



CONSOLIDATED FINANCIAL STATEMENTS

Period Ended to September 30, 2012 and 2011

AGUAS ANDINAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A. AND SUBSIDIARIES

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

Consolidated Statements of Financial Position
As of September 30, 2012 and December 31, 2011
(Thousands of Chilean pesos - ThCh\$)

ASSETS	Note	30-09-2012	31-12-2011
		ThCh\$	ThCh\$
CURRENT ASSETS			
Cash & cash equivalents	8	48.418.239	5.051.499
Other non-financial assets, current		502.933	1.374.821
Trade debtors & other accounts receivable, current	9	67.201.494	70.201.189
Accounts receivable from related entities, current	10	8.623	9.176
Inventories	11	4.419.536	3.005.481
Tax assets, current		2.304.576	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		122.855.401	82.643.261
TOTAL CURRENT ASSETS		122.855.401	82.643.261
NON-CURRENT ASSETS			
Other financial assets	9	7.367.236	7.238.651
Other non-financial assets		465.888	460.475
Collection rights	9	1.812.740	2.018.870
Intangible assets other than goodwill	12	224.010.817	223.106.257
Goodwill	13	36.592.577	36.592.577
Property, plant & equipment	14	1.130.954.822	1.117.686.163
Deferred tax assets	24	312.216	249.422
TOTAL NON-CURRENT ASSETS		1.401.516.296	1.387.352.415
TOTAL ASSETS		1.524.371.697	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 September 30, 2012 and December 31, 2011
(Thousands of Chilean pesos - ThCh\$)

EQUITY & LIABILITIES	Note	30-09-2012	31-12-2011
		ThCh\$	ThCh\$
CURRENT LIABILITIES			
Other financial liabilities	9	53.907.392	84.776.754
Trade creditors & other accounts payable	9	49.493.202	64.350.380
Accounts payable to related entities	10	30.908.034	42.332.651
Other provisions	16	1.448.492	1.482.989
Tax liabilities		991.742	315.970
Provisions for employee benefits	20	2.030.384	3.590.075
Other non-financial liabilities		1.015.431	1.036.882
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		139.794.677	197.885.701
TOTAL CURRENT LIABILITIES		139.794.677	197.885.701
NON-CURRENT LIABILITIES			
Other financial liabilities	9	639.003.741	540.949.948
Other provisions	16	1.081.301	1.066.784
Deferred tax liabilities	24	38.894.363	34.186.391
Other accounts payable	9	1.555.283	1.570.602
Provisions for employee benefits	20	8.553.800	7.927.200
Other non-financial liabilities		7.374.681	7.347.230
TOTAL NON-CURRENT LIABILITIES		696.463.169	593.048.155
TOTAL LIABILITIES		836.257.846	790.933.856
EQUITY			
Issued capital	3	155.567.354	155.567.354
Accumulated earnings	3	311.723.265	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	625.389.102	614.087.975
Non-controller participations	4	62.724.749	64.973.845
TOTAL EQUITY		688.113.851	679.061.820
TOTAL EQUITY & LIABILITIES		1.524.371.697	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 September 30, 2012 and 2011
(Thousands of Chilean pesos - ThCh\$)

STATEMENT OF RESULTS BY NATURE		30-09-2012	30-09-2011	01-07-2012	01-07-2011
Statement of Results		ThCh\$	ThCh\$	30-09-2012	30-09-2011
				ThCh\$	ThCh\$
Revenues from ordinary activities	18	278.687.566	260.757.423	80.501.329	76.060.586
Raw materials & consumables used		-21.902.721	-19.872.417	-7.355.157	-6.845.053
Employee benefit expenses	20	-28.687.785	-27.382.161	-9.441.192	-8.565.837
Charges for depreciation & amortization	12-14	-39.970.906	-39.433.337	-13.520.376	-13.348.301
Impairment of book value in the result for the period	15	0	-851.589	250.000	-131.589
Other expenses, by nature	22	-54.760.486	-52.858.899	-18.174.453	-17.575.459
Other gains	5	443.305	1.932.084	47.467	1.705.150
Financial income	5	6.586.401	5.509.684	1.868.587	1.378.108
Financial costs	5	-16.656.360	-20.139.425	-5.611.305	-7.485.697
Exchange differences	21	-680	8.171	-1.693	17.530
Results of indexation adjustments		-7.421.188	-12.967.438	874.175	-2.873.351
Earnings before taxes		116.317.146	94.702.096	29.437.382	22.336.087
Charge for income taxes	24	-28.138.058	-17.225.288	-13.110.701	-4.114.107
Earnings from continuing operations		88.179.088	77.476.808	16.326.681	18.221.980
Earnings		88.179.088	77.476.808	16.326.681	18.221.980
Earnings attributable to:					
Owners of the controller		88.523.387	77.336.260	17.735.209	18.183.992
Earnings attributable to non-controller participations	4	-344.299	140.548	-1.408.528	37.988
Earnings		88.179.088	77.476.808	16.326.681	18.221.980
Earnings per share					
Basic earnings per share from continuing operations		14,47	12,64	2,90	2,97
Basic earnings per share	25	14,47	12,64	2,90	2,97

STATEMENT OF COMPREHENSIVE RESULTS		30-09-2012	30-09-2011	01-07-2012	01-07-2011
		ThCh\$	ThCh\$	30-09-2012	30-09-2011
				ThCh\$	ThCh\$
Earnings		88.179.088	77.476.808	16.326.681	18.221.980
Total comprehensive result		88.179.088	77.476.808	16.326.681	18.221.980
Comprehensive result attributable to:					
Owners of the controller		88.523.387	77.336.260	17.735.209	18.183.992
Non-controller participations	4	-344.299	140.548	-1.408.528	37.988
Total comprehensive result		88.179.088	77.476.808	16.326.681	18.221.980

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 September 30, 2012 and 2011
(Thousands of Chilean pesos - ThCh\$)

STATEMENT OF CASH FLOWS, DIRECT	Note	30-09-2012 ThCh\$	30-09-2011 ThCh\$
Proceeds of sales of goods & services		340.494.251	314.779.010
Proceeds of insurance claims & annuities		201.437	2.034.232
Other proceeds from operating activities		1.802.831	1.410.594
Payments to suppliers of goods & services		-88.261.286	-78.975.768
Payments to & on behalf of employees		-31.245.049	-30.087.596
Payments of insurance premiums & other obligations		-367.471	-270.909
Other operating activity payments		-33.083.357	-29.446.818
Interest paid		-11.788.602	-16.337.352
Interest received		2.836.608	2.015.503
Income taxes refunded (paid)		-21.280.994	-22.820.248
Other cash inflows (outflows)		-1.640.688	-3.310.726
Net cash flow from operating activities		157.667.680	138.989.922
Proceeds of sales of property, plant & equipment		259.759	364.097
Purchases of property, plant & equipment		-77.887.104	-82.082.358
Purchases of intangible assets		-240.241	-124.075
Other cash inflows (outflows)		-7.235.936	-2.374.553
Net cash flow used in investment activities		-85.103.522	-84.216.889
Proceeds of long-term loans		78.645.278	24.715.628
Proceeds of short-term loans		3.163.551	3.952.182
Total loan proceeds		81.808.829	28.667.810
Loan repayments		-30.203.598	-6.552.182
Dividends paid		-79.951.343	-71.644.442
Other cash inflows (outflows)		-851.306	-207.545
Net cash flow used in financing activities		-29.197.418	-49.736.359
Net increase in cash and cash equivalents before the effect of changes in the exchange rate		43.366.740	5.036.674
Effects of changes in exchange rates on cash and cash equivalents		0	0
Net increase in cash & cash equivalents		43.366.740	5.036.674
Cash & cash equivalents at start of the period		5.051.499	6.089.962
Cash & cash equivalents at end of the period	8	48.418.239	11.126.636

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

Statements of Changes in Equity
For the periods ended September 30, 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					88.523.387	88.523.387	-344.299	88.179.088
Dividends	3				77.222.260	77.222.260		77.222.260
Reduction for transfers & other changes							-1.904.797	-1.904.797
Total changes in equity		0	0	0	11.301.127	11.301.127	-2.249.096	9.052.031
Closing balance as of 30-09-2012	3,4	155.567.354	164.064.038	-5.965.555	311.723.265	625.389.102	62.724.749	688.113.851

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in the equity	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2011		155.567.354	164.064.038	-5.965.555	293.922.289	607.588.126	66.043.653	673.631.779
Restated initial balance		155.567.354	164.064.038	-5.965.555	293.922.289	607.588.126	66.043.653	673.631.779
Comprehensive result								
Earnings					77.336.260	77.336.260	140.548	77.476.808
Dividends	3				70.722.387	70.722.387		70.722.387
Reduction for transfers & other changes							-940.929	-940.929
Total changes in equity		0	0	0	6.613.873	6.613.873	-800.381	5.813.492
Closing balance as of 30-09-2011	3,4	155.567.354	164.064.038	-5.965.555	300.536.162	614.201.999	65.243.272	679.445.271

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 an anonymous society open by deed on May 31, 1989 in Santiago by the notary public Mister Raúl Undurraga Laso. An extract of the statute was published on the Official Journal of the day Jun, 10 1989, being registered in the Commercial Register as 13,981, Number 7,040 of 1989 of the Conservative Real Estate of Santiago.

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

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

The Society and its subsidiary Essal are registered in the Securities Register of the Superintendency of Securities and Insurance with the Number 346 and 524, respectively. The subsidiaries Aguas Cordilleras S.A. and Aguas Manquehue S.A. are registered in the reporting entities Register of the Superintendency of Securities and Insurance with the Number 170 and 2, respectively. As companies of the sanitation sector, they are regulated by the Superintendency of Sanitary Services in accordance with the Law 18.902 of 1989 and the Decrees having the Force of Law 382 and 70, both of 1988.

For the purposes of preparing the consolidated financial statements, 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 September 30, 2012, the Group has 1,818 employees distributed in 64 CEOs, 538 professionals and 1,216 employees and administratives.



2. BASES OF PREPARATION AND ACCOUNTING POLICIES

2.1 Preparation

These consolidated financial statements relate to the statements of financial position as of September 30, 2012 and December 31, 2011, and the comprehensive results of its operations for the nine and three-month periods, changes in equity and cash flows for the nine-month periods ended September 30, 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 Superintendencia de Valores y Seguros (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 interim consolidated financial statements.

