



CONSOLIDATED FINANCIAL STATEMENTS

**For the Period Ended March 31, 2014 and
2013**

AGUAS ANDINAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A. AND SUBSIDIARIES

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

**Consolidated Statements of Financial Position
As of March 31, 2014 and December 31, 2013
(Thousands of Chilean pesos - ThCh\$)**

ASSETS	Note	31-03-2014 ThCh\$	31-12-2013 ThCh\$
CURRENT ASSETS			
Cash & cash equivalents	7	6.320.598	38.658.981
Other non-financial assets		160.103	232.245
Trade debtors & other accounts receivable	8	155.535.876	87.948.143
Accounts receivable from related entities	9	61.038	38.941
Inventories	10	3.331.428	3.608.089
Tax assets		2.680.188	2.485.108
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		168.089.231	132.971.507
TOTAL CURRENT ASSETS		168.089.231	132.971.507
NON-CURRENT ASSETS			
Other financial assets	8	7.413.197	7.413.197
Other non-financial assets		646.500	420.067
Receivables	8	1.629.974	1.879.762
Intangible assets other than goodwill	11	228.313.994	227.347.269
Goodwill	12	36.233.012	36.233.012
Property, plant & equipment	13	1.170.505.306	1.171.182.828
Deferred tax assets	23	2.148.906	263.122
TOTAL NON-CURRENT ASSETS		1.446.890.889	1.444.739.257
TOTAL ASSETS		1.614.980.120	1.577.710.764

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

**Consolidated Statements of Financial Position
As of March 31, 2014 and December 31, 2013
(Thousands of Chilean pesos - ThCh\$)**

EQUITY & LIABILITIES	Note	31-03-2014 ThCh\$	31-12-2013 ThCh\$
CURRENT LIABILITIES			
Other financial liabilities	8	107.287.986	93.620.208
Trade creditors & other accounts payable	8	66.528.582	90.032.192
Accounts payable to related entities	9	10.491.256	29.985.286
Other provisions	15	910.462	918.556
Tax liabilities		1.880.763	59.151
Provisions for employee benefits	19	1.164.547	4.198.437
Other non-financial liabilities		1.115.840	1.381.524
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		189.379.436	220.195.354
TOTAL CURRENT LIABILITIES		189.379.436	220.195.354
NON-CURRENT LIABILITIES			
Other financial liabilities	8	652.986.053	626.272.073
Other provisions	15	1.134.292	1.118.746
Deferred tax liabilities	23	33.476.617	34.162.915
Other payable accounts	8	1.862.366	1.862.609
Provisions for employee benefits	19	9.026.882	8.542.371
Other non-financial liabilities		7.540.988	7.888.046
TOTAL NON-CURRENT LIABILITIES		706.027.198	679.846.760
TOTAL LIABILITIES		895.406.634	900.042.114
EQUITY			
Issued capital		155.567.354	155.567.354
Accumulated earnings		343.771.719	302.875.246
Accounting issues		164.064.038	164.064.038
Other equity participations		-5.965.550	-5.965.550
Equity attributable to owners of the controller		657.437.561	616.541.088
Non-controller participations	4	62.135.925	61.127.562
TOTAL EQUITY		719.573.486	677.668.650
TOTAL EQUITY & LIABILITIES		1.614.980.120	1.577.710.764

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

Consolidated Statements of Comprehensive Results by Nature
For the periods ended March 31, 2014 and 2013
(Thousands of Chilean pesos - ThCh\$)

STATEMENT OF RESULTS BY NATURE	Note	31-03-2014 ThCh\$	31-03-2013 ThCh\$
Revenues from ordinary activities	17	119,473,472	108,283,875
Raw materials & consumables used		-7,246,868	-6,812,889
Employee benefit expenses	19	-9,872,074	-9,492,724
Charges for depreciation & amortization	11-13	-15,647,587	-15,987,669
Other expenses, by nature	21	-22,627,049	-21,624,512
Other gains	5	526,336	558,244
Financial income	5	1,386,640	1,712,902
Financial costs	5	-6,768,055	-7,245,846
Exchange differences	20	-8,320	9,761
Results of indexation adjustments		-8,264,429	-875,993
Earnings before taxes		50,952,066	48,525,149
Charge for income taxes	23	-9,047,230	-9,448,837
Earnings from continuing operations		41,904,836	39,076,312
Earnings		41,904,836	39,076,312
Earnings attributable to:			
Owners of the controller		40,896,473	38,205,220
Earnings attributable to non-controller participations	4	1,008,363	871,092
Earnings		41,904,836	39,076,312
Earnings per share			
Basic earnings per share from continuing operations		6.68	6.24
Basic earnings per share	24	6.68	6.24

