



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended September 30, 2013

AGUAS ANDINAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A. AND SUBSIDIARIES

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

**Interim Consolidated Statements of Financial Position
As of September 30, 2013 and December 31, 2012
(Thousands of Chilean pesos - ThCh\$)**

ASSETS	Note	30-09-2013 ThCh\$	31-12-2012 ThCh\$
CURRENT ASSETS			
Cash & cash equivalents	7	30.389.200	35.644.437
Other non-financial assets		458.570	1.768.870
Trade debtors & other accounts receivable	8	78.770.064	78.138.154
Accounts receivable from related entities	9	27.767	8.215
Inventories	10	3.958.260	4.383.030
Tax assets		3.338.029	1.340.037
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		116.941.890	121.282.743
TOTAL CURRENT ASSETS		116.941.890	121.282.743
NON-CURRENT ASSETS			
Other financial assets	8	7.388.813	7.367.236
Other non-financial assets		408.272	408.949
Collection rights	8	2.520.907	3.035.747
Intangible assets other than goodwill	11	226.400.163	225.272.517
Goodwill	12	36.233.012	36.233.012
Property, plant & equipment	13	1.154.266.331	1.152.300.877
Deferred tax assets	23	296.650	324.398
TOTAL NON-CURRENT ASSETS		1.427.514.148	1.424.942.736
TOTAL ASSETS		1.544.456.038	1.546.225.479

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

Interim Consolidated Statements of Financial Position
As of September 30, 2013 and December 31, 2012
(Thousands of Chilean pesos - ThCh\$)

EQUITY & LIABILITIES	Note	30-09-2013	31-12-2012
		ThCh\$	ThCh\$
CURRENT LIABILITIES			
Other financial liabilities	8	101.534.973	56.804.996
Trade creditors & other accounts payable	8	66.356.023	74.682.140
Accounts payable to related entities	9	8.153.296	27.662.460
Other provisions	15	957.078	1.331.679
Tax liabilities		26.562	1.422.685
Provisions for employee benefits	19	2.906.356	2.906.724
Other non-financial liabilities		1.318.892	1.941.637
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		181.253.180	166.752.321
TOTAL CURRENT LIABILITIES		181.253.180	166.752.321
NON-CURRENT LIABILITIES			
Other financial liabilities	8	626.772.077	637.349.551
Other provisions	15	1.107.322	1.094.239
Deferred tax liabilities	23	36.242.860	37.557.315
Other payable accounts	8	1.806.522	1.498.799
Provisions for employee benefits	19	8.277.430	8.677.001
Other non-financial liabilities		8.679.534	9.043.975
TOTAL NON-CURRENT LIABILITIES		682.885.745	695.220.880
TOTAL LIABILITIES		864.138.925	861.973.201
EQUITY			
Issued capital		155.567.354	155.567.354
Accumulated earnings		304.539.635	308.088.569
Accounting issues		164.064.038	164.064.038
Other equity participations		-5.965.550	-5.965.550
Equity attributable to owners of the controller		618.205.477	621.754.411
Non-controller participations	4	62.111.636	62.497.867
TOTAL EQUITY		680.317.113	684.252.278
TOTAL EQUITY & LIABILITIES		1.544.456.038	1.546.225.479

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

Interim Consolidated Statements of Comprehensive Results by Nature
For the periods ended September 30, 2013 and 2012
(Thousands of Chilean pesos - ThCh\$)

STATEMENT OF RESULTS BY NATURE	Note	30-09-2013	30-09-2012	01-07-2013 30-09-2013	01-07-2012 30-09-2012
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Revenues from ordinary activities	17	291.190.378	278.687.566	88.821.650	80.501.329
Raw materials & consumables used		-20.492.305	-21.902.721	-6.634.473	-7.355.157
Employee benefit expenses	19	-29.357.634	-28.687.785	-9.566.241	-9.441.192
Charges for depreciation & amortization	11-13	-48.746.459	-39.970.906	-16.579.012	-13.520.376
Impairment losses booked in results for period	14	0	0	0	250.000
Other expenses, by nature	21	-66.360.500	-54.760.486	-21.060.855	-18.174.453
Other gains	5	1.314.198	443.305	600.318	47.467
Financial income	5	5.743.693	6.586.401	1.396.942	1.868.587
Financial costs	5	-21.899.168	-16.656.360	-7.145.858	-5.611.305
Exchange differences	20	-4.271	-680	-6.527	-1.693
Results of indexation adjustments		-7.068.206	-7.421.190	-6.580.721	874.173
Earnings before taxes		104.319.726	116.317.144	23.245.223	29.437.380
Charge for income taxes	23	-20.903.075	-28.138.058	-4.867.140	-13.110.701
Earnings from continuing operations		83.416.651	88.179.086	18.378.083	16.326.679
Earnings		83.416.651	88.179.086	18.378.083	16.326.679
Earnings attributable to:					
Owners of the controller		81.339.766	88.523.385	17.991.325	17.735.207
Earnings attributable to non-controller participations	4	2.076.885	-344.299	386.758	-1.408.528
Earnings		83.416.651	88.179.086	18.378.083	16.326.679
Earnings per share					
Basic earnings per share from continuing operations		13,29	14,47	2,94	2,90
Basic earnings per share	24	13,29	14,47	2,94	2,90

STATEMENT OF COMPREHENSIVE RESULTS		30-09-2013	30-09-2012	01-07-2013 30-09-2013	01-07-2012 30-09-2012
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Earnings		83.416.651	88.179.086	18.378.083	16.326.679
Total comprehensive result		83.416.651	88.179.086	18.378.083	16.326.679
Comprehensive result attributable to:					
Owners of the controller		81.339.766	88.523.385	17.991.325	17.735.207
Non-controller participations	4	2.076.885	-344.299	386.758	-1.408.528
Total comprehensive result		83.416.651	88.179.086	18.378.083	16.326.679

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

Interim Consolidated Statements of Direct Cash Flows
For the periods ended September 30, 2013 and 2012
(Thousands of Chilean pesos - ThCh\$)

STATEMENT OF CASH FLOWS, DIRECT	Note	30-09-2013	30-09-2012
		ThCh\$	ThCh\$
Proceeds of sales of goods & services		348.195.642	340.494.251
Proceeds of insurance claims & annuities		1.560.826	201.437
Other proceeds from operating activities		1.878.800	1.802.831
Payments to suppliers of goods & services		-92.490.699	-88.261.287
Payments to & on behalf of employees		-31.014.826	-31.245.049
Payments of insurance premiums & other obligations		-475.527	-367.471
Other operating activity payments		-32.709.777	-33.083.357
Interest paid		-18.236.269	-11.788.602
Interest received		2.261.875	2.836.608
Income taxes refunded (paid)		-23.646.990	-21.280.994
Other cash inflows (outflows)		-1.830.600	-1.640.688
Net cash flow from operating activities		153.492.455	157.667.679
Proceeds of sales of property, plant & equipment		24.952	259.759
Purchases of property, plant & equipment		-85.750.478	-77.887.104
Purchases of intangible assets		-86.869	-240.241
Other cash inflows (outflows)		-1.150.568	-7.235.936
Net cash flow used in investment activities		-86.962.963	-85.103.522
Proceeds of long-term loans		50.788.061	128.676.307
Proceeds of short-term loans		0	3.163.551
Amounts from loans		50.788.061	131.839.858
Loan repayments		-33.065.714	-80.234.627
Dividends paid		-89.302.231	-79.951.343
Other cash inflows (outflows)		-204.845	-851.305
Net cash flow used in financing activities		-71.784.729	-29.197.417
Net increase in cash & cash equivalents, before the effects on changes in exchange rate		-5.255.237	43.366.740
Effects on change in exchange rate on cash and cash equivalents		0	0
Net increase in cash & cash equivalents		-5.255.237	43.366.740
Cash & cash equivalents at start of the period		35.644.437	5.051.499
Cash & cash equivalents at end of the period	7	30.389.200	48.418.239

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

Interim Statement of Changes in Equity
For the periods ended September 30, 2013 and 2012
(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 01-01-2013		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					88.523.385	88.523.385	-344.299	88.179.086
Dividends	3				-77.222.260	-77.222.260		-77.222.260
Reductions for transfers & other changes	4					0	-1.904.797	-1.904.797
Total changes in equity		0	0	0	11.301.125	11.301.125	-2.249.096	9.052.029
Closing balance as of 30-09-2013		155.567.354	164.064.038	-5.965.555	311.723.263	625.389.100	62.724.749	688.113.849

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	148.621.915	462.287.752	371.389.373	833.677.125
Restated initial balance		155.567.354	164.064.038	-5.965.555	148.621.915	462.287.752	371.389.373	833.677.125
Comprehensive result								
Earnings				0	88.523.385	88.523.385	-344.299	88.179.086
Dividends	3			0	-37.909.769	-37.909.769	0	-37.909.769
Reductions for transfers & other changes	4			0	0	0	-40.436.894	-40.436.894
Total changes in equity		0	0	0	50.613.616	50.613.616	-40.781.193	9.832.423
Closing balance as of 30-09-2012		155.567.354	164.064.038	-5.965.555	199.235.531	512.901.368	330.608.180	843.509.548

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A.

Notes to Financial Statements



CONTENTS

	Page
1. General information	10
2. Bases of preparation & accounting policies	11
2.1 Preparation	11
2.2 Accounting policies	13
A. Consolidation	13
B. Operative segments	14
C. Intangible assets other than goodwill	14
D. Goodwill	15
E. Property, plant & equipment	16
F. Impairment of tangible & intangible assets except goodwill	17
G. Leases	18
H. Financial assets	19
I. Inventories	22
J. Dividend payment policy	22
K. Foreign currency transactions	22
L. Financial liabilities	23
M. Derivative financial instruments & hedge accounting	23
N. Provisions & contingent liabilities	24
O. Employee benefits	24
P. Income tax & deferred taxes	25
Q. Ordinary revenues.....	26
R. Earnings per share	27
S. The environment	27
T. Consolidated statement of cash flows	28
U. Construction contracts	28
V. Capitalized financial costs	29
3. Equity attributable to owners of the controller	29
4. Non-controller participations	31
5. Other revenues & expenses	31
6. Consolidated & non-consolidated financial statements	32
7. Cash & cash equivalents.....	35
8. Financial instruments	36
9. Related entities	47
10. Inventories	49
11. Intangible assets other than goodwill	50
12. Goodwill	52
13. Property, plant & equipment	54
14. Impairment of assets	56
15. Provisions & contingent liabilities	57
16. Guarantees & restrictions	62
17. Ordinary revenues	67
18. Leases	67
19. Employee benefits	69
20. Effect of exchange differences.....	74
21. Other expenses by nature	74
22. Capitalized financing costs	74
23. Income tax & deferred taxes.....	75
24. Earnings per share	78
25. Business segments	79
26. The environment	85
27. Events occurring after the date of the statement of financial position	88



1. GENERAL INFORMATION

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

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

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

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

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

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

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



2. BASES OF PREPARATION AND ACCOUNTING POLICIES

2.1 Preparation

These interim consolidated financial statements relate to the statements of financial position as of September 30, 2013 and December 31, 2012, and the comprehensive results of its operations, changes in equity and cash flows, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and represent the full, explicit and unreserved adoption of IFRS as established in Circular 1,924 of April 24, 2009, Circular 556 of December 3, 2009 and Circular 658 of February 2, 2011 of the SVS.