New accounting pronouncements

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

The following new standards and interpretations have been adopted in these financial statements:

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 not yet 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 interim consolidated financial statements is the responsibility of the board of the Society, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been fully applied.

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

Estimates like the following have been used in the preparation of the interim 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 Company 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).

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

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

B. Operative segments

The Group adopted IFRS 8, *Operative Segments* with effect from January 1, 2009. IFRS 8 sets the standards for reporting with respect to the operative segments and disclosures relating to products and services. Operative segments are defined as components of an entity for which separate financial information exists which is regularly reviewed by management for taking decisions on the assignment of resources to the subsidiaries and evaluating their performance.

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

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

C. Intangible assets other than goodwill

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



i. Intangible assets acquired separately

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

ii. Method of amortization of intangible assets:

Intangible assets with defined useful life.

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

Computer programs.

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

Intangible assets with indefinite useful lives.

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

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

D. Goodwill

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

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

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

Effective 2010, with the coming into effect of the modifications made to IAS 27 "Consolidated and separate financial statements", any effect arising from a transaction with non-controller (minority) participations, not deriving from a change in control, are booked directly in equity attributed to the owners of the controller. During the nine-month period ended September 30, 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 future economic benefits associated with the elements of fixed assets are going to flow to the Group and the cost of the element can be determined reliably. The value of the component substituted is written off in the books. Other repairs and maintenance are charged to results in the period in which they are incurred.

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

The depreciation method employed by the Society reflects the extent to which economic benefits generated by the asset are used during the period in which they generate economic benefits. The Society therefore uses the



straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (external specialist firms). The residual value and useful life of assets are revised and adjusted if necessary at each closing of the statement of financial position.

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount (Note 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 as follows:

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

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

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



Fixed assets sales policy

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

F. Impairment of tangible and intangible assets except goodwill

The Group revises the book values of its tangible and intangible assets at each closing date of the consolidated statement of financial position to see whether there exists any indication of impairment. Should this exist, the recoverable value is estimated of such assets in order to determine the impairment suffered (if any). When it is not possible to estimate the recoverable value of an asset in particular, the Group estimates the fair value of the cash-generating unit to which this asset belongs.

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

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

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

G. Leases

i. Financial leases

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

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

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

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

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



The Society and its subsidiaries do not currently show financial leases 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 September 30, 2012, the subsidiary Aguas del Maipo S.A. has a shareholding in Sociedad Eléctrica Puntilla S.A. which has been valued at fair value on the acquisition date, as established in IAS 39, paragraph 43. Its later measurement will be at cost as there is no active market, as specified in paragraph 46 c) of that standard.

iii. Financial assets held to maturity

Financial assets held to maturity correspond to non-derivative financial assets with fixed or determinable payments and established maturity dates that the Group has the intention and capacity to hold until maturity.



Financial assets held to maturity are booked at amortized cost using the effective interest-rate method less any impairment of value, and income is booked on the basis of effective return. The Society and its subsidiaries currently have no assets held to maturity.

iv. Loans and accounts receivable

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

Trade debtors and other accounts receivable.

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

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

Policy of impairment of financial assets

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

Estimates are based on the following historic information: recovery statistics which indicate that following the eighth month from billing, the possibility of recovery is marginal, i.e. the probability of recovery of the amount billed is minimal, 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 its subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., a provision of 100% of the agreed balance is made for consumption debts transformed into payment agreements.

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

A 100% provision is made for overdue notes receivable.



v. Financial assets available for sale

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

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 valued annually and are booked at market value, if less.

J. Dividend policy

The dividend policy is to distribute 30% of the earnings for each year as a final dividend, plus 70% as an additional dividend provided financial conditions permit, and subject to approval by the ordinary shareholders meeting.

K. Foreign currency transactions

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

Currency	30-09-2012 Ch\$	31-12-2011 Ch\$
US dollar	473,77	519,20
Euro	609,35	672,97

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. Foreign currency gains and losses resulting from the liquidation of these transactions and the translation at the closing exchange rates for monetary assets and liabilities denominated in foreign currency, are shown in the statement of comprehensive results.



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

L. Financial liabilities

Loans, bonds payable and similar documents are shown initially at their fair value, net of the costs incurred in the transaction. They are later shown at amortized cost, using the effective interest rate, except for transactions for which hedge contracts have been signed, which are valued as described in the following section.

M. Derivative financial instruments and accounting of hedges

The employment of derivative financial instruments by Aguas Andinas S.A. and subsidiaries is governed by the Group's financial-risk management policies, which establish the guidelines for their use.

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

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

Hedges of fair value. Changes in the market value of derivative financial instruments designated as hedges, as well as the items hedged, are shown as a credit or charge to results in the respective result accounts (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 an equity reserve called "cash flow hedge", while the ineffective part is shown in results. The amount shown in equity is not passed to the results account until the results of the transactions hedged are shown there or until the expiry date of such transactions.

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

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

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

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



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

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

N. Provisions and contingent liabilities

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

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

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

O. Employee benefits

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

Aguas Andinas S.A.

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

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

Severance payments of Aguas Cordillera S.A. and Aguas Manquehue are governed as indicated in the Labor Code, except the amount of the indemnity in any event accumulated to December 31, 2002 and the severance payment of 1 monthly wage without any amount or age limit for workers covered by current collective



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

Essal S.A.

Indemnities to workers forming part of or are incorporated into the current collective agreement at the date of the financial statements are calculated at their actuarial value only in the case of retirement and death. In those cases there is a limit of six months for purposes of the payment. In other cases, the rules of the Labor Code apply, i.e. they have no right to an indemnity except for dismissal and with a limit of 11 months wages.

Actuarial assumptions

The obligation of the Society and subsidiaries for the accrued severance payments of employees until July and December 2002 and the obligation for the additional indemnity estimated to accrue to workers retiring from the Company, is shown at its actuarial value, determined in accordance with the projected credit-unit method, at a discount rate of 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 the business of the company. For the sanitation service companies, the provision of services and all associated charges are made according to actual consumption, and a monthly provision is made for consumption not yet billed, based on the previous billing. For the companies Anam S.A., Ecoriles S.A., Gestión y Servicios S.A. and Aguas del Maipo, invoicing is made on the basis of work performed.



Method for determining the state of termination of services

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

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

R. Earnings per share

Basic earnings per share is calculated as the earnings (loss) attributable to the holders of equity of the controller divided by the average weighted number of common shares in circulation during the period of nine months ended September 30, 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 are different to basic earnings per share.

S. The environment

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

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

T. Consolidated statement of cash flows

The cash flow statement 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 Company and subsidiaries, plus others that cannot otherwise be defined as for investment or financing activities.

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



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

U. Construction contracts

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

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

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

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

V. Capitalized financing costs

Interest-bearing loans policy:

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

Interest-cost capitalization policy:

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

W. Reclassifications

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

Reclassifications in the statement of results by nature	Increase/ (Decrease) ThCh\$
Ordinary activity revenues	-632.974
Charge for depreciation & amortization	632.974

3. EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER

The capital of the Company is divided into 6,118,965,160 nominative shares of no par value and of the one series.

	30-09-2012	31-12-2011
Serie A Shares	5.811.028.171	5.811.014.486
Serie B Shares	307.936.989	307.950.674
Total	6.118.965.160	6.118.965.160

The capital as of September 30, 2012 and December 31, 2011 amounts to ThCh\$155,567,354.

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

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

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

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

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

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

- At the ordinary shareholders meeting held on April 26, 2011 it was agreed to distribute 100% of the earnings for 2010, after deducting the interim dividend paid in November 2010. The amount of dividend No.52 was ThCh\$70,722,387 equivalent to Ch\$11.55778 per share. The payment was made as from May 23, 2011, having entitled to 6,118,965,160 shares.
- In board meeting held October 26, 2010 agreed to distribute the amount of ThCh\$ 34,257,027 on account of earnings for 2011, acting as interim dividends. Because of this, the interim dividend No. 53 of the Company amounted to Ch\$ 5.5985 per share. This payment was made on November 23, 2011, having entitled to 6,118,965,160 shares.



As established in the respective policy, the Society has made no provision for the minimum dividend as of September 30, 2012 and 2011, nor as of December 31, 2011, as the Society had paid more than 30% of the year's earnings as an interim dividend.

Accumulated earnings

The amounts booked for revaluation of land and intangible assets and other adjustments of the first adoption of IFRS are included in accumulated earnings and are subject to restrictions on their distribution as they first have to be booked as realized, through the use or sale, as established in IAS 16 and Circular 456 of June 20, 2008 of the SVS. The balance as of September 30, 2012 and December 31, 2011 amounts to ThCh\$311,723,265 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 September 30, 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, 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 September 30, 2012 and December 31, 2011 is ThCh\$-5,965,555 in each period.

