. EFFECT OF EXCHANGE DIFFERENCES

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

	Currency	31-03-2012	31-03-2011
		ThCh\$	ThCh\$
Trade debtors & other accounts receivable	EUR	2.575	-102
Trade debtors & other accounts receivable	US\$	-1.496	-3.272
Other financial assets	US\$	-105	-383
Other financial assets	EUR	-52	
Total assets		922	-3.757
Trade creditors & other accounts payable	EUR	5.726	-7.023
Trade creditors & other accounts payable	US\$	-3.173	11.791
Accounts payable to related entities	EUR	18	-360
Total liabilities		2.571	4.408
Gain from exchange differences		3.493	651



22. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	31-03-2012 ThCh\$	31-03-2011 ThCh\$
Treatment plant operation	-6.009.328	-5.661.465
Supplies & basic services	-2.228.421	-2.109.867
Commercial services	-4.551.607	-3.882.319
Equipment maintenance & repairs	-2.530.064	-1.738.330
Insurance, licenses & permits	-1.202.572	-886.983
Other expenses	-1.648.791	-1.632.914
Total	-18.170.783	-15.911.878

23. CAPITALIZED FINANCING COSTS

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

Capitalized interest costs:

Capitalized interest, property, plant & equipment		31-03-2012	31-12-2011
Rate of capitalization of capitalized interest costs, property, plant & equipment	%	7,13	7,99
Amount of capitalized interest, property, plant & equipment	ThCh\$	2.114.834	4.518.261



24. 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	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Deferred tax assets	232.940	249.422
Deferred tax liabilities	-32.347.273	-34.186.391
Net deferred tax position	-32.114.333	-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	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Water rights (amortization)	165.626	155.284
Provision doubtful accounts	5.508.443	5.240.881
Provision vacations	196.408	287.264
Litigation	641.482	564.464
Severance payments	915.626	935.404
Other provisions	97.238	114.117
Income received in advance	66.184	59.623
Taxation goodwill	11.393.681	11.387.799
Variation monetary correction & asset depreciation	17.388.461	16.360.123
Deferred revenue	1.227.593	1.227.593
La Dehesa dam transaction	200.243	198.115
Others	1.411.734	1.371.160
Deferred tax assets	39.212.719	37.901.827



Deferred tax liabilities

Deferred tax liabilities	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Depreciation fixed assets	14.389.034	14.598.489
Amortization	941.828	1.030.584
Investment expense related companies	71.945	71.945
Revaluations property, plant & equipment	14.283.665	14.283.665
Revaluations of intangible assets	28.733.432	28.733.432
Fair value of assets in purchase of Essal S.A.	12.885.739	13.109.631
Others	21.409	11.050
Deferred tax liabilities	71.327.052	71.838.796

Net deferred tax position	32.114.333	33.936.969
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	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Movement of deferred tax liabilities		
Deferred tax liabilities, initial balance	71.838.796	74.260.083
Increases (decreases) in deferred tax liabilities	-287.850	-2.197.394
Acquisitions through combinations of businesses	-223.894	-223.893
Changes in deferred tax liabilities	-511.744	-2.421.287
Changes in deferred tax liabilities total	71.327.052	71.838.796

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



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

Credit (charge) for income tax by current & deferred parts	31-03-2012 ThCh\$	31-03-2011 ThCh\$
Current income tax charge		
Current tax charge	-10.423.675	-9.991.676
Adjustment previous period tax expense	0	0
Current tax charge, net	-10.423.675	-9.991.676
Deferred tax charge (credit) relating to the creation & reversal of timing differences	1.822.636	846.478
Other deferred tax charge	-87.181	-5.414
Deferred tax charge, net	1.735.455	841.064
Charge for income taxes	-8.688.220	-9.150.612

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

	31-03-2012 ThCh\$	31-03-2011 ThCh\$
Tax charge using the statutory rate	-9.437.601	-9.329.143
Permanent difference for monetary correction taxation equity	-1.037.877	-523.975
Other permanent differences	288.496	345.444
Adjustments to tax charge using the statutory rate, Total	-749.381	-178.531
Tax charge using the effective rate	-8.688.220	-9.150.612

Reconciliation of the statutory rate and the effective tax rate

	31-03-2012	31-03-2011
Statutory taxation rate	18,50%	20,00%
Permanent difference for monetary correction taxation equity	-2,03%	-1,12%
Other permanent differences	0,56%	0,74%
Effective tax rate	17,03%	19,62%



25. 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.