STATEMENT OF COMPREHENSIVE RESULTS		31-03-2014 ThCh\$	31-03-2013 ThCh\$
Earnings		41,904,836	39,076,312
Total comprehensive result		41,904,836	39,076,312
Comprehensive result attributable to:			
Owners of the controller		40,896,473	38,205,220
Non-controller participations	4	1,008,363	871,092
Total comprehensive result		41,904,836	39,076,312

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

Consolidated Statements of Direct Cash Flows
For the periods ended March 31, 2014 and 2013
(Thousands of Chilean pesos - ThCh\$)

STATEMENT OF CASH FLOWS, DIRECT	Note	31-03-2014 ThCh\$	31-03-2013 ThCh\$
Proceeds of sales of goods & services		143.914.330	128.526.788
Proceeds of insurance claims & annuities		298.282	265.109
Other proceeds from operating activities		485.122	659.820
Payments to suppliers of goods & services		-33.266.248	-29.631.257
Payments to & on behalf of employees		-13.852.622	-12.778.884
Payments of insurance premiums & other obligations		-22.352	-1.560
Other operating activity payments		-16.001.609	-9.163.858
Interest paid		-6.894.806	-7.438.744
Interest received		311.021	697.338
Income taxes refunded (paid)		-8.562.470	-8.943.149
Other cash inflows (outflows)		-442.833	-408.438
Net cash flow from operating activities		65.965.815	61.783.165
Proceeds of sales of property, plant & equipment		306.685	8.000
Purchases of property, plant & equipment		-21.996.357	-32.148.059
Purchases of intangible assets		-7.253	-64.569
Other cash inflows (outflows)		-880.070	-383.158
Net cash flow used in investment activities		-22.576.995	-32.587.786
Proceeds of long-term loans		22.483.601	76.490
Proceeds of short-term loans		8.734.366	0
Amounts from loans, total		31.217.967	76.490
Loan repayments		-68.817.319	-4.498.738
Dividends paid		-38.127.851	0
Net cash flow used in financing activities		-75.727.203	-4.422.248
Net increase in cash & cash equivalents, before effects of change in the exchange rate		-32.338.383	24.773.131
Net increase in cash & cash equivalents		-32.338.383	24.773.131
Cash & cash equivalents at start of the period		38.658.981	35.644.437
Cash & cash equivalents at end of the period	7	6.320.598	60.417.568

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

Statement of Changes in Equity
For the periods ended March 31, 2014 and 2013
(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 01-01-2014		155.567.354	164.064.038	-5.965.550	302.875.246	616.541.088	61.127.562	677.668.650
Restated initial balance		155.567.354	164.064.038	-5.965.550	302.875.246	616.541.088	61.127.562	677.668.650
Comprehensive result								
Earnings					40.896.473	40.896.473	1.008.363	41.904.836
Total changes in equity		0	0	0	40.896.473	40.896.473	1.008.363	41.904.836
Closing balance as of 31-03-2014	3.4	155.567.354	164.064.038	-5.965.550	343.771.719	657.437.561	62.135.925	719.573.486

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	-5.965.550	308.088.569	621.754.411	62.497.867	684.252.278
Restated initial balance		155.567.354	164.064.038	-5.965.550	308.088.569	621.754.411	62.497.867	684.252.278
Comprehensive result								
Earnings					38.205.220	38.205.220	871.092	39.076.312
Total changes in equity		0	0	0	38.205.220	38.205.220	871.092	39.076.312
Closing balance as of 31-03-2013	3.4	155.567.354	164.064.038	-5.965.550	346.293.789	659.959.631	63.368.959	723.328.590

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

CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A.

Notes to Consolidated Financial Statements



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1. GENERAL INFORMATION

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

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

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

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

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

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

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



2. BASES OF PREPARATION AND ACCOUNTING POLICIES

2.1 Preparation

These consolidated financial statements relate to the statements of financial position as of March 31, 2014 and December 31, 2013, and the statements of comprehensive results of its operations, changes in equity and cash flows for periods ended March 31, 2014 and 2013, 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, in concordance with the instructions issued by the Superintendency of Securities and Insurance (SVS).

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

Functional and presentational currency

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

New accounting pronouncements

a) As of the date of these financial statements, the application has begun of IFRS 10, 12, IAS 27, 32, 36, 39 and IFRIC 21, which have been analyzed by the management which has determined that these do not affect the presentation and disclosures of the financial statements.

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



New standards	Date of mandatory application
IFRS 9, Financial instruments	Not yet determined
IFRS 14, Deferred regulation accounts	Annual periods starting or after January 1, 2016

Improvements & Modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting or after July 1, 2014
IFRS 3, Combinations of businesses	Annual periods starting or after July 1, 2014
IAS 40, Investment properties	Annual periods starting or after July 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 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 International Financial Reporting Standards (IFRS) have been fully applied.