4. NON-CONTROLLER PARTICIPATIONS

The detail by society of the effects caused by the participation of third parties in the equity and results as of September 30, 2012 and 2011 is as follows:

Company	% Participation		Non-controller participations			
	30-09-2012	30-09-2011	30-09-2012		30-09-2011	
	%	%	Equity ThCh\$	Result ThCh\$	Equity ThCh\$	Result ThCh\$
Aguas Cordillera S.A.	0,00997%	0,00997%	19.581	1.048	20.488	1.193
Essal S.A. (1)	46,49350%	46,49350%	62.705.168	-345.347	65.222.784	139.355
Total			62.724.749	-344.299	65.243.272	140.548

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

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	30-09-2012 ThCh\$	30-09-2011 ThCh\$	01-07-2012 30-09-2012 ThCh\$	01-07-2011 30-09-2011 ThCh\$
Other earnings (losses)	443.305	1.932.084	47.467	1.705.150
Insurance claims (1)	39.437	1.529.627	36.778	1.485.831
Gain on sale of non-current assets, not held for sale	413.660	401.608	10.909	214.160
Other losses	-9.792	849	-220	5.159
Financial costs	-16.656.360	-20.139.425	-5.611.305	-7.485.697
Bank loans	-5.015.450	-4.756.879	-1.595.276	-1.706.472
AFR interest expenses	-2.437.420	-2.330.989	-884.109	-770.001
Bond interest expense	-8.232.625	-10.544.258	-2.840.957	-3.222.248
Other interest costs	-279.841	-299.776	-73.375	-142.429
Amortization of loan agreement complementary costs	-691.024	-2.207.523	-217.588	-1.644.547
Financial income	6.586.401	5.509.684	1.868.587	1.378.108
Interest income	5.655.468	4.175.975	1.567.916	1.227.888
Gain on redemption & extinction of debt	930.933	1.333.709	300.671	150.220



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

6. COMBINATIONS OF BUSINESSES

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

The cost of the 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 society including the assignment of fair value as of September 30, 2012 and December 31, 2011 is as follows:

Inversiones Iberaguas Ltda. Consolidated	Iberaguas Consolidated	Fair Value	Iberaguas Consolidated with Fair Value	Iberaguas Consolidated	Fair Value	Iberaguas Consolidated with Fair Value
	30-09-2012 ThCh\$	30-09-2012 ThCh\$	30-09-2012 ThCh\$		31-12-2011 ThCh\$	31-12-2011 ThCh\$
Assets						
Current assets						
Total current assets	13.830.508	0	13.830.508	11.935.892	0	11.935.892
Non-current assets			0			0
Other financial assets, non-current	17.517	0	17.517	17.517	0	17.517
Intangible assets other than goodwill	6.484.012	3.460	6.487.472	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	120.869.818	76.714.225	197.584.043	120.894.415	80.892.710	201.787.125
Total non-current assets	154.088.060	50.000.972	204.089.032	154.146.408	54.179.761	208.326.169
Total assets	167.918.568	50.000.972	217.919.540	166.082.300	54.179.761	220.262.061
Equity & liabilities						
Total current liabilities	8.180.172	0	8.180.172	7.616.140	0	7.616.140
Other financial liabilities, non-current	42.584.184	4.757.249	47.341.433	42.635.207	4.984.990	47.620.197
Non-current liabilities	902.866	0	902.866	917.629	0	917.629
Deferred tax liabilities	11.610.880	14.632.886	26.243.766	10.031.994	13.109.631	23.141.625
Provisions for employee benefits, non-current	128.437	0	128.437	114.689	0	114.689
Total non-current liabilities	55.226.367	19.390.135	74.616.502	53.699.519	18.094.621	71.794.140
Total liabilities	63.406.539	19.390.135	82.796.674	61.315.659	18.094.621	79.410.280
Issued capital	49.090.900	0	49.090.900	49.090.900	0	49.090.900
Accumulated earnings (losses)	2.023.613	-11.147.536	-9.123.923	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	66.390.917	4.076.769	70.467.686	66.958.441	7.005.877	73.964.318
Non-controller participations	38.121.112	26.534.068	64.655.180	37.808.200	29.079.263	66.887.463
Equity	104.512.029	30.610.837	135.122.866	104.766.641	36.085.140	140.851.781
Total equity & liabilities	167.918.568	50.000.972	217.919.540	166.082.300	54.179.761	220.262.061



Essal S.A.	Essal S.A.	Fair Value	Essal S.A. with Fair Value	Essal S.A.	Fair Value	Essal S.A. with Fair Value
	30-09-2012 ThCh\$	30-09-2012 ThCh\$	30-09-2012 ThCh\$	31-12-2011 ThCh\$	31-12-2011 ThCh\$	31-12-2011 ThCh\$
Assets						
Current assets						
Total current assets	13.824.746	0	13.824.746	11.929.000	0	11.929.000
Non-current assets						
Other financial assets, non-current	17.517	0	17.517	17.517	0	17.517
Intangible assets other than goodwill	6.484.012	3.460	6.487.472	6.517.763	3.764	6.521.527
Goodwill	0	0	0	0	0	0
Property, plant & equipment	120.869.818	76.714.225	197.584.043	120.894.415	80.892.710	201.787.125
Total non-current assets	127.371.347	76.717.685	204.089.032	127.429.695	80.896.474	208.326.169
Total assets	141.196.093	76.717.685	217.913.778	139.358.695	80.896.474	220.255.169
Patrimonio y pasivos						
Pasivos corrientes totales	8.171.538	0	8.171.538	8.499.585	0	8.499.585
Other financial liabilities	42.584.184	4.757.249	47.341.433	42.635.207	4.984.990	47.620.197
Other accounts payable	902.866	0	902.866	917.629	0	917.629
Deferred tax liabilities	11.610.880	14.632.886	26.243.766	10.031.994	13.109.631	23.141.625
Provisions for employee benefits, non-current	128.437	0	128.437	114.689	0	114.689
Total non-current liabilities	55.226.367	19.390.135	74.616.502	53.699.519	18.094.621	71.794.140
Total liabilities	63.397.905	19.390.135	82.788.040	62.199.104	18.094.621	80.293.725
Issued capital	45.681.696	0	45.681.696	45.681.696	0	45.681.696
Accumulated earnings (losses)	35.849.891	-19.794.259	16.055.632	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	77.798.188	57.327.550	135.125.738	77.159.591	62.801.853	139.961.444
Non-controller participations	0	0	0	0	0	0
Equity	77.798.188	57.327.550	135.125.738	77.159.591	62.801.853	139.961.444
Total equity & liabilities	141.196.093	76.717.685	217.913.778	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 interim consolidated financial statements of Aguas Andinas S.A. are the following:

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



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 statement of financial position of the subsidiaries as of September 30, 2012

30-09-2012	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	22.647.777	232.400.583	27.115.749	31.536.875	196.395.736
Aguas Manquehue S.A.	1.509.292	55.888.855	4.349.403	10.016.488	43.032.256
Inversiones Iberaguas Ltda.	5.762	66.393.789	8.634	0	66.390.917
Empresa de Servicios Sanitarios de Los Lagos S.A.	13.824.745	127.371.347	8.171.537	55.226.367	77.798.188
Ecoriles S.A.	3.162.342	1.369.594	616.888	0	3.915.048
Gestión y Servicios S.A.	3.674.103	182.237	1.223.060	0	2.633.280
Análisis Ambientales S.A.	620.463	8.788.725	226.323	16.327	9.166.538
Aguas del Maipo S.A.	6.677.058	351.649	2.842.328	64.668	4.121.711

Summarized statement of comprehensive results of the subsidiaries as of September 30, 2012

30-09-2012	Result for the period	Ordinary revenues	Operating expenses (-)	Other expenses (-)/ Other income (+)
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	10.517.972	30.778.449	-18.042.445	-2.218.032
Aguas Manquehue S.A.	1.375.142	5.569.403	-3.095.422	-1.098.839
Inversiones Iberaguas Ltda.	2.409.477	0	-3.535	2.413.012
Empresa de Servicios Sanitarios de Los Lagos S.A.	4.731.517	28.224.556	-18.115.458	-5.377.581
Ecoriles S.A.	1.091.913	7.777.843	-6.492.345	-193.585
Gestión y Servicios S.A.	289.100	5.779.333	-5.425.398	-64.835
Análisis Ambientales S.A.	730.198	3.701.286	-2.839.371	-131.717
Aguas del Maipo S.A.	279.699	651.393	-473.405	101.711



Summarized statement of financial position of the subsidiaries as of December 31, 2011

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

Summarized statement of comprehensive results of the subsidiaries as of September 30, 2011

30-09-2011	Result for the period	Ordinary revenues	Operating expenses (-)	Other expenses (-)/ Other income (+)
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	11.970.655	29.990.922	-17.657.916	-362.351
Aguas Manquehue S.A.	2.220.953	5.396.292	-4.040.410	865.071
Inversiones Iberaguas Ltda.	1.822.266	0	-1.500	1.823.766
Empresa de Servicios Sanitarios de Los Lagos S.A.	3.579.100	25.422.543	-18.056.899	-3.786.544
Ecoriles S.A.	1.085.380	7.137.430	-5.977.169	-74.881
Gestión y Servicios S.A.	-82.315	6.246.755	-6.346.056	16.986
Análisis Ambientales S.A.	798.155	3.288.312	-2.376.178	-113.979

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 significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.
Tax No.	96.809.310-k	89.221.000-4	95.579.800-5
Functional currency	Chilean pesos	Chilean pesos	Chilean pesos
Percentage participation in significant subsidiary	99,99003%	100,00000%	53,50650%
Percentage voting rights in significant subsidiary	99,99003%	100,00000%	53,50650%
Percentage of consolidated figures			
Contribution margin	9,26%	1,80%	7,35%
Property, plant & equipment	7,62%	2,89%	10,69%
Result for the period	10,27%	1,52%	2,86%

8. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Banks	2.300.178	2.518.752
Time deposits (Note 9.7)	46.118.061	2.532.747
Total	48.418.239	5.051.499

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

Detail of some items of the statement of cash flows

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



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, 2L and 2M to these financial statements.

9.3 Classes of financial instruments

Classes of financial instruments	Currency	Note	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Trade debtors			69.014.234	72.220.059
Trade debtors, current			67.201.494	70.201.189
Trade debtors & other accounts receivable, current	CLP	9.5	67.130.673	70.150.105
Trade debtors & other accounts receivable, current	USD	9.5	26.058	47.501
Trade debtors & other accounts receivable, current	EUR	9.5	44.763	3.583
Collection rights, non-current			1.812.740	2.018.870
Collection rights, non-current	CLP	9.5	1.812.740	2.018.870
Other financial liabilities, current			53.907.392	84.776.754
Bank loans	CLP	9.4	19.156.418	27.418.868
Bonds	CLP	9.4	26.153.188	57.334.977
Reimbursable financial contributions (AFR)	CLP	9.4	8.597.786	22.909
Other financial liabilities, non-current	CLP	9.4	639.003.741	540.949.948
Bank loans	CLP	9.4	76.619.852	94.789.758
Bonds	CLP	9.4	457.504.661	350.517.275
Reimbursable financial contributions (AFR)	CLP	9.4	104.879.228	95.642.915
Trade payables			51.048.485	65.920.982
Trade creditors & other accounts payable, current			49.493.202	64.350.380
Trade creditors & other accounts payable, current	CLP	9.8	48.386.845	63.827.726
Trade creditors & other accounts payable, current	USD	9.8	435.578	352.342
Trade creditors & other accounts payable, current	EUR	9.8	670.779	170.312
Other accounts payable, non-current			1.555.283	1.570.602
Other accounts payable, non-current	CLP	9.8	1.555.283	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, as 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 September 30, 2012 and December 31, 2011 is as follows:

Bank loan balances, current.