Earnings per share		31-03-2012	31-03-2011
Earnings attributable to shareholders in equity of the controller	ThCh \$	41.788.948	37.423.343
Results available to common shareholders, basic	ThCh \$	41.788.948	37.423.343
Weighted average number of shares, basic		6.118.965.160	6.118.965.160
Earnings per share	Ch\$	6,83	6,12

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.

26. BUSINESS SEGMENTS

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

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

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



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

The water segment consists only of sanitation services that permit the provision of products and production services, the distribution of water and the collection and treatment of sewage. This segment comprises Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., and Essal S.A. through Iberaguas Ltda.

The non-water segment consists of services related to environmental analysis, liquid waste treatment and integral 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	31-03-2012		31-03-2011	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Revenues from ordinary activities with external customers	103.610.714	5.099.326	92.831.515	5.401.526
Revenues from ordinary activities between segments	165.719	715.583	3.538.689	73.003
Operating expenses	-31.307.978	-4.743.153	-30.083.154	-4.805.158
Depreciation & amortization	-13.011.620	-106.603	-12.874.118	-100.200
Other earnings & expenses	305.492	0	27.879	-216
Financial income	1.584.456	33.360	1.162.743	82.230
Financial costs	-5.538.718	-12.789	-6.186.749	-22.214
Result of indexation & exchange differences	-5.781.073	1.344	-2.677.219	9.445
Income tax charge	-8.507.765	-180.455	-9.014.061	-136.551
Earnings of segment	41.519.227	806.613	36.725.525	501.865
Earnings of segment attributable to owners of the controller	40.982.335	806.613	36.653.766	501.865
Earnings of segment attributable to non-controller participations	536.892	0	71.759	0

Total assets, liabilities & equity	31-03-2012		31-12-2011	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Current assets	131.260.734	12.326.548	82.097.750	11.791.872
Non-current assets	1.398.236.814	3.301.457	1.384.258.545	3.350.955
Total assets	1.529.497.548	15.628.005	1.466.356.295	15.142.827
Current liabilities	187.068.425	3.316.758	205.750.964	3.638.192
Non-current liabilities	633.352.710	0	593.048.146	0
Equity attributable to owners of the controller	643.565.676	12.311.247	602.583.341	11.504.634
Non-controller participations	65.510.737	0	64.973.845	0
Total equity & liabilities	1.529.497.548	15.628.005	1.466.356.296	15.142.826

Significant items of revenues and expenses by segment

Water and non-water segments

The significant items of ordinary revenues and expenses are principally those related to the business of the segment. There are also significant sums in relation to expenses 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 subsidiaries 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.

Decrees 60/2010 set the tariffs for Aguas Andinas S.A. for the five-year period 2011 – 2015, Decree 176/2010 set those for Aguas Cordillera S.A and Decree 170/2010 those for Aguas Manquehue S.A.

Essal S.A. concluded its tariff-setting process in 2011 for the five-year period 2011 – 2016, approved by Decree 116 of August 31, 2011.



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 charge for income tax.

Non-water segment

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

Measurement of results, assets and liabilities of each segment

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

The accounting criteria relates to the booking of economic events giving rise to rights and obligations in the same way that these arise in economic relations with third parties. These records will generate committed balances in an asset and liability account according to the spirit of the transaction in each related company according to the segment in which it operates. This account called Accounts receivable or payable from/to related companies 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.