The Group complies with all the legal conditions of the environment in which it carries on its business, particularly the sanitation subsidiaries with respect to the sanitation sector regulations. The Group companies operate normally in every area of their activities, projecting a profitable operation and able to access the financial system for financing their businesses which, in the management's opinion, determines its ability to continue as an ongoing company, as established by the accounting standards under which these interim consolidated financial statements are issued.

Functional and presentational currency

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

New accounting pronouncements

a) As of the date of these financial statements, IFRS 10 (Consolidated financial statements), 11 (Joint agreements), 12 (Disclosures of participations in other entities) and 13 (Measurement at fair value) have begun to be applied. These have been analyzed by the management which has determined that these do not affect the presentation of and the disclosures in the financial statements.

The application of IAS 19 revised has caused an impact. IAS 19, Employee benefits, established that actuarial losses and gains be booked to results for the year. However, the new revised version states that the booking of these actuarial results should be part of Other comprehensive results, which determines its definitive exclusion from the results for the year. The standard also establishes the retrospective application of these effects, which causes changes to the classification of certain amounts within the equity.

As in the years 2010, 2011 and 2012, the Society had modified the calculation parameters of the actuarial values of the employee benefits obligations; the corresponding amounts of these modifications has to be determined in order to identify them within Accumulated earnings. The result of this re-calculation was a



balance of ThCh\$360,815 as of December 31, 2012. This amount will be retained in Accumulated earnings, being modified by the variations produced annually in accordance with this standard.

b) The following new standards and interpretations have been issued but are not yet applicable:

New standards	Date of obligatory application
IFRIC 21: Liens	Annual periods starting or after January 1, 2014
IFRS 9, Financial assets, classification & measurement	Annual periods starting or after January 1, 2015

Improvements & Modifications	Date of obligatory application
IFRS 10, 12 & IAS 27 Investment entities	Annual periods starting or after January 1, 2014
IAS 32, Financial instruments presentation	Annual periods starting on January 1, 2014
IAS 36, Asset impairment	Annual periods starting or after January 1, 2014
IAS 39 Financial instruments: booking & measurement	Annual periods starting or after January 1, 2014

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 board, in meeting held March 26, 2013, approved these consolidated financial statements.

The consolidated financial statements of Aguas Andinas S.A. and subsidiaries as of 2012 were approved by the board at its meetings held on March 26, 2013.

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

- Useful lives of fixed assets and intangible assets
- Valuation of assets and goodwill
- Losses through impairment of assets
- Assumptions used in the actuarial calculation of employee severance benefits



- Assumptions used in the calculation of fair value of financial instruments
- Revenues from supplies pending invoicing
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation

Although these estimates and judgments were made as a function of the best information available on the date of issue of these 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 interim consolidated financial statements.

A. Consolidation

The interim consolidated financial statements include the financial statements of the Society and the entities controlled by it (its subsidiaries). Subsidiaries are those entities in which the Group has the power to direct the financial and operating policies, which is generally accompanied by a holding of over half the voting rights. When evaluating whether the Group controls another entity, the existence and effect of the potential voting rights that are currently being exercised or converted are taken into account. The subsidiaries are consolidated from the date on which control passes to the Group, and are excluded from the consolidation when such control ceases. All transactions, balances, losses and gains between Group entities are eliminated in the consolidation.

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

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

Tax No.	Company	Direct %	Indirect %	Total 2013 %	Direct %	Indirect %	Total 2012 %
96.809.310-K	Aguas Cordillera S.A.	99,990300	0,000000	99,990300	99,990300	0,000000	99,990300
89.221.000-4	Aguas Manquehue S.A.	0,000400	99,999600	100,0000	0,000400	99,999600	100,0000
96.967.550-1	Análisis Ambientales S.A.	99,000000	1,000000	100,0000	99,000000	1,000000	100,0000
96.945.219-8	Ecoriles S.A.	99,038500	0,961500	100,0000	99,038500	0,961500	100,0000
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2,506500	51,000000	53,5065	2,506500	51,000000	53,5065
96.828.120-8	Gestión y Servicios S.A.	97,847800	2,152200	100,0000	97,847800	2,152200	100,0000
96.897.320-7	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	82,649996	17,350004	100,0000



B. Operative segments

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

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

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

C. Intangible assets other than goodwill

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

i. Intangible assets acquired separately

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

ii. Method of amortization of intangible assets:

Intangible assets with defined useful life.

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

Computer programs.

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

Intangible assets with undefined useful lives.

Intangible assets with undefined useful lives relate mainly to water rights and easements which were obtained on an indefinite basis, as established in the acquisition contracts and the rights obtained from the Waters Authority of the Ministry of Public Works. These assets are not amortized but a deterioration test is made annually as indicated in IAS 36.

Determination of useful life

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

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

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

D. Goodwill

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

The valuation of assets and liabilities acquired is made provisionally on the date of taking control of the company and then revised within a maximum of one year from the acquisition date. Until the fair value of assets and liabilities is determined definitively, the difference between the acquisition price and the book value of the acquired society 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 periods of nine months ended September 30, 2013, there have been no transactions with non-controller participations.

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

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

E. Property, plant and equipment

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

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

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

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

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

Useful lives

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



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

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

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

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

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 requirements like those mentioned in IFRS, the concept of dismantling costs is not applicable at the date of these financial statements.

Fixed asset sales policy

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

F. Impairment of tangible and intangible assets except goodwill

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



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

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

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

G. Leases

i. Financial leases

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

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

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

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

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

The Society and its subsidiaries do not currently show financial leases acquired at the close of the 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 IFRIC 4.

H. Financial assets

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

Financial assets are classified in the following categories:

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

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

Aguas Andinas S.A. and its subsidiaries invest in low-risk instruments that meet the classification standards established in their investment policies. The mutual funds invested in must therefore have a rating of AAfm / M1 (quotas with very high protection against loss associated with credit risks/quotas with the lowest sensitivity to changes in economic conditions). 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, as indicated in IAS 39.

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

As of September 30, 2013, the Society and its subsidiary Aguas del Maipo S.A. has a shareholding in Sociedad Eléctrica Puntilla S.A. which was 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 at the close of these financial statements.

iv. Loans and accounts receivable

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

Trade debtors and other accounts receivable.

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

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

Policy for impairment of financial assets

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

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

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., Ecoriles S.A. and Aguas del Maipo 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/or gains in foreign currency of monetary items, which are booked directly in results. When a financial asset is sold or it is determined that it is impaired, the accumulated loss or gain booked previously in reserves for assets available for sale is taken to results for the period.

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

I. Inventories

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

J. Dividend policy

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

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

K. Foreign currency transactions

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

Currency	30-09-2013	31-12-2012
	Ch\$	Ch\$
US dollar	504,20	479,96
Euro	682,00	634,45

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. Foreign currency gains and losses resulting from the liquidation of these



transactions and their conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency, are shown in the statement of comprehensive results.

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

L. Financial liabilities

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

M. Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

Effectiveness. A hedge is considered to be highly effective when the changes in fair value or the cash flows of the underlying item directly attributable to the risk hedged are offset by changes in the fair value or cash flows of the hedge instrument, with an effectiveness 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 September 30, 2013 and December 31, 2012.

N. Provisions and contingent liabilities

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

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

Contingent liabilities are those possible obligations arising as a result of past events, whose future materialization and associated equity effect is believed to be of a low probability. In accordance with IFRS, the group makes no provision for these concepts; if there were, they would be detailed in Note 15.

O. Employee benefits

The obligation for 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 determined in accordance with IAS 19, in other comprehensive results, thus directly affecting equity, and then later re-classified as accumulated earnings.

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 the subsidiary Aguas Cordillera S.A. and Aguas Manquehue S.A. are governed as indicated in the Labor Code, except the amount of the indemnity in any event accumulated to December 31, 2002 and the severance payment of 1 monthly wage without any amount or age limit for workers covered by current collective agreements and for those, who through their individual work contract, are extended this benefit. The amount in any event accumulated to that date is adjusted quarterly in line with changes in the consumer price index. The mentioned collective agreement also states that workers who retire from the subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A. continue to accrue this benefit after December 2002.

Essal S.A.

Indemnities to workers forming part of or who are incorporated into the current collective agreement at the date of the financial statements are calculated at their actuarial value only in the case of retirement and death. In those cases there is a limit of six months for purposes of 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 Society, is shown at its actuarial value, determined in accordance with the projected credit-unit method, at a discount rate of 5.7% annually and with mortality rates obtained from the tables RV-2009 of the Superintendency of Securities and Insurance (SVS) and from turnover obtained from internal studies. In addition, there are indemnities agreed in individual work contracts that are booked using the same method.

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

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

P. Income tax and deferred taxes

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

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

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

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

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

Revenue from sales of goods is booked once the risk and benefits are transferred.

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

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

Method for determining 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 periods of nine months ended September 30, 2013.

During the periods 2013 and 2012, the Group has not carried out any 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 useful lives of the different elements.



T. Consolidated statement of cash flows

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

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

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

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

Financing activities. Activities that produce changes in the amount and composition of 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:

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

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, totally subscribed and paid at September 30, 2013, corresponding 94,97% to series A and 5,03% to series B.

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

The composition of each series is as follows:

	30-09-2013	31-12-2012
Serie A Shares	5.811.029.417	5.811.028.171
Serie B Shares	307.935.743	307.936.989
Total	6.118.965.160	6.118.965.160

The capital as of September 30, 2013 and December 31, 2012 amounts to ThCh\$155,567,354.

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

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

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

In the period January-September 2013 agreed and made dividend payments, as detailed below:

- The ordinary shareholders meeting held on April 23, 2013 agreed to distribute 100% of the earnings for 2011, after deducting the interim dividend paid in November 2012. Because of this, the dividend No. 56 of the Company amounted to ThCh\$ 85,813,215 equivalent to Ch\$ 14.024



per share. This payment was required from May 22, 2013, having entitled to 6,118,965,160 shares.

During year 2012, agreed and made dividend payments in Aguas Andinas S.A., as detailed below:

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

Provision for interim dividend

In accordance with the policy described in Note 2.2. J, the Society as of September 30, 2013 has made no provision for the minimum dividend. As of December 31, 2012, a complement of minimum dividend of 30% of earnings was provisioned, amounting to ThCh\$924,524.

Accumulated earnings

The amounts booked for revaluation of land and intangible assets and other adjustments on the first adoption of IFRS are included in accumulated earnings and are subject to restrictions on their distribution as they first have to be booked as realized, through their use or sale, as established in IAS 16 and Circular 456 of June 20, 2008 of the SVS. Also included is the amount corresponding to the actuarial gains and losses determined since 2009, as a result of variations in the obligations for defined benefit plans. The balance as of September 30, 2013 and December 31, 2012 amounts to ThCh\$304,539,636 and ThCh\$308,088,569 respectively.