Debtor	Tax No. Debtor	Country debtor	Bank or financial institution	Tax No. Creditor	Country creditor	Residual	Total book value ThCh\$			Total nominal value ThCh\$		Nominal rate	Effective rate	Repayment
						30-09-2012 ThCh\$	30-09-2012		31-12-2011 ThCh\$	30-09-2012	31-12-2011			
							Up to 90 days	91 to 365 days						
Aguas Andinas S.A.	61.808.000-5	CL	Banco BBVA	97.032.000-8	CL	1.150.673	106.452	2.294.806	393.888	2.407.802	400.611	6,56%	6,48%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	373.065	145.895	742.716	337.237	892.025	340.608	6,57%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco Corpbanca	97.023.000-9	CL	2.800.000	70.620	11.990.903	3.116.125	12.070.620	3.127.277	6,41%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco Santander	97.036.000-K	CL	0	53.490	0	212.162	57.349	215.822	6,56%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	1.575.000	615.937	3.135.599	1.423.762	3.765.937	1.437.975	6,57%	6,60%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco BBVA	97.032.000-8	CL	0	0	0	8.011.439	0	8.011.439	0,00%	0,00%	At maturity
Aguas Andinas S.A.	61.808.000-5	CL	Banco Corpbanca	97.023.000-9	CL	0	0	0	5.009.000	0	5.009.000	0,00%	0,00%	At maturity
Aguas Andinas S.A.	61.808.000-5	CL	Banco BBVA	97.032.000-8	CL	0	0	0	676.699	0	676.699	0,00%	0,00%	At maturity
Aguas Manquehue S.A.	89.221.000-4	CL	Banco Estado	97.030.000-7	CL	0	0	0	8.238.554	0	8.238.554	0,00%	0,00%	Semi-annual
			Total			5.898.738	992.394	18.164.024	27.418.866	19.193.733	27.457.985			

Nominal value = principal+accrued interest

Residual value = total principal outstanding

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



Bank loan balances, non-current.

Debtor	Tax No. Debtor	Country debtor	Bank or financial institution	Tax No. Creditor	Country creditor	Currency or indexation unit	Years to maturity				30-09-2012		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	CL	Banco BBVA	97.032.000-8	CL	CLP	4.774.894	10.610.877	0	28-08-2016	15.385.772	15.401.320	17.682.348	17.702.667	6,56%	6,48%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	CLP	2.129.420	7.772.384	0	17-07-2017	9.901.805	9.912.870	10.645.396	10.659.000	6,57%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco Corpbanca	97.023.000-9	CL	CLP	0	0	0	28-08-2013	0	0	11.993.419	12.000.000	6,41%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco Santander	97.036.000-K	CL	CLP	9.528.957	0	0	28-08-2015	9.528.957	9.537.000	9.526.061	9.537.000	6,56%	6,61%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	CL	Banco de Chile	97.004.000-5	CL	CLP	8.989.961	32.813.358	0	17-07-2017	41.803.319	41.850.000	44.942.534	45.000.000	6,57%	6,60%	Semi-annual
Total							25.423.232	51.196.619	0		76.619.853	76.701.190	94.789.758	94.898.667			

Nominal value = principal+accrued interest

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

The detail of reimbursable financial contributions as of September 30, 2012 and December 31, 2011 is as follows:

Reimbursable financial contributions, current portion

Registration No. or Identification of the Instrument	Currency/i ndexation unit	Residual UF 30-09-2012	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Issuer tax No.	Country	Repayment	Secured (Yes/No)
			30-09-2012	31-12-2011								
			ThCh\$	ThCh\$								
AFR	UF	15.758	355.979	0	2,83%	2,73%	Chile	Aguas Andinas S.A.	61.808.000-5	Chile	At maturity	No
AFR	UF	364.826	8.241.807	22.909	8,10%	7,81%	Chile	Aguas Cordillera S.A.	96.809.310-K	Chile	At maturity	No
Total		380.584	8.597.786	22.909								

Reimbursable financial contributions, non-current portion

Registration No. or Identification of the Instrument	Currency/i ndexation unit	Residual UF 30-09-2012	Book value		Maturity date	Contract real interest rate	Effective rate	Issuer	Issuer tax No.	Repayment	Secured (Yes/No)
			30-09-2012	31-12-2011							
			ThCh\$	ThCh\$							
AFR	UF	3.178.573	71.807.311	59.799.378	26-09-2027	3,73%	3,63%	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	1.047.727	23.669.249	28.474.918	26-09-2027	5,44%	5,27%	Aguas Cordillera S.A.	96.809.310-K	At maturity	No
AFR	UF	222.990	5.037.584	3.672.266	30-07-2027	3,66%	3,54%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	193.222	4.365.084	3.696.353	13-08-2027	3,83%	3,73%	Essal S.A.	96.579.800-5	At maturity	No
Total		4.642.512	104.879.228	95.642.915							

The detail of bonds outstanding as of September 30, 2012 and December 31, 2011 is as follows:



Bonds, current portion

Type of document	Amount outstanding UF	Book value ThCh\$			Final maturity	Nominal annual interest rate	Effective annual interest rate	Payments of		Issuer	Tax No.- issuer
		30-09-2012		31-12-2011 ThCh\$				Interest	Principal		
		Up to 90 days	91 to 365 days								
BAGUA-E	0	0	0	36.840.674	01-06-2012	4,00%	4,45%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-F	263.158	3.991.680	2.811.343	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	0	630.459	208.796	01-04-2014	3,00%	3,39%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-I	320.000	3.987.247	3.567.583	7.139.137	01-12-2015	3,70%	4,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-J	0	0	265.705	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	2.091.373	1.792.168	3.692.853	01-10-2016	2,90%	3,08%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-M	0	0	832.382	415.083	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-N	0	0	395.774	165.061	01-10-2016	3,17%	3,36%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-P	0	0	655.400	326.326	01-10-2033	3,86%	3,81%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-Q	0	0	502.928	0	01-06-2032	4,00%	3,94%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-R	0	0	307.253	0	01-04-2019	3,30%	3,63%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-S	0	0	997.053	0	01-04-2035	3,90%	3,93%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BESAL-B	115.789	2.132.766	1.192.074	2.672.245	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Totales	858.947	12.203.066	13.950.122	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
		30-09-2012			31-12-2011							
		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	Aguas Andinas S.A.	61.808.000-5
BAGUA-F	3.552.631	11.546.288	11.546.288	54.844.828	79.575.198	01-12-2026	4,15%	4,70%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-G	2.500.000	56.369.740	0	0	55.469.493	01-04-2014	3,00%	3,39%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-I	1.200.000	18.889.838	8.095.645	0	30.127.460	01-12-2015	3,70%	4,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-J	1.000.000	0	0	22.399.984	22.078.317	01-12-2018	4,00%	4,19%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-K	760.000	7.206.328	9.908.700	0	18.650.577	01-10-2016	2,90%	3,08%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-M	1.750.000	0	0	39.812.557	39.304.181	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-N	1.250.000	0	28.110.806	0	27.711.404	01-10-2016	3,17%	3,36%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-P	1.500.000	0	0	34.116.620	33.676.802	01-10-2033	3,86%	3,81%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-Q	1.650.000	0	0	37.576.152	0	01-06-2032	4,00%	3,94%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-R	1.000.000	2.483.870	9.935.481	9.935.481	0	01-04-2019	3,30%	3,63%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-S	2.300.000	0	0	51.749.706	0	01-04-2035	3,90%	3,93%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BESAL-B	1.736.842	5.231.610	5.231.610	32.513.129	43.923.843	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Total	20.199.473	101.727.674	72.828.530	282.948.457	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 to protect the value of the economic flows of the Group's assets and liabilities.

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



i. Credit risk

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

Aguas Andinas S.A. and its sanitation subsidiaries have a well-spread market which implies that the risk of a customer credit in particular is not significant.

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

Credit risk	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Gross exposure per balance sheet for risks of accounts receivable	101.029.794	102.803.132
Gross exposure per estimates of risks of accounts receivable	-32.015.560	-30.583.073
Net exposure, risk concentration	69.014.234	72.220.059

Movement of credit risk, accounts receivable	ThCh\$
Initial balance at 01-01-2012	30.583.073
Increase in existing provisions	2.814.544
Decreases	-1.382.057
Changes, total	1.432.487
Closing balance at 30-09-2012	32.015.560

Trade debtors & other accounts receivable	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Less than 3 months	52.372.121	57.755.633
3 to 6 months	2.365.268	2.684.595
6 to 12 months	3.309.770	2.514.225
More than 12 months	10.967.075	9.265.606
Total	69.014.234	72.220.059

The criteria used to establish the age of the debt, have been determined in accordance as established in IFRS 7 *Financial Instruments*, paragraph 37 of the indicated standard.



ii. Liquidity risk

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

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

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

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

Maturity structure (non-discounted flows)

Maturity structure	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%	24.263.789	6,46%	34.853.897	6,56%	56.534.649	6,57%	0	0,00%
Bonds	20.259.927	4,30%	20.067.929	4,30%	140.175.901	3,57%	104.803.358	3,76%	433.597.989	4,42%
AFR	0	0,00%	8.918.324	7,88%	11.030.996	6,28%	25.922.287	4,54%	107.140.145	3,70%
Total	20.259.927		53.250.042		186.060.795		187.260.294		540.738.134	

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	13,92%
Bonds	Fixed	69,61%
AFR	Fixed	16,47%
Total		100,00%



Interest rate sensitivity analysis

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

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

Company	Amount due (principal) ThCh\$	Variable rate	Pts (+/-)	Impact on result ThCh\$ (+/-)
Aguas Andinas S.A.	94.898.667	TAB 180 días	137	1.304.364

For loans based on 180-day TAB, the positive or negative change in nominal TAB of 137 basis points, calculated annually, would have an impact on results of +/- ThCh\$ 1,304,364.