Reconciliation or revenues from ordinary activities	31-03-2012 ThCh\$	31-03-2011 ThCh\$
Revenues from ordinary activities of the segments	109.591.342	101.844.733
Elimination of ordinary activity revenues between segments	-881.302	-3.611.692
Revenues from ordinary activities	108.710.040	98.233.041

Reconciliation of earnings	31-03-2012 ThCh\$	31-03-2011 ThCh\$
Total consolidation earnings (loss) of segments	41.788.948	37.155.631
Consolidation of elimination of earnings (loss) between segments	0	267.712
Consolidation of earnings (loss)	41.788.948	37.423.343

Reconciliations of assets, liabilities & equity of segments	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Reconciliation of assets		
Consolidation total assets of segments	1.545.125.553	1.481.499.122
Elimination of corporate office accounts with the segments	0	0
Elimination of accounts between segments	-924.825	-11.503.446
Total assets	1.544.200.728	1.469.995.676
Reconciliation of liabilities		
Consolidation total liabilities of segments	823.737.893	802.437.302
Elimination of accounts between segments	-924.825	-11.503.446
Total liabilities	822.813.068	790.933.856
Reconciliation of equity		
Consolidation total equities of segments	655.876.923	614.087.975
Equity attributable to owners of the controller	655.876.923	614.087.975

Information on the principal customers of the subsidiaries:

Principal water segment customers:

Administradora Plaza Vespucio S.A.

Centro de Detención Preventiva Santiago 1

Cervecería 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 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. and Essal S.A. and Iberaguas Ltda.

Non-water segment

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

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

27. THE ENVIRONMENT

Information on disbursements related to the environment:

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

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

Aguas Andinas S.A.

Project	31-03-2012 ThCh\$	31-12-2011 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	21.113.803	59.994.594
Expansion & improvements other localities STP	0	40.883
Expansion & improvements Paine STP	6.794	263.778
Expansion & improvements Pomiare STP	9.410	313.874
Expansion & improvements Talagante STP	0	150.611
Farfana - Trebal interceptor	3.330.519	16.920.445
Clean Urban Mapocho interceptor	12.130	137.059
Improvement & renovation equipment & installations	76.712	474.722
Total	24.767.258	78.664.954

Aguas Manquehue S.A.

Project	31-03-2012 ThCh\$	31-12-2011 ThCh\$
North zone sewer	0	63.245
Improvement & renovation equipment & installations	12.609	37.295
Improvement STPs	0	3.502
Total	12.609	104.042



Essal S.A.

Project	31-03-2012 ThCh\$	31-12-2011 ThCh\$
Improvement disposal infrastructure	19.263	215.621
EDAR system improvement	50.352	209.613
Renovation treatment & disposal equipment	13.877	48.026
Total	83.492	473.260

Investment projected in the environment for 2012:

Company	ThCh\$
Aguas Andinas S.A.	14.340.219
Aguas Manquehue S.A.	5.981
Essal S.A.	568.500
Total	14.914.700

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 2012.

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.



28. EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

In April 2012, the company was notified of the final sentence of the Supreme Court ordering Aguas Andinas S.A. to pay an indemnity of ThCh\$2,000 to each of the 534 residents of Villa Alto Jahuel, Pudahuel, who demand damages from the company as being affected by the bad odors from the La Farfana sewage treatment plant between 2003 and 2005. The sentence stated that the appeals could not be accepted as there were no legal reasons for annulment. On April 26, 2012 the sum of ThCh\$1,068.000.- was paid into the court.

The ordinary shareholders meeting held on April 17, 2012 agreed to distribute a final dividend of ThCh\$77,222,258 against the earnings for 2011. The company's dividend No.54 therefore amounted to Ch\$12.62015 per share, payable from May 23, 2012.

On April 19, 2012, and in order to finance its investment plan and refinance short-term debt, Aguas Andinas S.A. successfully placed bonds for a total of UF 3,300,000. The issue consisted of two series: Series R and Series S. Series R was for a total of UF 1.0 million for a 7-year term with 2.5 years grace, placed at annual rate of 3.50%. The demand was for a total of UF 3.2 million, which meant an over-subscription of 3.2 times the offer, and it carried a spread of 106 basis points over the reference rate. Series S was for a total of UF 2.3 million for a 23-year term with 21 years grace, and was placed at a rate of 3.89%. Total demand was for UF 6.0 million, which meant 2.6 times that offered, and carried a spread of 110 bases points over the reference rate.

On May 4, 2012, the CORFO sold 387,676,815 shares of Empresa de Servicios Sanitarios de Los Lagos (ESSAL), corresponding to 40.46% of the property. CORFO decided to keep the participation of 5% of the sanitary property, which allow exercise a veto on the transfer of water use and water concessions of the company.

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