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

As of September 30, 2013, Aguas Cordillera S.A. sold some water rights which generated an adjustment to the first-adoption reserve of ThCh\$82,798. During the same period, Aguas Andinas S.A. sold land revalued under the first-adoption exception which generated the application of a reserve for ThCh\$59,075.

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, 2013 and December 31, 2012 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 of IFRS, in accordance with SVS Circular 456, and the effects of combinations of businesses of societies under common control (merger of subsidiaries in 2007 and 2008). The balance as of September 30, 2013 and December 31, 2012 is ThCh\$-5,965,550 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, 2013 and 2012 is as follows:

Company	% Participation		Non-controller participations			
	30-09-2013	30-09-2012	30-09-2013		30-09-2012	
	%	%	Equity ThCh\$	Result ThCh\$	Equity ThCh\$	Result ThCh\$
Aguas Cordillera S.A.	0,00997%	0,00997%	20.499	1.208	19.581	1.048
Essal S.A. (1)	46,49350%	46,49350%	62.091.137	2.075.677	62.705.168	-345.347
Total			62.111.636	2.076.885	62.724.749	-344.299

(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	30-09-2013 ThCh\$	30-09-2012 ThCh\$	01-07-2013 30-09-2013 ThCh\$	01-07-2012 30-09-2012 ThCh\$
Insurance claims (1)	1.244.939	39.437	522.123	36.778
Gain on sale of non-current assets, not held for sale	69.259	413.660	70.847	10.909
Other losses		-9.792	7.348	-220
Other revenue (losses)	1.314.198	443.305	600.318	47.467
Bank loans	-4.368.098	-5.015.450	-1.335.937	-1.595.276
AFR interest expenses	-3.483.089	-2.437.420	-1.145.145	-884.109
Bond interest expense	-13.312.819	-8.232.625	-4.509.751	-2.840.957
Other interest costs	-226.228	-279.841	-80.985	-73.375
Amortization of loan agreement complementary costs	-508.934	-691.024	-74.040	-217.588
Financial costs	-21.899.168	-16.656.360	-7.145.858	-5.611.305
Interest income	5.087.872	5.655.468	1.255.916	1.567.916
Gain on redemption & extinction of debt	655.821	930.933	141.026	300.671
Financial income	5.743.693	6.586.401	1.396.942	1.868.587

- (1) Includes insurance claim payment of ThCh\$488.700 received from the company Chilena Consolidada, relating to the court sentence concerning the La Farfana sewage treatment plant, receives from the company Chilena Consolidada, plus ThCh\$509,644 from the company RSA Seguros Chile, relating to the fault in the elevation system (Archimedes screw) at the above plant.

6. CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

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

Interim statement of financial position of subsidiaries (summarized) as of September 30, 2013



30-09-2013	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	17.660.000	235.061.799	18.812.383	28.297.919	205.611.497
Aguas Manquehue S.A.	5.573.957	59.037.644	3.968.411	14.196.510	46.446.680
Inversiones Iberaguas Ltda.	7.824	67.869.612	15.592	0	67.861.844
Empresa de Servicios Sanitarios de Los Lagos S.A.	14.235.170	128.923.521	8.217.436	54.249.297	80.691.958
Ecoriles S.A.	4.346.676	245.709	1.752.493	0	2.839.892
Gestión y Servicios S.A.	6.985.494	458.859	2.966.529	64.668	4.413.156
Análisis Ambientales S.A.	2.632.613	1.881.943	612.510	0	3.902.046
Aguas del Maipo S.A.	1.409.469	8.709.425	193.273	24.540	9.901.081

Interim statement of comprehensive results of subsidiaries (summarized) as of September 30, 2013

30-09-2013	Result for the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	12.118.774	32.379.534	-19.605.978	-654.782
Aguas Manquehue S.A.	2.373.278	6.139.396	-3.245.276	-520.842
Inversiones Iberaguas Ltda.	3.877.290	0	-3.810	3.881.100
Empresa de Servicios Sanitarios de Los Lagos S.A.	7.625.283	29.508.854	-17.830.400	-4.053.171
Ecoriles S.A.	1.015.858	9.077.948	-7.873.253	-188.837
Gestión y Servicios S.A.	296.926	7.386.241	-6.939.533	-149.782
Análisis Ambientales S.A.	730.455	3.962.831	-3.107.787	-124.589
Aguas del Maipo S.A.	834.214	569.524	-506.640	771.330



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

31-12-2012	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	17.483.411	234.106.952	27.378.573	28.463.630	195.748.160
Aguas Manquehue S.A.	2.420.975	57.320.378	3.051.129	12.616.822	44.073.402
Inversiones Iberaguas Ltda.	1.162.650	66.682.330	13.014	0	67.831.966
Empresa de Servicios Sanitarios de Los Lagos S.A.	15.695.515	128.022.490	10.929.850	54.424.201	78.363.954
Ecoriles S.A.	4.043.103	216.291	1.304.359	0	2.955.035
Gestión y Servicios S.A.	7.527.597	329.548	3.676.247	64.668	4.116.230
Análisis Ambientales S.A.	3.245.982	1.900.236	974.628	0	4.171.590
Aguas del Maipo S.A.	753.481	8.766.378	436.044	16.949	9.066.866

Interim statement of comprehensive results of subsidiaries (summarized) as of September 30, 2012

30-09-2012	Result for the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
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

Detail of significant subsidiaries

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

The following are considered to be significant subsidiaries:



Name of significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.
Tax No.	96.809.310-k	89.221.000-4	95.579.800-5
Functional currency	Chilean pesos	Chilean pesos	Chilean pesos
Percentage participation in significant subsidiary	99,99003%	100,00000%	53,50650%
Percentage voting power in significant subsidiary	99,99003%	100,00000%	53,50650%
Percentage of consolidated figures			
Contribution margin	9,79%	2,22%	5,75%
Property, plant & equipment	7,39%	3,09%	16,76%
Result for the period	11,87%	2,83%	2,94%

7. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Banks	3.829.200	2.804.022
Time deposits (Note 8.7)	26.560.000	32.840.415
Total	30.389.200	35.644.437

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

Detail of some items of the statement of cash flows

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



8. FINANCIAL INSTRUMENTS

8.1 Capital risk management

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

8.2 Significant accounting policies

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

8.3 Classes of financial instruments

Classes of financial instruments	Currency	Note	30-09-2013	31-12-2012
			ThCh\$	ThCh\$
Trade debtors			81.290.971	81.173.901
Trade debtors, current			78.770.064	78.138.154
Trade debtors & other accounts receivable, current	CLP	8.5	78.691.167	78.133.751
Trade debtors & other accounts receivable, current	USD	8.5	67.414	882
Trade debtors & other accounts receivable, current	EUR	8.5	11.483	3.521
Collection rights, non-current			2.520.907	3.035.747
Collection rights, non-current	CLP	8.5	2.520.907	3.035.747
Other financial liabilities, current			101.534.973	56.804.996
Bank loans	CLP	8.4	6.949.140	20.744.471
Bonds	CLP	8.4	85.143.255	21.727.323
Reimbursable financial contributions (AFR)	CLP	8.4	9.442.578	14.333.202
Other financial liabilities, non-current			626.772.077	637.349.551
Bank loans	CLP	8.4	70.437.745	76.631.832
Bonds	CLP	8.4	436.544.304	452.897.896
Reimbursable financial contributions (AFR)	CLP	8.4	119.790.028	107.819.823
Trade payables			68.162.545	76.180.939
Trade creditors & other accounts payable, current			66.356.023	74.682.140
Trade creditors & other accounts payable, current	CLP	8.7	65.692.693	73.992.425
Trade creditors & other accounts payable, current	USD	8.7	400.157	531.414
Trade creditors & other accounts payable, current	EUR	8.7	263.173	158.301
Other accounts payable, non-current			1.806.522	1.498.799
Other accounts payable, non-current	CLP	8.7	1.806.522	1.498.799

8.4 Information on financial liabilities

Other financial liabilities

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

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, 2013 and December 31, 2012 is as follows:

Bank loan balances, current.

Debtor	Tax No. Debtor	Country of debtor	Bank or financial institution	Tax No. Creditor	Country of creditor	Residual	Total book value ThCh\$			Total nominal value ThCh\$		Nominal rate	Effective rate	Repayment
						30-09-2013	30-09-2013		31-12-2012	30-09-2013	31-12-2012			
						ThCh\$	Up to 90 days	91 to 365 days	ThCh\$					
Aguas Andinas S.A.	61.808.000-5	Chile	Banco BBVA	97.032.000-8	Chile	2.301.347	82.875	2.295.309	2.698.584	2.384.219	2.704.577	5,87%	6,45%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco de Chile	97.004.000-5	Chile	746.130	124.324	740.427	1.065.597	870.454	1.070.990	6,02%	6,77%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco Corpbanca	97.023.000-9	Chile	0	0	0	12.263.790	0	12.267.500	0,00%	0,00%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco Santander	97.036.000-K	Chile	0	47.264	0	213.287	51.317	217.232	5,87%	6,45%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco de Chile	97.004.000-5	Chile	3.150.000	524.869	3.134.072	4.503.213	3.674.869	4.521.488	6,02%	6,77%	Semi-annual
			Total			6.197.477	779.332	6.169.808	20.744.471	6.980.859	20.781.787			

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

Nominal value = principal+accrued interest at issue rate - interest and principal payments

Bank loan balances, non-current.