9.6 Cash equivalents.

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

Company	Instrument	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Aguas Andinas S.A.	Time deposit	23.492.723	0
Aguas Cordillera S.A.	Time deposit	15.903.171	0
Análisis Ambientales S.A.	Time deposit	1.593.214	0
Eco-Riles S.A.	Time deposit	1.061.551	0
Essal S.A.	Time deposit	4.067.402	2.532.747
Total		46.118.061	2.532.747

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

9.7 Trade creditors and other accounts payable



The principal concepts are the following:

Trade creditors & other accounts payable, current	Currency or indexation unit	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Dividends	CLP	32.759	857.049
Taxes (VAT, prepayments, sole tax, others)	CLP	9.176.092	11.757.412
Suppliers for investments in progress	CLP	6.157.154	14.767.252
Personnel	CLP	2.079.182	2.372.162
Suppliers	CLP	13.512.820	20.470.765
Suppliers	USD	326.755	243.519
Suppliers	EUR	670.779	170.312
Accrued services	CLP	16.660.019	12.965.555
Accrued services	USD	91.243	91.243
Others	CLP	768.819	637.531
Others	USD	17.580	17.580
Total		49.493.202	64.350.380

9.8 Fair value of financial instruments

Fair value of financial instruments booked at amortized cost.

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



	30-09-2012	
	Amortized cost ThCh\$	Fair value ThCh\$
Cash & cash equivalents		
Investments held at amortized cost		
Time deposits	46.118.061	46.118.061
Other financial liabilities	692.911.132	709.243.467
Financial liabilities held at amortized cost	692.911.132	709.243.467
Bank debt	95.776.269	99.883.171
Bonds	483.657.849	495.883.283
AFR	113.477.014	113.477.013

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.

9.9 Other financial assets, non-current

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of ThCh\$7,349,718.- (see Note 2.2, h, ii), over which the Company has no control or significant influence. The balance of ThCh\$17,518 relates to other financial investments.

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	30-09-2012 ThCh\$	31-12-2011 ThCh\$
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Reimbursement	CLP	30 days	Unsecured	0	179
96.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Development & implementation geographic information system	CLP	30 days	Unsecured	43	213
76.080.553-K	Aqualogy 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	7.999	3.805
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Reimbursement personnel expenses	CLP	30 days	Unsecured	0	25
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Chemical & bacteriological analysis services	CLP	30 days	Unsecured	581	387
Total accounts receivable								8.623	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	30-09-2012 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
59.127.140-K	Aqua Ambiente Servicios Integrales S.A.	Related to controller	CL	Technical assistance Renato Poblete park design & construction	CLP	30 days	Unsecured	0	23.394
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to controller	CL	Purchase of materials	CLP	30 days	Performance bond. Amount ThCh\$279,298	1.221.622	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	2.800.131	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	Performance bond for UF194,249.62	2.494.850	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 UF112.24	0	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 UF357,863	24.345.090	36.290.795
None	Aqualogy Facility Management S.A.	Related to controller	CL	Expense reimbursements	CLP	30 days	Unsecured	294	0
None	Sorea	Related to controller	CL	Expense reimbursements	CLP	30 days	Unsecured	0	820
Total accounts payable								30.908.034	42.332.651

Transactions

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction	Currency	30-09-2012 ThCh\$		30-09-2011 ThCh\$		01-07-2012 30-09-2012 ThCh\$		01-07-2011 30-09-2011 ThCh\$	
						Amount	Effect on results (Charge)/Credit	Amount	Effect on results (Charge)/Credit	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	1.154.842	-203.023	1.850.151	-251.936	206.670	-29.105	597.028	-84.766
76.080.553-K	Aqualogy Solutions Chile Ltda.	Other related parties	CL	Purchase of materials	CLP	3.139.780	-2.049.996	2.996.893	-1.425.036	1.107.283	-17.499	1.089.475	-477.098
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Other related parties	CL	Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage treatment plant	CLP	31.794.973	-5.031.812	40.853.404	-5.084.311	3.835.558	-1.212.525	8.432.764	-2.050.996
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	Operation & maintenance services La Farfana sewage treatment plant	CLP	8.844.545	-7.506.400	9.438.807	-8.306.132	2.055.695	-1.826.729	3.219.801	-2.834.237
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Other related parties	CL	Operation & maintenance services biogas purification plant	CLP	136.260	-136.260	-119.494	-119.494	62.481	-62.481	38.499	-38.499
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Other related parties	CL	Dividends paid	CLP	38.690.156	0	34.202.701	0	0	0	0	0

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

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



	30-09-2012	30-09-2011	01-07-2012 30-09-2012	01-07-2011 30-09-2011
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Directors	284.847	238.630	95.814	82.395
Directors' committee	20.065	27.260	6.096	6.678
Total	304.912	265.890	101.910	89.073

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

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

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

11. INVENTORIES

Class of inventories	30-09-2012	31-12-2011
	ThCh\$	ThCh\$
Merchandise	3.808.903	2.403.677
Supplies for production	586.655	538.067
Others	23.978	63.737
Total inventories	4.419.536	3.005.481

The cost of the inventories shown as an expense in the statement of results as of September 30, 2012 and 2011 periods amounts to Ch\$6,386,635 and ThCh\$5,955,627 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:



	30-09-2012	31-12-2011
	ThCh\$	ThCh\$
Intangible assets, net	224.010.817	223.106.257
Tangible assets with finite lives, net	13.862.950	13.205.680
Tangible assets with indefinite lives, net	210.147.867	209.900.577
Intangible assets, net	224.010.817	223.106.257
Patents, trademarks & other rights, net	5.752.163	5.892.614
Computer programs, net	8.110.787	7.313.066
Other intangible assets, net	210.147.867	209.900.577
Intangible assets, gross	250.841.694	247.579.584
Intangible assets, gross	250.841.694	247.579.584
Other intangible assets, gross	250.841.694	247.579.584
Intangible assets, gross	219.810.438	219.563.148
Patents, trademarks & other rights, gross	7.654.068	7.654.107
Computer programs, gross	23.377.188	20.362.329

Classes of accumulated amortization & impairment, intangible assets	30-09-2012	31-12-2011
	ThCh\$	ThCh\$
Accumulated amortization & impairment, intangible assets, total	26.830.877	24.473.327
Accumulated amortization & impairment, registered trademarks & other rights	1.901.905	1.761.493
Accumulated amortization & impairment, computer programs	15.266.401	13.049.263
Accumulated amortization & impairment, other intangible assets	9.662.571	9.662.571

Movement of intangible assets

Current period 30-09-2012

Concept	Patents, trademarks & other rights, net	Computer programs, net	Other intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2012	5.892.614	7.313.066	209.900.577
Additions	1.055	2.943.641	253.239
Disappropriations	-1.094	0	-5.949
Amortization	-140.412	-2.145.920	0
Changes, total	-140.451	797.721	247.290
Closing balance as of 30-09-2012	5.752.163	8.110.787	210.147.867



Previous period 31-12-2011

Concept	Patents, trademarks & other rights, net	Computer programs, net	Other intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Initial balance as of 01-01-2011	6.079.377	2.884.406	209.549.226
Additions	452	6.021.437	352.096
Disappropriations	0	0	-745
Amortization	-187.215	-1.592.777	0
Changes, total	-186.763	4.428.660	351.351
Closing balance as of 31-12-2011	5.892.614	7.313.066	209.900.577

Detail of significant individual identifiable intangible assets:

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

Company	Water rights ThCh\$	Easements ThCh\$
Aguas Andinas S.A.	74.063.713	7.452.090
Aguas Cordillera S.A.	92.506.463	7.865.328
Aguas Manquehue S.A.	21.207.395	900.294
Essal S.A.	5.142.490	1.010.094
Total	192.920.061	17.227.806

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 acquiring intangible assets:

Commitments for acquisition of intangible assets for October-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.	2.076.995
Aguas Cordillera S.A.	15.353
Aguas Manquehue S.A.	125.386
Essal S.A.	56.032
Análisis Ambientales S.A.	23.354
Total	2.297.120

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 in the period 2012 and 2011.

Tax No.	Company	30-09-2012 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

	30-09-2012	31-12-2011
	ThCh\$	ThCh\$
Property, plant equipment, net	1.130.954.822	1.117.686.163
Construction in progress	161.870.902	169.583.994
Land	151.976.310	151.262.638
Buildings	70.038.302	69.943.651
Plant & equipment	194.036.471	193.175.614
Computer equipment	2.037.869	1.966.760
Fixed installations & accessories	547.983.680	528.763.450
Motor vehicles	1.099.076	1.234.200
Improvements to leased assets	34.101	36.951
Other property, plant & equipment	1.878.111	1.718.905
Property, plant equipment, gross	2.050.811.653	2.000.580.488
Construction in progress	161.870.902	169.583.994
Land	151.976.310	151.262.638
Buildings	91.215.776	89.806.468
Plant & equipment	374.967.751	361.204.538
Computer equipment	10.278.945	9.498.364
Fixed installations & accessories	1.251.246.481	1.210.118.981
Motor vehicles	4.817.427	4.713.955
Improvements to leased assets	462.690	442.267
Other property, plant & equipment	3.975.371	3.949.283
Accumulated depreciation	919.856.831	882.894.325
Buildings	21.177.474	19.862.817
Plant & equipment	180.931.280	168.028.924
Computer equipment	8.241.076	7.531.604
Fixed installations & accessories	703.262.801	681.355.531
Motor vehicles	3.718.351	3.479.755
Improvements to leased assets	428.589	405.316
Other property, plant & equipment	2.097.260	2.230.378



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

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



Movement of property, plant and equipment to September 30, 2012

Concepto	Initial balance ThCh\$	Additions ThCh\$	Disposals ThCh\$	Depreciation ThCh\$	Total changes ThCh\$	Final balance ThCh\$
Construction in progress, net	169.583.994	-7.433.967	-279.125	0	-7.713.092	161.870.902
Land	151.262.638	725.816	-12.144	0	713.672	151.976.310
Buildings, net	69.943.651	1.421.411	-3.523	-1.323.237	94.651	70.038.302
Plant & equipment, net	193.175.614	13.775.181	-662	-12.913.662	860.857	194.036.471
Computer equipment, bet	1.966.760	760.837	0	-689.728	71.109	2.037.869
Fixed installations & accessories, net	528.763.450	42.971.567	-1.334.792	-22.416.545	19.220.230	547.983.680
Motor vehicles, net	1.234.200	250.995	-75.864	-310.255	-135.124	1.099.076
Improvements to leased assets, net	36.951	20.423	0	-23.273	-2.850	34.101
Other property, plant & equipment, net	1.718.905	167.080	0	-7.874	159.206	1.878.111
Classes of property, plant & equipment, net	1.117.686.163	52.659.343	-1.706.110	-37.684.574	13.268.659	1.130.954.822



Movement of property, plant and equipment to December 31, 2011

Concepto	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 company of amounts of future commitments for acquisitions of property, plant and equipment during the last quarter of 2012, is as follows:

Company	ThCh\$
Aguas Andinas S.A.	22.331.591
Aguas Cordillera S.A.	2.022.894
Aguas Manquehue S.A.	3.624.042
Essal S.A.	1.573.031
Ecoriles S.A.	46.561
Gestión y Servicios S.A.	217.836
Análisis Ambientales S.A.	1.136.637
Total	30.952.592

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

Company	30-09-2012 ThCh\$
Aguas Andinas S.A.	107.932
Aguas Cordillera S.A.	166.662
Total	274.594

15. IMPAIRMENT OF VALUE OF ASSETS

Asset impairment by cash generating unit:

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

The Society and subsidiaries make annual impairment tests of their intangible assets of indefinite useful



life, property, plant and equipment and goodwill.

The respective tests for impairment were made as 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.

No impairment of assets has been booked as of September 30, 2012. As of September 30, 2011 an impairment was booked in the subsidiary Aguas Manquehue S.A. for ThCh\$851,589 as a result of the termination of the operation of two sewage treatment plants and a pumping plant due to the full operation of the new North Sewer, whereby the sewage is treated at the La Farfana sewage treatment plant.

16. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

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

Classes of provisions	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Provision for legal claims	1.448.492	1.482.989
Other provisions, current	1.448.492	1.482.989
Other provisions, non-current	1.081.301	1.066.784
Provisions, non-current	1.081.301	1.066.784

The movement in current provisions in the period was:



Other provisions, current	Legal claims ThCh\$	Total ThCh\$
Initial balance provisions	1.482.989	1.482.989
Changes in provisions		
Increase in existing provisions	120.253	120.253
Provision used	-91.075	-91.075
Other decreases	-63.675	-63.675
Changes in provisions, total	-34.497	-34.497
Closing balance	1.448.492	1.448.492

The provisions comprising this heading are described as follows:

1.- Legal claims

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

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

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

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

Uncertainties about the timing and amount of a class of provision: It is believed that the 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\$ 252,988.

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:** The SISS began proceedings to sanction Aguas Andinas S.A. with respect to overflows of waste waters due to an obstruction of the trunk sewer in the districts of El Bosque and San Bernardo.

Timetable foreseen for release of class of provision: Undetermined.

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

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

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

Uncertainties about the timing and amount of a class of provision: 10% of the fine was paid into court to start the claim. The parties are called to hear sentence. There are moderate probabilities that the demand will be accepted.

- e) **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.

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

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

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

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

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

Uncertainties about the timing and amount of a class of provision: The claim could not be brought before the courts; currently in the discussion stage.

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



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

Uncertainties about the timing and amount of a class of provision: Sentence given accepting the demand and ordering Aguas Andinas to pay the sum of ThCh\$296.866.- plus costs. An appeal has been made.

2.- Other provisions, non-current

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

B.- Contingent liabilities

- 1.- Aguas Andinas S.A. was demanded for damages and extra-contractual liability due to bad odors coming from the Western Santiago and later La Farfana sewage treatment plants, affecting the physical and mental health of the residents. The demands amount to a total of UF 1,153,222 which includes different cases accumulated in the 5th Civil Court of Santiago. The Company has presented several defenses against the civil demands for damages, expecting to obtain positive results in all cases.
- 2.- There is a suit for damages against Aguas Andinas S.A. with respect to bad odors from the El Trebal sewage treatment plant. The lawyer Bertolone, representing 314 residents of the district of El Trebal, adjoining the sewage plant of that name, 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 discussion stage has now expired and the court is awaited to summons a conciliation audience.
- 3.- The Treasury has made demand on Aguas Andinas S.A. and Aguas Cordillera S.A., seeking the return of sums paid during 2004 with respect to the transfer of sanitation infrastructure in the Costanera Norte section. This demand amounts to ThCh\$ 2,705,451 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.
- 4.- 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. Sentence was given in the first instance rejecting the demand in all its parts. It is too early to estimate the result of the case.



- 5.- In 2009 Condominio Polo Manquehue sued Aguas Manquehue S.A. for damages caused to its property due to works carried out. Amount ThCh\$150,000 plus interest, indexation and costs. Currently in the discussion stage, so it is premature to estimate the result.
- 6.- In 2007 the estate of Leon Woppke demanded the Chilean Treasury (Aguas Manquehue S.A.) for determination of the amount of expropriation of a land. The plaintiff claimed the amount of provisional compensation. The amount consigned in the court was ThCh\$173,408 and the amount claimed by the plaintiff is ThCh\$910,392 plus interest, indexation and costs. Sentence was given partially accepting the claim and requiring the Company to pay UF 1.5 UF per square meter expropriated. Sentence has been notified and a possible agreement between the parties is being studied.

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

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\$36,005,303 and ThCh\$36,762,989 as of September 30, 2012 and December 31, 2011 respectively.

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



Creditor	Debtor	Type of guarantee	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Asociación Canal Sociedad Maipo	Aguas Andinas S.A.	Performance bond	6.292.339	6.940.407
Chilectra S.A.	Aguas Andinas S.A.	Performance bond	31.840	31.692
Constructora San Francisco	Aguas Andinas S.A.	Performance bond	122.895	119.139
Constructora Santa Rosa	Aguas Andinas S.A.	Performance bond	22.953	29.116
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance bond	18.525	49.069
Dirección de Obras Hidraulica	Aguas Andinas S.A.	Performance bond	185.331	85.638
Dirección Regional de Obras Hidraulica	Aguas Andinas S.A.	Performance bond	30.600	30.600
Director de Vialidad	Aguas Andinas S.A.	Performance bond	1.231.212	1.215.024
Gobierno Regional Metropolitano	Aguas Andinas S.A.	Performance bond	110.005	4.780
Ministerio de Obras Publicas	Aguas Andinas S.A.	Performance bond	797.216	786.734
Municipalidad de Lo Barnechea	Aguas Andinas S.A.	Performance bond	11.296	22.294
Municipalidad de Peñalolen	Aguas Andinas S.A.	Performance bond	36.684	72.403
Municipalidad de Pirque	Aguas Andinas S.A.	Performance bond	0	32.345
Municipalidad de Providencia	Aguas Andinas S.A.	Performance bond	46.334	45.725
Municipalidad de Santiago	Aguas Andinas S.A.	Performance bond	21.010	20.733
S.I.S.S.	Aguas Andinas S.A.	Performance bond	12.912.886	13.665.728
Secretaría Ministerial de Obra	Aguas Andinas S.A.	Performance bond	13.339	13.339
Serectaría Regional Ministerial	Aguas Andinas S.A.	Performance bond	34.098	38.520
Serviu Metropolitano	Aguas Andinas S.A.	Performance bond	2.700.455	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	625.185	1.411.301
Ministerio de Obras Publicas	Aguas Cordillera S.A.	Performance bond	336.200	331.780
Serviu Metropolitano	Aguas Cordillera S.A.	Performance bond	212.968	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	45.182	44.588
Asociación Canal de Maipo	Aguas Cordillera S.A.	Performance bond	780.059	769.803
S.I.S.S.	Aguas Manquehue S.A.	Performance bond	1.367.278	682.978
Asociación Canal de Maipo	Aguas Manquehue S.A.	Performance bond	877.501	0
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance bond	16.943	16.721
Subsecretaria de Agricultura	Gestión y Servicios S.A.	Performance bond	0	1.062.731
Serviu	Gestión y Servicios S.A.	Performance bond	3.202.309	837.158
Siderúrgica Huachipato	Anam S.A.	Performance bond	45.182	0
Dirección general del Territorio	Anam S.A.	Performance bond	10.000	0
Director de Obras Hidraulicas	Essal S.A.	Performance bond	518.980	287.985
Serviu	Essal S.A.	Performance bond	257.306	238.964
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance bond	44.399	14.372
Director de Vialidad	Essal S.A.	Performance bond	507.857	481.880
E.F.E.	Essal S.A.	Performance bond	22.576	11.147
S.I.S.S.	Essal S.A.	Insurance policy	2.029.983	1.966.070
Total			35.535.926	32.652.389

b) Bond issue covenants

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



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 Company'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). As of September 30, 2012, the debt level is 1.22:1.

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

The Society is in compliance with all the covenants established in the bond indentures as of September 30, 2012.

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

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



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

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

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

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

5.- Maintain a debt ratio no higher than 1.29, 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 (debt ratio = total liabilities/total equity). As of September 30, 2012, the debt level is 0.82:1.

6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5. As of September 30, 2012, the ratio is 7.28:1.

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

The Society is in compliance with all the covenants established in the bond indentures as of September 30, 2012.

c) Bank loan covenants

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

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



2.- Prohibition on the disposal or loss of title to essential assets, except for contributions or transfers of essential assets to subsidiary societies.

3.- Send to the different banks with which the 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 Company's management, should be reflected in its financial statements.

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

6.- Send a certificate signed by the society's chief executive officer declaring compliance with the obligations under the loan agreement.

7.- Prohibition on distribution of dividends, except for the obligatory minimum, if there is a situation of default or delay in the payment of any loan installment.

8.- Maintain a financial expense coverage ratio of at least 3:1, measured on the figures in its consolidated and unconsolidated statements of financial position, defined as the ratio between operating income plus depreciation for the period and amortization of intangible assets divided by financial expenses.

9.- Prohibition on liquidating or dissolving the society, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present subsidiaries.