Debtor	Tax No. Debtor	Country of debtor	Bank or financial institution	Tax No. Creditor	Country of creditor	Currency or indexation unit	Years to maturity				30-09-2013		31-12-2012		Nominal rate	Effective rate	Repayments
							13 months to 3 years	3 to 5 years	More than 5 years	Final maturity	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	Chile	Banco BBVA	97.032.000-8	Chile	CLP	13.089.422	0	0	28-08-2016	13.089.422	13.099.973	15.386.947	15.401.320	6,40%	6,45%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco de Chile	97.004.000-5	Chile	CLP	2.768.219	6.388.198	0	17-07-2017	9.156.417	9.166.740	9.904.646	9.912.870	6,72%	6,77%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco Santander	97.036.000-K	Chile	CLP	9.532.693	0	0	28-08-2015	9.532.693	9.537.000	9.529.981	9.537.000	6,40%	6,45%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco de Chile	97.004.000-5	Chile	CLP	11.687.669	26.971.544	0	17-07-2017	38.659.213	38.700.000	41.810.259	41.850.000	6,72%	6,77%	Semi-annual
			Total				37.078.003	33.359.742	0		70.437.745	70.503.713	76.631.833	76.701.190			

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

Nominal value = principal+accrued interest at issue rate-interest and principal payments



The detail of reimbursable financial contributions as of September 30, 2013 and December 31, 2012 is as follows:

Reimbursable financial contributions, current portion

Registration No. or Identification of the Instrument	Currency/indexation unit	Residual UF	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Issuer tax No.	Repayment	Secured (Yes/No)
			30-09-2013	31-12-2012							
			ThCh\$	ThCh\$							
AFR	UF	104.265	2.432.600	1.825.642	2,86%	2,79%	Chile	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	285.110	6.775.747	12.507.560	8,98%	8,59%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	10.037	234.231	0	2,94%	2,85%	Chile	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
Total		399.412	9.442.578	14.333.202							

Reimbursable financial contributions, non-current portion

Registration No. or Identification of the Instrument	Currency/indexation unit	Residual UF	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Issuer tax No.	Repayment	Secured (Yes/No)
			30-09-2013	31-12-2012							
			ThCh\$	ThCh\$							
AFR	UF	3.249.127	85.363.499	75.872.878	26-06-2028	3,82%	3,70%	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	715.769	20.868.662	20.788.046	07-06-2028	4,29%	4,13%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	343.742	8.589.799	6.630.461	18-02-2028	3,87%	3,66%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	200.629	4.968.068	4.528.438	01-06-2028	3,85%	3,91%	Essal S.A.	96.579.800-5	At maturity	No
Total		4.509.267	119.790.028	107.819.823							

The detail of bonds outstanding as of September 30, 2013 and December 31, 2012 is as follows:

Bonds, current portion



Type of document	Amount outstanding a	Book value ThCh\$			Final maturity	Nominal annual interest rate	Effective annual interest rate	Payments of		Issuer	Tax No. of issuer
		30-09-2013		31-12-2012				Interest	Principal		
		UF	Up to 90 days	91 to 365 days							
BAGUA-F	263.158	3.978.843	2.855.587	5.980.527	01-12-2026	4,15%	4,69%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-G	2.500.000	859.506	57.619.694	212.871	01-04-2014	3,00%	3,39%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-I	320.000	3.996.657	3.658.013	7.315.054	01-12-2015	3,70%	4,04%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-J	0	282.537	0	42.500	01-12-2018	4,00%	4,19%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-K	160.000	2.086.202	1.833.563	3.763.803	01-10-2016	2,90%	3,08%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-M	0	851.201	0	426.823	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-N	0	377.272	0	167.191	01-10-2016	3,17%	3,36%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-P	0	670.172	0	335.437	01-10-2033	3,86%	3,81%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-Q	0	513.837	0	135.291	01-06-2032	4,00%	3,94%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-R	0	321.594	0	115.303	01-04-2019	3,30%	3,62%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-S	0	1.019.012	0	500.563	01-04-2035	3,90%	3,93%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-U	0	866.763	0	0	01-04-2036	3,80%	4,03%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BESAL-B	115.789	2.071.614	1.281.188	2.731.960	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Total	3.358.947	17.895.210	67.248.045	21.727.323							

Bonds, non-current portion

Type of document	Amount outstanding q	Book value ThCh\$				Final maturity	Nominal annual interest rate	Effective annual interest rate	Payments of		Issuer	Tax No. of issuer
		30-09-2013			31-12-2012				Interest	Principal		
		UF	13 months to 3 years	3 to 5 years								
BAGUA-F	3.289.473	11.822.808	11.822.808	50.246.888	75.896.451	01-12-2026	4,15%	4,69%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-G	0	0	0	0	57.048.527	01-04-2014	3,00%	3,39%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-I	880.000	20.269.433	0	0	23.650.860	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	22.922.252	22.657.929	01-12-2018	4,00%	4,19%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-K	600.000	9.679.521	4.148.367	0	15.484.120	01-10-2016	2,90%	3,08%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-M	1.749.998	0	0	40.680.977	40.251.148	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-N	1.250.000	28.812.423	0	0	28.444.037	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	34.862.828	34.489.410	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	38.391.747	37.985.428	01-06-2032	4,00%	3,94%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-R	1.000.000	7.637.479	10.183.305	5.091.653	22.630.622	01-04-2019	3,30%	3,62%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-S	2.300.000	0	0	52.907.621	52.319.190	01-04-2035	3,90%	3,93%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-U	2.000.000	0	0	46.085.488	0	01-04-2036	3,80%	4,03%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BESAL-B	1.813.924	5.854.098	5.854.098	29.270.509	42.040.174	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Total	19.033.395	84.075.762	32.008.578	320.459.963	452.897.896							

8.5 Risk management

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

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



i. Credit risk

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

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

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

Credit risk	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Gross exposure per balance sheet for risks of accounts receivable	113.574.421	112.197.434
Gross exposure per estimates of risks of accounts receivable	-32.283.450	-31.023.533
Net exposure, risk concentration	81.290.971	81.173.901

Movement of credit risk, accounts receivable	ThCh\$
Initial balance at 01-01-2013	31.023.533
Increase in existing provisions	2.879.878
Decreases	-1.619.961
Changes, total	1.259.917
Closing balance at 30-09-2013	32.283.450

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

Ageing of debt	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Less than 3 months	77.586.464	75.832.558
3 to 6 months	1.719.525	2.176.991
6 to 8 months	628.159	906.418
More than 8 months	33.640.273	33.281.467
Total	113.574.421	112.197.434



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

Past-due debt	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Less than 3 months	8.280.393	8.001.558
3 to 6 months	1.414.062	2.677.370
6 to 8 months	569.591	1.056.237
More than 8 months	30.850.826	29.237.321
Total	41.114.872	40.972.486

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

ii. Liquidity risk

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

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

The preventive measures taken to manage 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%	6.949.137	5,96%	37.078.003	5,93%	33.359.742	6,02%	0	0,00%
Bonds	17.895.209	4,00%	67.248.046	3,15%	84.075.763	3,60%	32.008.578	4,02%	320.459.964	4,15%
AFR	6.316.523	7,27%	3.126.055	7,22%	8.006.077	3,72%	32.753.947	4,23%	79.030.004	3,79%
Total	24.211.733		77.323.238		129.159.843		98.122.266		399.489.967	

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



iii. Interest rate risk

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

Debt instruments	Rate	%
Bank loans	Variable	10,65%
Bonds	Fixed (UF)	72,20%
AFR	Fixed (UF)	17,15%
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.	76.701.190	TAB 180 days	47	360.699

For loans based on 180-day TAB, the positive or negative change in nominal TAB of 47 basis points, calculated annually, would have an impact on results of +/- ThCh\$360,699.

8.6 Cash equivalents.

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



Company	Instrument	30-09-2013	31-12-2012
		ThCh\$	ThCh\$
Aguas Andinas S.A.	Time deposit	6.005.000	15.534.711
Aguas Cordillera S.A.	Time deposit	10.955.000	8.925.063
Aguas Manquehue S.A.	Time deposit	3.920.000	0
Análisis Ambientales S.A.	Time deposit	1.140.000	1.684.220
Eco-Riles S.A.	Time deposit	1.050.000	1.133.107
Essal S.A.	Time deposit	3.490.000	5.563.314
Total		26.560.000	32.840.415

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.

8.7 Trade creditors and other accounts payable, current and non-current

The principal concepts are the following:



Trade creditors & other accounts payable, current	Currency or indexation unit	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Dividends	CLP	85.247	1.567.984
Taxes (VAT, prepayments, sole tax, others)	CLP	9.653.099	11.551.548
Suppliers for investments in progress	CLP	18.090.439	24.854.971
Personnel	CLP	2.354.782	2.149.166
Suppliers	CLP	16.068.943	16.740.975
Suppliers	USD	308.914	422.591
Suppliers	EUR	263.173	158.301
Accrued services	CLP	17.928.320	16.417.188
Accrued services	USD	91.243	91.243
Others	CLP	1.511.863	710.593
Others	USD	0	17.580
Sub-total current		66.356.023	74.682.140
AFR water	CLP	495.965	467.433
Suppliers for investments in progress	CLP	1.240.520	961.402
Sundry creditors	CLP	70.037	69.964
Sub total non-current		1.806.522	1.498.799
Total current & non-current		68.162.545	76.180.939

8.8 Fair value of financial instruments

Fair value of financial instruments booked at amortized cost.

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



	30-09-2013	
	Amortized cost ThCh\$	Fair value ThCh\$
Cash & cash equivalents		
Investments booked at fair value		
Time deposits	26.560.000	26.560.000
Other financial liabilities	728.307.050	740.568.868
Financial liabilities booked at amortized cost	728.307.050	740.568.868
Bank debt	77.386.885	79.517.504
Bonds	521.687.559	531.818.758
AFR	129.232.606	129.232.606

Methodology and assumptions used in the calculation of fair value

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

- a) The amortized cost of time deposits is a good approximation of fair value as they are very short-term operations.
- b) The amortized cost of AFR liabilities is a good approximation of fair value as they are not very liquid in the market but their issue rate is determined in line with the regulation (Decree Law 70).
- c) The fair value of bonds was determined based on market price references as these instruments are traded on the market under normal conditions and with a high level of liquidity.
- d) The fair value of bank debt was determined through the updating of the cash flows of each loan (principal and interest disbursements), applying the discount curves corresponding to the remaining term. This term corresponds to the number of days between the closing date of the financial statements and the date of the disbursement of cash.

Booking of fair value measurements in the financial information statements

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



- Level 3 relates to fair-value measurement methodologies by valuation techniques which include data on the assets and liabilities valued, not based on observable market data.

8.9 Other financial assets, non-current

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of ThCh\$7,371,296 and ThCh\$7,349,719 as of September 30, 2013 and December 31, 2012 respectively (see Note 2.2, h, ii), over which the Company has no control or significant influence. The balance of ThCh\$17,517 as of September 30, 2013 and December 31, 2012 respectively relates to other financial investments.

9. INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

Transactions between the Society and its subsidiaries are in line with 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	30-09-2013	31-12-2012
								ThCh\$	ThCh\$
96.713.610-7	Agbar Chile S.A.	Related to controller	CL	Development & implementation geographic information system	CLP	30 days	Unsecured	2.289	2.379
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to controller	CL	Expenses reimbursement	CLP	30 days	Unsecured	167	75
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to controller	CL	Sale of inputs & laboratory services	CLP	30 days	Unsecured	8.664	5.249
76.148.998-4	Aqualogy Medioambiente Servicios Integrales S.A.	Related to controller	CL	Expenses reimbursement	CLP	30 days	Unsecured	0	59
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	Chemical & bacteriological analysis services	CLP	30 days	Unsecured	335	453
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to controller	CL	Sale of materials	CLP	30 days	Unsecured	16.312	0
Total								27.767	8.215



Accounts payable to related entities

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction with related party	Currency	Term	Security	30-09-2013	31-12-2012
								ThCh\$	ThCh\$
96.713.610-7	Agbar Chile S.A.	Related to controller	CL	Development & implementation geographic information system	CLP	30 days	Unsecured	0	46.047
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to controller	CL	Ice-Pigging service contract	CLP	30 days	Unsecured	216.484	207.258
76.080.553-K	Aqualogy Solutions S.A.	Related to controller	CL	Purchase of materials	CLP	30 days	Performance bond ThCh\$279,298	342.708	770.805
76.046.628-K	Asterión S.A.	Related to controller	CL	Process re-engineering service contract & implementation of new customer service information systems	CLP	30 days	Performance bond for ThCh\$845,149	2.723.762	2.296.412
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	2.775.374	2.747.486
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	CL	Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage	CLP	90 days	Performance bond for UF357,863	2.078.412	21.131.244
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends payable	CLP	30 días	Unsecured	0	463.208
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	CL	Biogas plant operation services	CLP	30 days	Unsecured	14.829	0
None	Sorea	Related to controller	CL	Expenses reimbursement	CLP	30 días	Unsecured	1.727	0
Total								8.153.296	27.662.460

Transactions

Tax No. related party	Name of related party	Relationship	Transaction	30-09-2013		30-09-2012		01-07-2013 30-09-2013		01-07-2012 30-09-2012	
				ThCh\$		ThCh\$		ThCh\$		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.	Related to the controller	Process re-engineering service contract & implementation of new information systems for customer service	2.139.396	-265.309	1.154.842	-203.023	809.441	-89.045	597.028	-84.766
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the controller	Purchase of materials	1.664.118	0	3.139.780	-2.049.996	802.087	0	1.089.475	-477.098
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	Ice-Pigging service contract	218.581	-218.581	0	0	37.360	-37.360	0	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage treatment plant	7.335.037	-6.572.741	31.794.973	-5.031.812	2.640.505	-2.333.135	8.432.764	-2.050.996
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	Operation & maintenance services La Farfana sewage treatment plant	11.373.151	-9.018.002	8.844.545	-7.506.400	3.791.849	-3.025.209	3.219.801	-2.834.237
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	Operation & maintenance services biogas purification plant	131.979	-131.979	-136.260	-136.260	45.085	-45.085	38.499	-38.499
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Related to the controller	Dividends paid	42.994.433	0	38.690.156	0	0	0	0	0

The criteria of materiality for reporting transactions with related entities are 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



	30-09-2013	30-09-2012	01-07-2013 30-09-2013	01-07-2012 30-09-2012
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Directors	303.848	284.847	93.550	95.814
Directors' committee	18.565	20.065	6.217	6.096
Total	322.413	304.912	99.767	101.910

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, other than their fees and remuneration.

10. INVENTORIES

Class of inventories	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Spares & meters	3.305.438	3.778.480
Supplies for production	570.608	586.283
Others	82.214	18.267
Total inventories	3.958.260	4.383.030

The cost of the inventories shown as an expense in the statement of results during 2013 and 2012 amounts to ThCh\$5,502,248 and ThCh\$4,245,935 respectively.



11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Intangible assets, net	226.400.163	225.272.517
Intangible assets with finite life, net	15.520.477	15.010.122
Intangible assets with undefined life, net	210.879.686	210.262.395
Intangible assets, net	226.400.163	225.272.517
Patents, registered trademarks & other rights, net	5.581.111	5.705.135
Computer programs, net	9.939.366	9.304.987
Other intangible assets, net	210.879.686	210.262.395
Intangible assets, gross	257.010.226	253.011.694
Intangible assets, gross	257.010.226	253.011.694
Other intangible assets, gross	257.010.226	253.011.694
Intangible assets, gross	220.538.054	219.924.966
Patents, registered trademarks & other rights, gross	7.654.823	7.653.843
Computer programs, gross	28.817.349	25.432.885

Classes of accumulated amortization & impairment of value, intangible assets	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Accumulated amortization & impairment, intangible assets, total	30.610.063	27.739.177
Accumulated amortization & impairment, patents, registered trademarks & other rights	2.073.712	1.948.708
Accumulated amortization & impairment, computer programs	18.877.983	16.127.898
Accumulated amortization & impairment, other intangible assets	9.658.368	9.662.571



Movement of intangible assets

Current period 30-09-2013

Concept	Patents, registered trademarks & other rights, net	Computer programs, net	Other intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Initial balance at 01-01-2013	5.705.135	9.304.987	210.262.395
Additions	1.205	3.395.133	715.404
Disposals	-225	0	-98.113
Amortization	-125.004	-2.760.754	0
Changes, total	-124.024	634.379	617.291
Closing balance at 30-09-2013	5.581.111	9.939.366	210.879.686

Previous period 31-12-2012

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

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	30-09-2013		31-12-2012	
	Water rights	Easements	Water rights	Easements
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Andinas S.A.	74.160.907	7.857.136	74.099.786	7.489.600
Aguas Cordillera S.A.	92.438.144	7.866.367	92.506.464	7.865.577
Aguas Manquehue S.A.	21.275.956	951.812	21.207.395	900.294
Essal S.A.	5.238.582	1.035.982	5.159.524	1.033.755
Aguas del Maipo S.A.	13.700	0	0	0
Ecoriles S.A.	13.700	0	0	0
Gestión y Servicios S.A.	13.700	0	0	0
Análisis Ambientales S.A.	13.700	0	0	0
Total	193.168.389	17.711.297	192.973.169	17.289.226

Intangible assets with undefined useful lives:

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

Commitments for acquiring intangible assets:

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

Company	ThCh\$
Aguas Andinas S.A.	2.588.464
Aguas Cordillera S.A.	59.381
Aguas Manquehue S.A.	161.916
Essal S.A.	327.588
Análisis Ambientales S.A.	19.109
Total	3.156.458

12. GOODWILL

The following is a detail of goodwill for the different cash-generating units or groups of them to which this is assigned and its movement in the period 2013 and year 2012.



Tax No.	Company	30-09-2013	31-12-2012
		ThCh\$	ThCh\$
96.809.310-k	Aguas Cordillera S.A.	33.823.049	33.823.049
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	343.332	343.332
96.897.320-7	Inversiones Iberaguas Ltda.	2.066.631	2.066.631
Total		36.233.012	36.233.012



13. PROPERTY, PLANT AND EQUIPMENT

	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Property, plant & equipment, net	1.154.266.331	1.152.300.877
Construction in progress	85.127.384	90.147.941
Land	151.971.031	151.936.301
Buildings	73.101.331	73.255.245
Plant & equipment	273.970.580	269.308.541
Computer equipment	2.227.107	2.012.780
Fixed installations & accessories	563.600.661	562.408.958
Motor vehicles	1.971.735	1.014.335
Improvements to leased assets	31.612	31.478
Other property, plant & equipment	2.264.890	2.185.298
Property, plant & equipment, gross	2.126.773.332	2.083.643.414
Construction in progress	85.127.384	90.147.941
Land	151.971.031	151.936.301
Buildings	95.967.478	94.884.369
Plant & equipment	474.057.006	453.700.638
Computer equipment	11.503.452	10.518.469
Fixed installations & accessories	1.297.281.002	1.272.959.964
Motor vehicles	6.077.750	4.768.271
Improvements to leased assets	473.931	463.266
Other property, plant & equipment	4.314.298	4.264.195
Accumulated depreciation	972.507.001	931.342.537
Buildings	22.866.147	21.629.124
Plant & equipment	200.086.426	184.392.097
Computer equipment	9.276.345	8.505.689
Fixed installations & accessories	733.680.341	710.551.006
Motor vehicles	4.106.015	3.753.936
Improvements to leased assets	442.319	431.788
Other property, plant & equipment	2.049.408	2.078.897



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.

Current period 30-09-2013

Concept	Initial balance	Additions	Disposals	Depreciation	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Construction in progress, net *	90.147.941	-5.008.865	-11.692	0	-5.020.557	85.127.384
Land	151.936.301	86.538	-51.808	0	34.730	151.971.031
Buildings, net	73.255.245	1.246.366	0	-1.400.280	-153.914	73.101.331
Plant & equipment, net	269.308.541	23.514.027	-24	-18.851.964	4.662.039	273.970.580
Computer equipment, bet	2.012.780	985.779	0	-771.452	214.327	2.227.107
Fixed installations & accessories, net	562.408.958	25.609.706	0	-24.418.003	1.191.703	563.600.661
Motor vehicles, net	1.014.335	1.386.372	-28.371	-400.601	957.400	1.971.735
Improvements to leased assets, net	31.478	10.665	0	-10.531	134	31.612
Other property, plant & equipment, net	2.185.298	87.462	0	-7.870	79.592	2.264.890
Classes of property, plant & equipment, net	1.152.300.877	47.918.050	-91.895	-45.860.701	1.965.454	1.154.266.331

Previous period 31-12-2012

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

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

The detail of each consolidated Group society of amounts of future commitments for acquisitions of property, plant and equipment for the period October-December 2013, is as follows:



Company	ThCh\$
Aguas Andinas S.A.	15.866.414
Aguas Cordillera S.A.	1.540.659
Aguas Manquehue S.A.	2.647.623
Essal S.A.	1.132.923
Ecoriles S.A.	65.513
Gestión y Servicios S.A.	0
Análisis Ambientales S.A.	9.534
Total	21.262.666

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

Company	30-09-2013 ThCh\$
Aguas Andinas S.A.	99.210
Aguas Cordillera S.A.	164.712
Total	263.922

14. IMPAIRMENT OF VALUE OF ASSETS

Asset impairment by cash generating unit:

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

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

The respective tests for impairment were made at the end of the period 2012 based on the Group's estimates and projections. These estimates indicated that the benefits attributable to the participations with lower associated values exceed individually their consolidated book values in all cases.



No impairment of assets has been booked as of September 30, 2013 and December 31, 2012 and there are no indications of impairment at the end of those periods.

15. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

The detail of these as of September 2013 and December 2012 is as follows:

The movement in current provisions in the periods was:

Classes of provisions	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Provision for legal claims	957.078	1.331.679
Other provisions, current	957.078	1.331.679
Other provisions, non-current	1.107.322	1.094.239
Provisions, non-current	1.107.322	1.094.239

Legal claims	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Initial balance provisions	1.331.679	1.482.989
Changes in provisions		
Increase in existing provisions	260.884	120.253
Provision used	-540.971	-186.128
Other decreases	-94.514	-85.435
Changes in provisions, total	-374.601	-151.310
Total	957.078	1.331.679



The provisions comprising this heading are described as follows:

1.- Legal claims

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

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

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

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

Uncertainties about the timing and amount of a class of provision: It is believed that the Society did not commit the breach and therefore that its appeals will be accepted.

- b) Nature of class of provision:** There are lawsuits relating to labor demands against Aguas Andinas, the company has been sued both directly and under the sub-contracting legislation, i.e. severally or alternatively of the principal defendant.

Timetable foreseen for release of class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: The lawsuits relate to labor demands amounting to ThCh\$ 5,347.-

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

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

Timetable foreseen for release of class of provision: Undetermined.

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

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

Timetable foreseen for release of class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: The fine demanded from Aguas Andinas S.A. is from 1 to 1,150 UTA for each sanction proceeding. Responses have been made to the demand but it is not possible to estimate the result.

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

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

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

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

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

Uncertainties about the timing and amount of a class of provision: 10% of the fine has been paid in order to bring an appeal to the courts. The parties are called to hear sentence; there are moderate probabilities that the demand will be accepted. Pending notification of the sentence in the first instance rejecting the appeal made by the company.