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

The Society is in compliance with all the covenants set out in bank loan agreements as of September 30, 2012.

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



d.- Guarantees received from third parties.

As of September 30, 2012 and December 31, 2011, the Company has received documents in guarantee for ThCh\$36,586,781 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 September 30, 2012 is summarized below:

Contractor or supplier	ThCh\$	Expiry date
INMOBILIARIA V Y R LTDA.	158.137	13-03-2014
CHILECTRA S.A.	225.911	01-08-2013
COSTANERA CENTER S.A.	225.911	31-03-2013
COMSA DE CHILE S.A.	225.911	27-10-2012
BAPA S.A.	230.293	10-04-2013
INMOBILIARIA BUIN S.A.	233.555	01-04-2013
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	241.710	15-03-2013
CAPTAGUA INGENIERIA S.A.	258.345	05-09-2013
CAPTAGUA INGENIERIA S.A.	267.700	31-07-2013
AQUALOGY SOLUTIONS CHILE LTDA.	279.298	03-05-2014
SOCIEDAD GENERAL AGUAS DE BARCELONA S.A.	314.746	31-10-2012
SONDA S.A.	314.746	31-10-2012
CONSTRUCTORA PEREZ Y GOMEZ LTDA	328.342	13-09-2013
COMPAÑIA DE PETROLEOS DE CHILE COPEC S.A.	379.865	22-03-2013
INGENIERIA Y CONSTRUCCION M. S. T. S.A.	459.609	15-05-2013
CONSORCIO EDEPE S.A	487.583	23-08-2013
CONSTRUCTORA OAS LTDA.	677.732	14-11-2012
NAVARRETE Y DIAZ CUMSILLE ING CIVILES	689.414	15-05-2013
NICOLAIDES S.A.	851.231	20-09-2013
FONDO DE INVERSION PRIVADO LOS CASTAÑOS	903.642	29-10-2012
CONSTRUCTORA ZURCAL LTDA.	1.129.553	30-10-2013
ACCIONA INFRAESTRUCTURAS S.A. AGENCIA EN CHILE	1.513.702	23-07-2013
EMPRESA DEPURADORA DE AGUAS SERVIDAS MAPOCHO TREBAL LTDA.	3.827.963	01-06-2017
EMPRESA DEPURADORA DE AGUAS SERVIDAS LTDA.	4.388.303	31-12-2012
EMPRESA DEPURADORA DE AGUAS SERVIDAS MAPOCHO TREBAL LTDA.	8.084.501	15-12-2012
Total	26.697.703	

18. ORDINARY REVENUES



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

Classes of ordinary revenues	30-09-2012 ThCh\$	30-09-2011 ThCh\$	01-07-2012 30-09-2012 ThCh\$	01-07-2011 30-09-2011 ThCh\$
Ordinary revenue				
Sale of assets	5.319.032	4.530.974	1.701.530	1.913.936
Provision of services	273.368.534	256.226.449	78.799.799	74.146.650
Total	278.687.566	260.757.423	80.501.329	76.060.586

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, lessor	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Total gross investment	89.299	89.299
Minimum amounts receivable under financial leases	66.373	78.096

Minimum amounts receivable under financial leases	Gross ThCh\$	Interest ThCh\$
Up to 1 year	30.633	6.901
Between 1 & 5 years	28.081	3.168
Total	58.714	10.069

Lease installments booked in statement of results, total	20.385	6.487
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Operative leases as lessee:

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



	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Future minimum non-cancellable lease paymentss, up to 1 year, lessees	1.875.581	1.132.672
Future minimum non-cancellable lease paymentss, 1 to 5 years, lessees	4.327.762	3.385.249
Future minimum non-cancellable lease paymentss, lessees, total	6.203.343	4.517.921
Minimum lease payments under operative leases	2.516.654	2.668.023
Lease & sub-lease installments booked in the statement of results, total	2.516.654	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 of purchase options and revision clauses, operative lease contracts:

There are agreed automatic one-year renewal periods.

Operative leases as lessors:

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

Future minimum non-cancellable lease receivables, lessors	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	277.207	235.395
Amount of rentals booked in statement of results	282.679	402.814
Total	559.886	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 1,818, of whom 64 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,345 and those with special indemnity clauses are 36, while 437 workers are covered by the Labor Code.

To December 31, 2011, the Group started its "Proyecta" program to motivate voluntary and assisted retirement that provides a series of economic, health and non-monetary benefits. This is for the benefit of our employees suffering from illnesses that make it difficult for them to perform their duties normally or are close to the legal retirement age.

The current collective agreements relate to the employees and operatives Nos. 1 and 2 unions and No.3 Professionals and Technicians Union, which have a term of four years and were signed on July 31, 2010 and June 22, 2012 respectively.

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

Policies for defined benefits plans

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

The actuarial calculation is applied for workers who have indemnities at present value until 2002 (including indemnities in any event recognized to that date), as well as for advances granted against such indemnities.

For workers who form part of or were incorporated into current collective agreements at the date of the financial statements, the actuarial valuation calculation is applied for severance payments.

Accounting policies for gains and losses on defined benefits plans

The obligation for the indemnity which it is estimated will accrue to workers who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., is booked at its actuarial value, determined using the projected credit-unit method. The positive or negative effect on indemnities deriving from changes in estimates or in rates of turnover, mortality, advanced retirements through dismissal, wage increases, inflation or discount of the workers, are booked directly in results.



Actuarial assumptions

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

Participants in each plan: These benefits are extended to all workers who are part of a union agreement and to workers with individual contracts with an indemnity clause in any event. Workers forming part of the calculation of the actuarial indemnity are as follows, by company: Aguas Andinas S.A.: 931, Aguas Cordillera S.A.: 129, 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 estimate of expected long-term inflation.

Inflation rate: The forecast long-term inflation rate of 3.0% reported by the Central Bank of Chile was used for making long-term estimates for both 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 S.A., adjusted quarterly for changes in the consumer price index, provided the change is positive.

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



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

The following are the movements in actuarial provisions to September 2012 and December 2011, which include movements in provisions:

Provisions for employee benefits	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Movement in actuarial provision		
Initial balance	8.558.121	7.497.847
Cost of the services	444.686	363.394
Interest cost	429.012	479.862
Actuarial (gains) or losses	-653.129	1.381.163
Benefits paid	-1.190.472	-1.586.439
Provision severance payments	909.778	422.294
Sub-total	8.497.996	8.558.121
Profit sharing & bonuses	2.086.188	2.959.154
Total provision for employee benefits, current	2.030.384	3.590.075
Total provision for employee benefits, non-current	8.553.800	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\$2,086,188 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 September 2012 and 2011 are as follows:

Personnel expenses	30-09-2012	30-09-2011	01-07-2012 30-09-2012	01-07-2011 30-09-2011
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Wages & salaries	-18.730.069	-17.557.028	-6.498.373	-5.735.592
Defined benefits	-7.645.281	-6.933.383	-2.472.919	-2.174.072
Severance payments	-1.238.644	-1.604.140	-184.835	-268.552
Other personnel expenses	-1.073.791	-1.287.610	-285.065	-387.621
Total personnel expenses	-28.687.785	-27.382.161	-9.441.192	-8.565.837

21. EFFECT OF EXCHANGE DIFFERENCES

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

	Currency	30-09-2012	30-09-2011	01-07-2012 30-09-2012	01-07-2011 30-09-2011
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade debtors & other accounts receivable	EUR	1.768	1.160	96	-343
Trade debtors & other accounts receivable	US\$	-683	-6.212	926	901
Accounts receivable from related entities	EUR	0	-41	0	-41
Other financial assets	US\$	-329	-15.779	-151	-1.611
Other financial assets	EUR	-677	0	-1.477	0
Total assets		79	-20.872	-606	-1.094
Trade creditors & other accounts payable	EUR	115	-7.157	-4.105	3.708
Trade creditors & other accounts payable	US\$	-546	6.092	3.342	5.487
Accounts payable to related entities	EUR	-328	180	-324	540
Other financial liabilities	US\$	0	14.522	0	8.889
Other non-financial liabilities	US\$	0	15.406	0	0
Total liabilities		-759	29.043	-1.087	18.624
Gain (loss) from exchange differences		-680	8.171	-1.693	17.530

22. OTHER EXPENSES BY NATURE

The detail of these as of September 30, 2012 and 2011 is as follows:



Other expenses by nature	30-09-2012 ThCh\$	30-09-2011 ThCh\$	01-07-2012 30-09-2012 ThCh\$	01-07-2011 30-09-2011 ThCh\$
Treatment plant operation	-18.277.191	-19.824.532	-5.757.203	-6.466.214
Supplies & basic services	-6.839.963	-6.587.999	-2.429.157	-2.230.930
Commercial services	-13.084.894	-12.931.036	-4.116.325	-3.905.706
Equipment maintenance & repairs	-7.092.156	-5.413.424	-2.041.203	-1.873.434
Insurance, licenses & permits	-4.066.381	-3.643.937	-1.551.031	-1.564.468
Other expenses	-5.399.901	-4.457.971	-2.279.534	-1.534.707
Total	-54.760.486	-52.858.899	-18.174.453	-17.575.459

23. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs as of September 30, 2012 and December 31, 2011 is as follows:

Capitalized interest costs:

Capitalized interest, property, plant & equipment		30-09-2012	31-12-2011
Rate of capitalization of capitalized interest costs, property, plant & equipment	%	7,08	7,99
Amount of capitalized interest, property, plant & equipment	ThCh\$	6.543.553	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	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Deferred tax assets	312.216	249.422
Deferred tax liabilities	-38.894.363	-34.186.391
Net deferred tax position	-38.582.147	-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	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Water rights (amortization)	191.059	155.284
Provision doubtful accounts	6.452.584	5.240.881
Provision vacations	284.604	287.264
Litigation	744.575	564.464
Severance payments	1.074.203	935.404
Other provisions	177.296	114.117
Income received in advance	66.641	59.623
Taxation goodwill	13.246.100	11.387.799
Variation monetary correction & asset depreciation	19.645.487	16.360.123
Deferred revenue	1.484.354	1.227.593
La Dehesa dam transaction	236.182	198.115
Others	1.449.900	1.371.160
Deferred tax assets	45.052.985	37.901.827