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

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

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

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

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

Uncertainties about the timing and amount of a class of provision: The claim brought before the courts; currently awaiting term for presentation of defense.

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

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

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

2.- Other provisions, non-current

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



B.- Contingent liabilities

1. Aguas Andinas S.A. was sued 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.
2. Aguas Andinas was sued by the National Corporation of Consumers and Users of Chile, CONADECUS, for being in breach of the supply contract and the terms of water production and distribution concession, by delivering bad quality water, not providing water and not informing supply cuts promptly on January 21 and 22, and February 8 and 9, 2013. The damage caused to customers of Aguas Andinas S.A. would be the lack of this vital element for ordinary consumption, food preparation, not having water for the bathroom and personal cleanliness and being deprived of water for sanitation purposes. Users affected by the cuts would amount to around 4,000,000 people. The demand is currently pending resolving on a written submission by Aguas Andinas that opposes the resolution that the demand be admissible. The management believes that this lawsuit will have no material adverse effect on the society's financial statements.
3. There is a suit for damages against Aguas Andinas S.A. with respect to bad odors from the El Trebal sewage treatment plant. The lawyer Bertolone, representing 314 residents of the district of El Trebal, adjoining the sewage plant of that name, alleges moral damages produced by odors coming from the plant, plus other environmental damage. The demands amount to a total of ThCh\$10,990,000, plus interest, indexation and costs. Currently pending the last evidence procedures.
4. The Treasury has made demand on Aguas Andinas S.A. and Aguas Cordillera S.A., seeking the return of sums paid during 2004 with respect to the transfer of sanitation infrastructure in the Costanera Norte section. This demand amounts to ThCh\$ 2,942,783 plus indexation, interest and costs. The management believes that this will have no adverse effect on the financial statements.
5. Demand for damages brought against Aguas Cordillera S.A. by 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.
6. In 2009 Condominio Polo Manquehue sued Aguas Manquehue S.A. for damages caused to its property due to works carried out. Amount ThCh\$150,000 plus interest, indexation and costs. Abandonment of the suit requested, which has not been resolved.

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.



16. Guarantees and restrictions

a) Direct guarantees

Guarantee policies and performance bonds have been granted in favor of various institutions, the principal ones being the SISS, to guarantee the conditions for the provision of services and development programs in the Company's concession areas, SERVIU Metropolitano to guarantee the replacement of paving, and other institutions, for ThCh\$29,034,234 and ThCh\$36,762,989 as of September 30, 2013 and December 31, 2012 respectively.

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

Creditor	Debtor	Type of guarantee	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Asociación Canal Sociedad Maipo	Aguas Andinas S.A.	Performance bond	6.464.030	6.361.888
Chilectra S.A.	Aguas Andinas S.A.	Performance bond	11.546	31.965
Constructora San Francisco	Aguas Andinas S.A.	Performance bond	123.999	124.254
Constructora Santa Rosa	Aguas Andinas S.A.	Performance bond	0	23.206
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance bond	13.808	13.133
Dirección de Obras Hidráulica	Aguas Andinas S.A.	Performance bond	297.514	248.879
Director de Vialidad	Aguas Andinas S.A.	Performance bond	334.820	331.191
Empresa de Ferrocarriles	Aguas Andinas S.A.	Performance bond	14.594	3.015
Gobierno Regional Metropolitano	Aguas Andinas S.A.	Performance bond	44.526	125.438
Ministerio de Obras Públicas	Aguas Andinas S.A.	Performance bond	0	806.027
Ministerio de Obras Públicas - Dirección General de Aguas	Aguas Andinas S.A.	Performance bond	626.760	0
Municipalidad de Lo Barnechea	Aguas Andinas S.A.	Performance bond	0	11.420
Municipalidad de Peñalolén	Aguas Andinas S.A.	Performance bond	37.496	37.089
Municipalidad de Providencia	Aguas Andinas S.A.	Performance bond	47.521	0
Municipalidad de Santiago	Aguas Andinas S.A.	Performance bond	37.655	21.472
Municipalidad de La Pintana	Aguas Andinas S.A.	Performance bond	51.440	51.440
Municipalidad de San Bernardo	Aguas Andinas S.A.	Performance bond	13.855	6.852
S.I.S.S.	Aguas Andinas S.A.	Performance bond	5.497.905	8.229.248
Serectaría Regional Ministerial	Aguas Andinas S.A.	Performance bond	0	34.098
Serviu Metropolitano	Aguas Andinas S.A.	Performance bond	5.464.611	4.255.744
S.I.S.S.	Aguas Cordillera S.A.	Performance bond	502.299	495.621
Ministerio de Obras Públicas	Aguas Cordillera S.A.	Performance bond	0	339.916
Serviu Metropolitano	Aguas Cordillera S.A.	Performance bond	483.229	215.322
Ministerio de Obras Públicas - Dirección General de Aguas	Aguas Cordillera S.A.	Performance bond	343.641	0
Municipalidad de Las Condes	Aguas Cordillera S.A.	Performance bond	17.000	17.000
Municipalidad Lo Barnechea	Aguas Cordillera S.A.	Performance bond	11.546	0
Municipalidad de Vitacura	Aguas Cordillera S.A.	Performance bond	46.182	45.682
Asociación Canal de Maipo	Aguas Cordillera S.A.	Performance bond	797.323	788.681
S.I.S.S.	Aguas Manquehue S.A.	Performance bond	1.070.662	971.463
Asociación Canal de Maipo	Aguas Manquehue S.A.	Performance bond	896.922	887.201
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance bond	17.318	17.131
Serviu	Gestión y Servicios S.A.	Performance bond	806.861	2.997.341
Essbio S.A.	Anam S.A.	Performance bond	62.846	13.704
Siderúrgica Huachipato	Anam S.A.	Performance bond	46.182	45.682
CCU S.A.	Anam S.A.	Performance bond	35.313	0
Compañía Minera Doña Inés de Collahuasi	Anam S.A.	Performance bond	14.598	0
Minera Nevada	Anam S.A.	Performance bond	56.997	0
Director de Obras Hidráulicas	Essal S.A.	Performance bond	1.240.893	586.391
Serviu	Essal S.A.	Performance bond	351.235	350.035
Director General del Territorio Marítimo y de Marina Mercante	Essal S.A.	Performance bond	10.612	8.144
Municipalidad de Futaleufú	Essal S.A.	Performance bond	25.919	24.176
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance bond	134.538	59.231
Director de Vialidad	Essal S.A.	Performance bond	121.190	49.545
E.F.E.	Essal S.A.	Performance bond	6.958	68.563
S.I.S.S.	Essal S.A.	Insurance policy	2.654.666	2.042.428
Cooperativa Agrícola y Lechera de la Unión Ltda.	Essal S.A.	Performance bond	26.000	0
Total			28.863.009	30.739.616



b) Bond issue covenants

i. Aguas Andinas S.A.

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

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

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

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

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

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

Starting in 2010, the above covenant was adjusted according to the difference between the consumer price index (CPI) of the month in which the debt level is calculated and the CPI for December 2009. This ratio will be adjusted up to a maximum of 2.0:1 (debt ratio = total liabilities/total equity). As of September 30, 2013, the debt ratio is 1.27:1.

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

The Society is in compliance with all the covenants established in the bond indentures as of September 30, 2013.

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

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

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

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

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

Starting in 2010, the above covenant was adjusted according to the difference between the consumer price index (CPI) of the month in which the debt level is calculated and the CPI for December 2009. This ratio will be adjusted up to a maximum of 2.0:1 (debt ratio = total liabilities/total equity). As of September 30, 2013, the debt ratio is 0.77:1.

6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5:1. As of September 30, 2013, the ratio is 8.18:1.

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, 2013 and December 31, 2012.

c) Bank loan covenants

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



- 1.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and unconsolidated balance sheets, defined as the ratio of total liabilities to equity.
- 2.- Prohibition on the disposal or loss of title to essential assets, except for contributions or transfers of essential assets to subsidiary societies.
- 3.- Send to the different banks with which the company has loans, a copy of the individual and consolidated financial statements, both the quarterly and the audited annual statements, within no more than five days of their presentation to the SVS.
- 4.- Book in its accounts the provisions arising from adverse contingencies which, in the opinion of the Society's management, should be reflected in its financial statements.
- 5.- Maintain insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the company's kind.
- 6.- Send a certificate signed by the society's chief executive officer declaring compliance with the obligations under the loan agreement.
- 7.- Prohibition on distribution of dividends, except for the obligatory minimum, if there is a situation of default or delay in the payment of any loan installment.
- 8.- Maintain a financial expense coverage ratio of at least 3:1, measured on the figures in its consolidated and unconsolidated statements of financial position, defined as the ratio between operating income plus depreciation for the period and amortization of intangible assets divided by financial expenses.
- 9.- Prohibition on liquidating or dissolving the company, 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 June 30, 2013.



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, 2013 and December 31, 2012, the Society has received documents in guarantee ThCh\$52,133,542 and ThCh\$34,313,739 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, 2013 is summarized below:

Contrator or supplier	ThCh\$	Expiry date
EMPRESA DEPURADORA DE AGUAS SERVIDAS MAPOCHO EL TREBAL LTDA	11.980.644	28-02-2014
EMPRESA DEPURADORA DE AGUAS SERVIDAS MAPOCHO EL TREBAL LTDA	8.263.425	31-12-2013
EMPRESA DEPURADORA DE AGUAS SERVIDAS LTDA	4.485.424	31-12-2017
EMPRESA DEPURADORA DE AGUAS SERVIDAS MAPOCHO EL TREBAL LTDA	3.912.683	01-06-2017
DRAGADOS S.A. AGENCIA EN CHILE	2.043.556	11-04-2014
DRAGADOS S.A. AGENCIA EN CHILE	1.548.484	09-01-2015
CONSORCIO EDEPE S.A	498.374	05-10-2013
ICAFAL	439.653	15-05-2014
DESARROLLOS CONSTRUCTIVOS AXIS S.A.	419.223	03-04-2015
INLAC S.A.	419.223	03-04-2015
DRAGADOS S.A. AGENCIA EN CHILE	388.276	11-03-2014
COMPAÑÍA DE PETROLEOS DE CHILE COPEC S.A.	388.272	15-03-2014
INMOBILIARIA LOS SILOS III LTDA.	325.953	10-12-2013
INMOBILIARIA LOS SILOS III LTDA.	325.953	12-11-2013
SOCIEDAD GENERAL DE AGUAS DE BARCELONA S.A.	314.746	31-12-2013
SONDA S.A.	314.746	31-10-2013
DALCO INGENIERIA LTDA	287.324	17-07-2014
AGBAR SOLUTIONS CHILE LTDA.	279.298	03-05-2014
CAPTAGUA INGENIERIA S.A.	267.700	31-07-2014
CAPTAGUA INGENIERIA S.A.	258.345	06-01-2014
AQUALOGY DEVELOPMENT NETWORK S.A	245.273	30-07-2016
I C M S.A.	237.053	01-06-2014
CHILECTRA S.A.	230.910	11-07-2014
CHILECTRA S.A.	230.910	01-08-2014
DALCO INGENIERIA LTDA	229.871	16-01-2015
SECURITAS S.A.	225.323	15-11-2015
ECOSAN LTDA.	330.132	15-10-2014
CONSTRUCTORA MOLLER Y PEREZ COTAPOS	266.447	15-11-2013
INGENIERIA Y MONTAJES AMBIENTALES SPA	147.047	28-03-2015
Total	39.304.268	