Deferred tax liabilities

Deferred tax liabilities	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Depreciation fixed assets	17.194.623	14.598.489
Amortization	1.101.910	1.030.584
Investment expense related companies	84.641	71.945
Revaluations property, plant & equipment	15.340.844	14.283.665
Revaluations of intangible assets	35.267.505	28.733.432
Fair value of assets in purchase of Essal S.A.	14.632.886	13.109.631
Others	12.723	11.050
Deferred tax liabilities	83.635.132	71.838.796
Net deferred tax position	38.582.147	33.936.969



	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Movement of deferred tax liabilities		
Deferred tax liabilities, initial balance	71.838.794	74.260.083
Increases (decreases) in deferred tax liabilities	10.273.083	-1.525.716
Acquisitions through combinations of businesses	1.523.255	-895.571
Changes in deferred tax liabilities	11.796.338	-2.421.287
Changes in deferred tax liabilities total	83.635.132	71.838.796

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	30-09-2012 ThCh\$	30-09-2011 ThCh\$	01-07-2012 30-09-2012 ThCh\$	01-07-2011 30-09-2011 ThCh\$
Charge for income tax by current & deferred parts				
Current tax charge	23.291.955	21.086.846	6.649.968	5.108.198
Adjustment previous year tax charge	-3.576	-24.956	5.839	0
Current income tax charge, net	23.288.379	21.061.890	6.655.807	5.108.198
Deferred tax charge (credit) relating to the creation & reversal of timing differences	4.645.178	-3.876.359	6.420.249	-1.000.844
Other deferred tax charge	204.501	39.757	34.645	6.753
Deferred tax charge, net	4.849.679	-3.836.602	6.454.894	-994.091
Charge for income taxes	28.138.058	17.225.288	13.110.701	4.114.107

Law 20,630 was published on September 27, 2012, establishing a permanent change in the corporate income tax from the commercial year 2012, by which this rate is increased from 18.5% to 20%. The corresponding effect on the result related to a higher provision for income tax amounted to ThCh\$1,746,897.



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

	30-09-2012 ThCh\$	30-09-2011 ThCh\$	01-07-2012 30-09-2012 ThCh\$	01-07-2011 30-09-2011 ThCh\$
Tax charge using the statutory rate	-23.263.429	-18.940.419	-7.190.673	-4.467.217
Permanent difference for monetary correction taxation equity	1.164.583	2.235.797	-1.080	288.133
Effect of change in deferred tax rate	-5.687.028	0	-5.687.028	0
Other permanent differences	-352.184	-520.666	-231.920	64.977
Adjustments to tax charge using the statutory rate, Total	-4.874.629	1.715.131	-5.920.028	353.110
Tax charge using the effective rate	-28.138.058	-17.225.288	-13.110.701	-4.114.107

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

Reconciliation of the statutory rate and the effective tax rate

	30-09-2012	30-09-2011
Statutory taxation rate	20,00%	20,00%
Permanent difference for monetary correction taxation equity	-1,00%	-2,36%
Effect of change in deferred tax rate	4,89%	0,00%
Other permanent differences	0,30%	0,55%
Effective tax rate	24,19%	18,19%

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		30-09-2012	30-09-2011	01-07-2012 30-09-2012	01-07-2011 30-09-2011
Earnings attributable to shareholders in equity of the controller	M\$	88.523.387	77.336.260	17.735.209	18.183.992
Results available to common shareholders, basic					
Weighted average number of shares, basic		6.118.965.160	6.118.965.160	6.118.965.160	6.118.965.160
Earnings per share	\$	14,47	12,64	2,90	2,97



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

The non-water segment consists of services related to environmental analysis, liquid waste treatment and 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	30-09-2012		30-09-2011	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Revenues from ordinary activities with external customers	261.713.737	16.973.829	244.549.632	16.207.791
Revenues from ordinary activities between segments	338.360	2.168.606	380.319	2.096.968
Operating expenses	-93.281.579	-14.232.759	-89.420.732	-14.162.169
Depreciation & amortization	-39.731.184	-239.723	-39.128.456	-304.881
Other earnings & expenses	443.305	0	1.931.744	340
Financial income	6.496.600	109.518	5.363.053	206.682
Financial costs	-16.640.594	-35.483	-20.152.718	-46.758
Result of indexation & exchange differences	-7.424.498	3.310	-12.990.977	31.710
Income tax charge	-27.670.577	-467.481	-16.861.440	-363.848
Earnings of segment	84.243.570	4.279.817	73.670.425	3.665.835
Earnings of segment attributable to owners of the controller	83.899.271	4.279.817	73.529.877	3.665.835
Earnings of segment attributable to non-controller participations	-344.299	0	140.548	0

Total assets, liabilities & equity	30-09-2012		31-12-2011	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Current assets	109.413.766	13.441.635	74.528.552	12.193.047
Non-current assets	1.399.612.816	1.903.480	1.395.506.220	3.350.955
Total assets	1.509.026.582	15.345.115	1.470.034.772	15.544.002
Current liabilities	135.184.269	4.610.408	197.924.797	4.039.243
Non-current liabilities	696.398.501	64.668	593.048.156	0
Equity attributable to owners of the controller	614.719.063	10.670.039	614.087.975	11.504.759
Non-controller participations	62.724.749	0	64.973.844	0
Total equity & liabilities	1.509.026.582	15.345.115	1.470.034.772	15.544.002

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

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

Specifically, the adjustments are applied as a function of a formula that includes the consumer price index, the wholesale price index for imported industrial goods and the wholesale price index for national industrial goods, all published by the Chilean National Institute of Statistics. Tariffs are also subject to adjustment to reflect additional services previously authorized by the SISS.

Decree 60/2010 sets the tariffs for Aguas Andinas S.A. for the five-year period 2011 – 2015, Decree 176/2010 sets those for Aguas Cordillera S.A and Decree 170/2010 those for Aguas Manquehue S.A. and the Decree 116 of 31-08-2011 that sets the tariffs for Essal S.A. for the five-year period 2011 – 2016.

Non-water segment

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



Significant expense items

Water segment

The significant expense items are mainly those related to remuneration, electricity, treatment-plant operation, depreciation of assets, interest expenses and 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 of revenues from ordinary activities	30-09-2012 ThCh\$	30-09-2011 ThCh\$
Revenues from ordinary activities of the segments	281.191.863	263.234.710
Elimination of ordinary activity revenues between segments	-2.504.297	-2.477.287
Revenues from ordinary activities	278.687.566	260.757.423

Reconciliation of earnings	30-09-2012 ThCh\$	30-09-2011 ThCh\$
Total consolidation earnings (loss) of segments	88.179.088	77.476.808
Consolidation of elimination of earnings (loss) between segments	344.299	-140.548
Consolidation of earnings (loss)	88.523.387	77.336.260



Reconciliations of assets, liabilities & equity of segments	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Reconciliation of assets		
Consolidation total assets of segments	1.536.465.093	1.485.578.774
Elimination of accounts between segments	-12.093.396	-15.583.098
Total assets	1.524.371.697	1.469.995.676
Reconciliation of liabilities		
Consolidation total liabilities of segments	837.680.811	795.012.195
Elimination of accounts between segments	-1.422.969	-4.078.339
Total liabilities	836.257.842	790.933.856
Reconciliation of equity		
Consolidation total equities of segments	636.059.143	625.592.734
Elimination of accounts between segments	-10.670.041	-11.504.759
Equity attributable to owners of the controller	625.389.102	614.087.975

Principal customers of the subsidiaries:

Principal water segment customers:

Administradora Plaza Vespucio S.A.

Centro de Detención Preventiva Santiago 1

Cervecera CCU Chile Ltda.

Ejército de Chile

Embotelladora Chilenas Unidas S.A.

Gendarmería de Chile

Ilustre Municipalidad de Santiago

Industrial Ochagavía Ltda.

Pontificia Universidad Católica de Chile

Soc. Concesionaria Autopista Central S.A.

Soprole S.A.

Universidad de Chile

Principal non-water segment customers:

CMPC Cordillera S.A.

Watt`s S.A.



Soprole S.A.
Agroindustrial El Paico Ltda.
DSM S.A.
Frigorífico O` Higgins S.A.
Soc. Proc. de leche del sur (Prolesur) S.A.
Industrial Ochagavía Ltda.
Sopraval S.A.
Trendy S.A.
Cía Pesquera Camanchaca S.A.
Codelco
Colun Ltda.
Metrogas S.A.

Types of products water – non-water segments:

Water segment

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

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

This segment comprises Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. 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:

Detailed information on disbursements related to the environment:

Aguas Andinas S.A.

Project	30-09-2012 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	36.471.803	59.994.594
Expansion & improvements other localities STP	2.791	40.883
Expansion & improvements Paine STP	56.668	263.778
Expansion & improvements Pomiare STP	15.930	313.874
Expansion & improvements Talagante STP	21.715	150.611
Farfana - Trebal interceptor	6.477.168	16.920.445
Clean Urban Mapocho interceptor	47.633	137.059
Improvement & renovation equipment & installations	339.775	474.722
Total	43.651.373	78.664.954



Aguas Manquehue S.A.

Project	30-09-2012 ThCh\$	31-12-2011 ThCh\$
North zone sewer	0	63.245
Improvement & renovation equipment & installations	29.476	37.295
Improvement STPs	41.341	3.502
Total	70.817	104.042

Essal S.A.

Project	30-09-2012 ThCh\$	31-12-2011 ThCh\$
Improvement disposal infrastructure	74.664	215.621
EDAR system improvement	253.538	209.613
Renovation treatment & disposal equipment	12.410	48.026
Total	340.612	473.260

Inversión proyectada en medio ambiente para el ejercicio 2012:

Company	ThCh\$
Aguas Andinas S.A.	4.599.660
Essal S.A.	227.888
Total	4.827.548

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 FOLLOWING THE DATE OF THE STATEMENT OF FINANCIAL POSITION

On October 23, 2012, the SVS was informed that the board at the session held on that date, agreed to distribute the sum of ThCh\$35,456,344 against the earnings for 2012, as an interim dividend.

The Company's interim dividend No.55 therefore amounted to Ch\$5.7945 per share and is payable from November 13, 2012.

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.