17. ORDINARY REVENUE

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

Classes of ordinary revenue	30-09-2013	30-09-2012	01-07-2013 30-09-2013	01-07-2012 30-09-2012
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Ordinary revenue				
Sales of goods	7.080.031	5.319.032	2.358.466	1.701.530
Provision of services	284.110.347	273.368.534	86.463.184	78.799.799
Total	291.190.378	278.687.566	88.821.650	80.501.329

18. LEASES

Financial leases as lessor:

Financial leases, lessor	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Total gross investment	89.299	89.299
Minimum amounts receivable under financial leases	28.702	51.620
Minimum amounts receivable under financial leases	Gross ThCh\$	Interest ThCh\$
Up to 1 year	15.656	5.195
Between 1 & 5 years	13.046	1.131
Total	28.702	6.327
Lease installments booked in statement of results, total	2.604	4.005

Operative leases as lessee

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



	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Future minimum non-cancellable lease paymentss, up to 1 year, lessees	1.552.281	1.533.102
Future minimum non-cancellable lease paymentss, 1 to 5 years, lessees	3.804.102	3.612.285
Future minimum non-cancellable lease payments, lessees, total	5.356.383	5.145.387
Minimum lease payments under operative leases	2.018.989	2.852.315
Lease & sub-lease installments booked in statement of results, total	2.018.989	2.852.315

Significant operative leasing agreements:

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

Bases for determining a contingent rental:

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

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

There are agreed automatic one-year renewal periods.

Operative leases as lessors:

The Society has contracts of this kind where it acts as lessor, referring principally to parts of its operative premises 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.

	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Future minimum non-cancellable lease receivables, lessors		
Future minimum non-cancellable lease receivables, up to 1 year, lessors	285.001	283.858
Amount of rentals booked in statement of results	327.619	400.554
Total	612.620	684.412



Significant operative leases of the lessor:

Income from these sources is immaterial for the Company.

19. EMPLOYEE BENEFITS

The Society at the consolidated level has a workforce of 1,850, of whom 67 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,370 and those with special indemnity clauses are 34, while 446 workers are covered by the Labor Code.

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

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

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

The current collective agreements of Essal S.A. were signed on December 31, 2010 by the company's two unions, its maturity is December 31, 2013.

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 severance payment obligation which it is estimated will accrue to workers who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., is booked at its actuarial



value, determined using the projected credit-unit method. Actuarial gains and losses on indemnities deriving from changes in estimates or in rates of turnover, mortality, advanced retirements through dismissal, wage increases, inflation or discount of the workers, are booked directly to Other comprehensive results, directly affecting equity, which are later reclassified in Accumulated earnings. This procedure has begun to be applied in the current year following the effective date of IAS 19 revised. Until 2012, all variations in estimates and parameters used determined a direct effect on results for the year.

Actuarial assumptions

Years of service: 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.: 745, Aguas Cordillera S.A.: 118, Aguas Manquehue S.A.: 19, and Essal S.A. 254.

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

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

Discount rate: A rate of 5.7% p.a. is used, corresponding to the risk-free rate, plus the credit risk and the estimate of expected long-term inflation.

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 2013 and 2012.

Wage increase rate: The rate uses for the 2013 and 2012 periods was 3.6%.

General description of defined benefits plans

The following benefits are in addition to those indicated in Note 2, O:



In the event of the death of a worker, an indemnity will be paid to their direct family in accordance with article 60 of the Labor Code.

In the case of a 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., Anam S.A. and Aguas del Maipo S.A., apply the provisions of the Labor Code.

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

The following are the movements in actuarial provisions during September 2013 and December 2012 periods:

Provisions for employee benefits	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Movement in actuarial provision		
Initial balance	8.575.854	8.622.789
Cost of services	547.027	331.366
Interest cost	347.051	487.903
Benefits paid	-447.896	-1.275.276
Provision severance payments	6.576	409.072
Sub-total	9.028.612	8.575.854
Profit sharing & bonuses	2.155.174	3.007.871
Total provision for employee benefits, current	2.906.356	2.906.724
Total provision for employee benefits, non-current	8.277.430	8.677.001

Expected payment flows

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



Company	Number of employees	Expected payment flow ThCh\$	Year
Aguas Andinas S.A.	9	562.219	2013
Aguas Andinas S.A.	8	466.390	2014
Aguas Cordillera S.A.	1	30.915	2013
Aguas Cordillera S.A.	1	32.121	2014
		1.091.645	

Projected liabilities to December 31, 2013

To calculate the projected liabilities for indemnities at actuarial value to December 2013, as indicated in IAS 19, the actuarial assumptions at September 30, 2013 have been used, already commented in this note. Only the amount of the legal bonus has been increased, in line with the minimum wage proposed by the government. The following is the summary by company:

Company	Number of employees	Cost of services ThCh\$	Interest costs ThCh\$
Aguas Andinas S.A.	749	93.425	119.946
Aguas Cordillera S.A.	118	7.172	12.885
Aguas Manquehue S.A.	19	3.204	2.323
		103.801	135.154

Sensitivity of assumptions

The sensitivity of the main assumptions has been made based on the actuarial calculation as of September 30, 2013:

Concept	Base	More than 0.5% ThCh\$	Less than 0.5% ThCh\$
Discount rate	5,7%	-271.697	289.349
Wage increase rate	3,6%	256.288	-243.089
Turnover rate	6,5%	-303.007	321.923



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 2013 and year 2012, the amounts are ThCh\$2,155,174 and ThCh\$3,007,871 respectively. In addition, advances are made against this bonus in the months of March, June, September and December each year.

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

Personnel expenses

Personnel expenses to September 2013 and 2012 are as follows:

Personnel expenses	30-09-2013	30-09-2012	01-07-2013 30-09-2013	01-07-2012 30-09-2012
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Wages & salaries	-18.916.144	-18.730.069	-6.239.472	-6.498.373
Defined benefits	-7.927.470	-7.645.281	-2.640.874	-2.472.919
Severance payments	-1.316.490	-1.238.644	-340.242	-184.835
Other personnel expenses	-1.197.530	-1.073.791	-345.653	-285.065
Total personnel expenses	-29.357.634	-28.687.785	-9.566.241	-9.441.192



20. EFFECT OF EXCHANGE DIFFERENCES

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

Exchange differences	Currency	30-09-2013	30-09-2012	01-07-2013 30-09-2013	01-07-2012 30-09-2012
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade debtors & other accounts receivable	EUR	77	1.768	1.472	96
Trade debtors & other accounts receivable	US\$	-4.960	-683	-1.832	926
Other financial assets	US\$	-4.761	-329	-4.387	-151
Other financial assets	EUR	-1.142	-677	-375	-1.477
Total assets		-10.786	79	-5.122	-606
Trade creditors & other accounts payable	EUR	4.632	115	-6.914	-4.105
Trade creditors & other accounts payable	US\$	1.238	-546	5.125	3.342
Accounts payable to related entities	EUR	-328	-328	-43	-324
Other financial debt	US\$	973	0	427	0
Total liabilities		6.515	-759	-1.405	-1.087
Gain (loss) from exchange differences		-4.271	-680	-6.527	-1.693

21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	30-09-2013	30-09-2012	01-07-2013 30-09-2013	01-07-2012 30-09-2012
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Treatment plant operation	-22.254.010	-18.277.191	-7.253.531	-5.757.203
Supplies & basic services	-7.832.915	-6.839.963	-2.656.939	-2.429.157
Commercial services	-16.354.188	-13.084.894	-2.337.729	-4.116.325
Equipment maintenance & repairs	-7.864.109	-7.092.156	-2.588.530	-2.041.203
Insurance, licenses & permits	-4.258.845	-4.066.381	-1.825.107	-1.551.031
Other expenses	-7.796.434	-5.399.901	-4.399.020	-2.279.534
Total	-66.360.501	-54.760.486	-21.060.856	-18.174.453

22. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs to September 30, 2013 and December 31, 2012 is as follows:



Capitalized interest costs:

Capitalized interest, property, plant & equipment		30-09-2013	31-12-2012
Rate of capitalization of capitalized interest costs, property, plant & equipment	%	6,80	6,94
Amount of capitalized interest, property, plant & equipment	ThCh\$	1.358.992	6.819.828

23. INCOME TAX AND DEFERRED TAXES

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

Statements of financial position	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Deferred tax assets	296.650	324.398
Deferred tax liabilities	-36.242.860	-37.557.315
Net deferred tax position	-35.946.210	-37.232.917

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	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Water rights (amortization)	202.788	200.840
Provision doubtful accounts	6.497.150	6.252.679
Provision vacations	324.347	324.802
Litigation	652.580	725.398
Severance payments	1.233.989	1.144.765
Other provisions	129.791	190.799
Income received in advance	26.870	104.166
Variation monetary correction & asset depreciation	32.128.322	33.814.062
Deferred revenue	1.466.817	1.473.480
La Dehesa dam transaction	273.884	238.792
Others	1.504.757	1.423.185
Deferred tax assets	44.441.295	45.892.968

Deferred tax liabilities

Deferred tax liabilities	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Depreciation fixed assets	15.171.086	17.005.185
Amortization	961.572	1.047.877
Investment expense related companies	84.641	84.641
Revaluations property, plant & equipment	16.792.496	16.804.312
Revaluations of intangible assets	33.786.504	33.804.037
Fair value of assets in purchase of Essal S.A.	13.579.273	14.369.483
Others	11.933	10.350
Deferred tax liabilities	80.387.505	83.125.885
Net deferred tax position	35.946.210	37.232.917



	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Movement of deferred tax liabilities		
Deferred tax liabilities, initial balance	83.125.884	71.838.796
Increases (decreases) in deferred tax liabilities	-3.528.588	10.027.238
Increases (decreases) through acquisitions through combinations of businesses	790.210	1.259.851
Changes in deferred tax liabilities	-2.738.378	11.287.089
Changes in deferred tax liabilities total	80.387.506	83.125.885

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	30-09-2013	30-09-2012
	ThCh\$	ThCh\$
Charge for income tax, current		
Current tax charge	21.084.834	23.291.955
Adjustment previous year tax charge	136.790	-3.576
Current income tax charge, net	21.221.624	23.288.379
Deferred tax charge (credit) relating to the creation & reversal of timing differences	-1.286.708	4.645.178
Other deferred tax charges	968.159	204.501
Deferred tax income, net	-318.549	4.849.679
Charge for income taxes	20.903.075	28.138.058

As of September 27, 2012, was published the Law 20.630, which establish permanent change in the tax rate of first category starting in business year 2012, according to which the tax rate of first category passes from 18.5 to 20%.

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



	30-09-2013	30-09-2012
	ThCh\$	ThCh\$
Tax charge using the statutory rate	-20.863.945	-23.263.429
Permanent difference for monetary correction taxation equity	1.102.225	1.164.583
Effect of change in deferred tax rates	0	-5.687.028
Permanent difference for disallowed expenses	-968.159	-204.501
Other permanent differences	-173.196	-147.684
Adjustments to tax charge using the statutory rate, Total	-39.130	-4.874.630
Tax charge using the effective rate	-20.903.075	-28.138.059

Reconciliation of the statutory rate and the effective tax rate

	30-09-2013	30-09-2012
Legal tax rate	20,00%	20,00%
Permanent difference for monetary correction taxation equity	-1,06%	-1,16%
Effect of change in deferred tax rates	0,00%	3,61%
Other permanent differences	1,10%	0,27%
Effective tax rate	20,04%	22,72%

24. EARNINGS PER SHARE

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

Earnings per share		30-09-2013	30-09-2012
Earnings attributable to shareholders in equity of the controller	ThCh\$	81.339.766	88.523.385
Results available to common shareholders, basic	ThCh\$		
Weighted average number of shares, basic		6.118.965.160	6.118.965.160
Earnings per share	Ch\$	13,29	14,47



Diluted earnings (losses) per share

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

25. BUSINESS SEGMENTS

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

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

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

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

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

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



General information on results	30-09-2013		30-09-2012	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Revenues from ordinary activities with external customers	273.285.415	17.904.963	261.713.737	16.973.829
Revenues from ordinary activities between segments	494.661	2.800.525	338.360	2.168.606
Operating expenses	-101.725.113	-17.780.512	-93.625.197	-14.232.761
Depreciation & amortization	-48.390.814	-355.645	-39.731.183	-239.723
Other earnings & expenses	1.293.395	20.803	443.305	0
Financial income	4.908.467	890.697	6.496.600	109.518
Financial costs	-21.889.808	-64.831	-16.640.594	-35.483
Result of indexation & exchange differences	-7.072.122	-355	-7.425.180	3.310
Income tax charge	-20.364.883	-538.192	-27.670.577	-467.481
Earnings by segment	80.539.198	2.877.453	83.899.271	4.279.815
Earnings by segment attributable to owners of the controller	78.462.313	2.877.453	83.554.972	4.279.815
Earnings by segment attributable to non-controller participations	2.076.885	0	344.299	0

Total assets, liabilities & equity	30-09-2013		31-12-2012	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Current assets	107.971.998	15.374.252	108.893.032	14.961.038
Non-current assets	1.416.552.127	11.295.937	1.413.730.283	10.955.359
Total assets	1.524.524.125	26.670.189	1.522.623.315	25.916.397
Current liabilities	182.454.399	5.524.806	163.541.496	5.525.058
Non-current liabilities	682.808.786	89.208	695.139.263	81.617
Equity attributable to owners of the controller	597.149.303	21.056.175	601.444.689	20.309.722
Non-controller participations	62.111.637	0	62.497.867	0
Total equity & liabilities	1.524.524.125	26.670.189	1.522.623.315	25.916.397

General information on results, assets, liabilities and equity.

Significant items of revenues and expenses by segment

Water and non-water segments

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



Revenues

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

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

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

Non-water segment

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

Significant expense items

Water segment

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

Non-water segment

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

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

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

The accounting criteria relate to the booking of economic events giving rise to rights and obligations in the same way that these arise in economic relations with third parties. These records will generate committed balances in an asset and liability account according to the spirit of the transaction in each related company according to the segment in which it operates. This account called accounts receivable or payable from/to related companies is netted in the consolidation of the financial statements in accordance with the rules of consolidation explained in IAS 27.

There are no differences in the nature of the measurement of results as, according to the standard, there are no accounting policies that show different criteria of assignment of costs or similar.

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	30-09-2013	30-09-2012
	ThCh\$	ThCh\$
Revenues from ordinary activities of the segments	294.485.564	281.194.532
Elimination of ordinary activity revenues between segments	-3.295.186	-2.506.966
Revenues from ordinary activities	291.190.378	278.687.566

Reconciliation of earnings	30-09-2013	30-09-2012
	ThCh\$	ThCh\$
Total consolidated earnings (loss) of segments	81.339.766	87.834.787
Consolidation of elimination of earnings (loss) between segments	2.076.885	688.598
Consolidation of earnings (loss)	83.416.651	88.523.385

Reconciliations of segment assets, liabilities & equity of segments	30-09-2013	31-12-2012
	ThCh\$	ThCh\$
Reconciliation of assets		
Consolidation total assets of segments	1.551.194.314	1.548.539.712
Elimination of accounts between segments	-6.738.276	-2.314.233
Total assets	1.544.456.038	1.546.225.479
Reconciliation of liabilities		
Consolidation total liabilities of segments	870.877.199	864.287.434
Elimination of accounts between segments	-6.738.275	-2.314.233
Total liabilities	864.138.924	861.973.201
Reconciliation of equity		
Consolidation total equities of segments	680.317.115	684.252.278
Elimination of accounts between segments	-62.111.636	-62.497.867
Equity attributable to owners of the controller	618.205.479	621.754.411

Principal customers of the subsidiaries:

Principal water segment customers:

Administradora Plaza Vespucio S.A.

Centro de Detención Preventiva Santiago 1

Cervecera CCU Chile Ltda.

Ejército de Chile



Embotelladora Chilenas Unidas S.A.
Gendarmería de Chile
Ilustre Municipalidad de Santiago
Industrial Ochagavía Ltda.
Pontificia Universidad Católica de Chile
Soc. Concesionaria Autopista Central S.A.
Soprole S.A.
Universidad de Chile

Principal non-water segment customers:

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

Types of products water – non-water segments:

Water segment

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

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

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

Non-water segment

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

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

26. THE ENVIRONMENT

Disbursements related to the environment:

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



Aguas Andinas S.A.

Project name	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Expansion & improvements Curacavi	87.859	256
Expansion & improvements El Monte STP	0	217.890
Expansion & improvements Greater Santiago STP	25.859.899	38.848.794
Expansion & improvements other districts STP	45.929	56.780
Expansion & improvements Paine STP	1.366.803	902.410
Expansion & improvements Pomaire STP	0	15.930
Expansion & improvements San José de Maipo STP	83.731	3.005
Expansion & improvements Talagante STP	18.023	37.319
Expansion & improvements Valdivia de Paine STP	55.897	0
Farfana - Trebal interceptor	127.370	6.522.582
Clean Urban Mapocho interceptor	337.964	2.138.243
Improvement & renewal equipment & installations	1.009.022	686.229
Total	28.992.497	49.429.438

Aguas Manquehue S.A.

Project name	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Improvement & renewal equipment & installations	45.189	34.367
STP improvements	0	71.225
Total	45.189	105.592



Essal S.A.

Project name	30-09-2013 ThCh\$	31-12-2012 ThCh\$
Improvement in disposal infrastructure	123.000	90.222
Improvement of EDAR system	100.237	267.078
Renewal or treatment & disposal equipment	143.666	16.377
Total	366.903	373.677

Projected environmental investments for period April-December 2013:

Company	ThCh\$
Aguas Andinas S.A.	3.955.509
Aguas Manquehue S.A.	947
Essal S.A.	0
Total	3.956.456

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

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

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

The projected disbursements are estimated to be made during the period October-December 2013.

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



27. EVENTS OCCURRING FOLLOWING THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Aguas Andinas S.A.

Based on a study ordered by the company to avoid Eservice cuts due to water cloudiness in the river Maipo, as occurred during the summer of 2013, the SVS on October 15, 2013 recommended the construction of a raw water tank of 1,500,000 cubic meters. This, plus the already existing safety works and those under construction, would provide 32 hours of autonomy in Greater Santiago.

On October 30, 2013, the SVS was informed that the society's board on October 29 agreed to register in the Securities Register of the SVS two lines of bonds for a combined amount of up to UF 6 million and a maximum term of 30 years, whose proceeds would be used to finance investments and/or refinance liabilities.

On October 30, 2013, the SVS published the preliminary bases for the tariff study of Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A. for the tariff period 2015-2020. The companies have until December 29, 2013 to comment on these bases.

On November 26, the SVS was informed that the society's board on that date agreed unanimously to distribute to shareholders the sum of ThCh\$37,000,158.- as an interim dividend, against the earnings for 2013. Interim dividend No.57 amounting to Ch\$6.0468.- per share will therefore be payable from January 14, 2014.

Aguas Cordillera S.A.

On October 21, 2013, Iván Yarur Sairafi presented his resignation as director of the company to the board, effective from that date, as he will be assuming other Group responsibilities. The board then unanimously agreed to appoint Rodrigo Swett Brown as his replacement as a director.

In accordance with article 32 of the Corporations Law 18.046, the board will have to be fully renewed at the company's next ordinary shareholders' meeting.

On November 25, the SVS was informed that the society's board on that date agreed unanimously to distribute to shareholders the sum of ThCh\$8,568,008.- as an interim dividend, against the earnings for 2013. Interim dividend No.14 amounting to Ch\$170,926.- per share will therefore be payable from January 8, 2014.

Essal S.A.

On October 25, 2013, Sebastián Ibañez Atkinson submitted his resignation as a director as from that date. In accordance with article 32, 1 of Law 18.046, his alternate director Matías Langevin Correa will replace him definitely.

The board on the same date agreed unanimously to call an extraordinary shareholders' meeting for November 22, 2013, in order to renew the society's board of directors, through the revocation of the actual one and the election of a new one.

On November 22, an extraordinary shareholders' meeting of the company was held, which revoked and consequently renewed the members of the company's board of directors, the following being elected:

DIRECTORS

ALTERNATE DIRECTORS

Felipe Larraín Aspillaga	Iván Yarur Sairafi
Jordi Valls Riera	Camilo Larraín Sánchez
Guillermo Pickering de la Fuente	Joaquim Marti Márquez
Victor de la Barra Fuenzalida	Jorge Cosme Sagnier
Eduardo Novoa Castellón	Patricio Leighton Zambelli
Andrés Fernández Fernández	Ricardo Letelier Querci
Matías Langevin Correa	Sebastián Ibañez Atkinson

Following the above meeting, the board of the company met and unanimously agreed to appoint Felipe Larraín Aspillaga as chairman of the board and of the society, with Jordi Valls Riera as vice-chairman.

At the same meeting, the board agreed unanimously to distribute to shareholders the sum of ThCh\$4,172,456.- as an interim dividend, against the earnings for 2013. Interim dividend No.25 amounting to Ch\$4.3542.- per share will therefore be payable from January 9, 2014.

As at the date of issue of these consolidated financial statements, the management of the Society and its subsidiaries are unaware of any other subsequent events that significantly affect the financial position as of September 30, 2013.