The consolidated financial statements of Aguas Andinas S.A. and subsidiaries to the period 2013 and were approved by the board at its meetings held on March 26, 2014.

Estimates such as 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 consolidated financial statements, it is possible that events may occur in the future that cause them to be amended (upward or downward) in following periods, which would be booked prospectively as soon as the variation is known, booking the effects of such changes in the corresponding future consolidated financial statements.



2.2 Accounting Policies

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

A. Consolidation

The consolidated financial statements include the financial statements of the Society and the entities controlled by it (its subsidiaries). Subsidiaries are those entities in which the Group has the power to direct their important activities, has the right to variable returns relating to its participations and the capacity to use such power to influence the amount of the returns of the investor. The subsidiaries are consolidated from the date on which control passes to the Group, and are excluded from the consolidation when such control ceases.

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

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

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

Tax No.	Company	Direct %	Indirect %	Total 2014 %	Direct %	Indirect %	Total 2013 %
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 the 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 prospectively.

ii. Amortization method of intangible assets:

Intangible assets with defined useful life.

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

Computer programs.

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

Intangible assets with indefinite useful lives.

Intangible assets with indefinite useful lives relate mainly to water rights and easements which were obtained on an indefinite basis, as established in the acquisition contracts and the rights obtained from the Waters Authority of the Ministry of Public Works.

Determination of useful life

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

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

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

D. Goodwill

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

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

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

Goodwill 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 is 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 incurred.

Depreciation method and estimated useful life for property, plant and equipment:

The depreciation method applied by the Society reflects the extent to which the assets are used by the entity 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 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 indefinite useful lives are tested annually for impairment or when there are indications that the asset might have suffered impairment before the end of the period.

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

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

G. Leases

i. Financial leases

Leases are classified as financial leases when the conditions of the lease 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 March 31, 2014, the Society and its subsidiary Aguas del Maipo S.A. have shareholdings in Sociedad Eléctrica Puntilla S.A. which have been valued at fair value on the acquisition date, as established in IAS 39, paragraph 43. Their 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, classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any loss for impairment. 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 trade debtors and other accounts receivable

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.

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

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

For the subsidiaries Gestión y Servicios S.A., Anam S.A., Ecoriles S.A. and Aguas del Maipo S.A., a 100% provision is made of debts of customers 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 consolidated 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 Company's 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 shareholder meeting and provided the present level of capitalization is maintained and it is compatible with the investment policies.

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

K. Foreign currency transactions

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

Currency	31-03-2014 Ch\$	31-12-2013 Ch\$
US dollar	551,18	524,61
Euro	759,10	724,30



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 financial 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 in its consolidated financial statements as of March 31, 2014 and December 31, 2013.

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 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 in accordance with the standard.

O. Employee benefits

The obligation for termination benefits which are estimated to accrue to employees who retire in 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, wage increases or discount rate, are determined in accordance with IAS 19, in other comprehensive results, thus directly affecting equity, and then later re-classified in accumulated earnings.

Aguas Andinas S.A.

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

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

The termination benefits in 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 termination benefit 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 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 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.

Advances granted to personnel against these funds 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 to recover or settle the book values of its assets and liabilities at the date of report.

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 booking of ordinary revenue from sales of goods

Revenue from sales of goods is booked once the risk and significant advantages deriving from ownership of the goods are transferred, the company retains no relationship with the asset sold, the amount of revenue can be measured reliably, it is probable that the company will receive the economic benefits associated with the sale and the costs incurred in the transaction can also be measured reliably.

Policy for booking of ordinary revenue from 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 transferred to the client and recovery is considered probable, and the associated costs and possible discounts for erroneous billings 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., Gestión y Servicios S.A. and Aguas del Maipo S.A., invoicing is made on the basis of work performed.

Method used for determining state of termination of services

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

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

R. Earnings per share

Basic earnings per share is calculated as the earnings (loss) attributable to the holders of equity of the controller divided by the average weighted number of common shares in circulation during the period ended March 31, 2014.

During the period 2014 and year 2013, the Group has not carried out any kind of operation with a potential diluting effect that supposes that diluted earnings per share are any 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 according to 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 which states that when the entity acquires debt to finance investments the interest on that debt should be deducted from the financial expense and incorporated in the construction project financed, up to the total amount of such interest, applying the respective rate to the disbursements made to the date of presentation of the financial statements.

3. EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER

The capital of the Company is divided into 6,118,965,160 nominative shares of no par value, totally subscribed and paid at March 31, 2014, corresponding 94,97% to series A and 5,03% to series B.

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

The composition of each series is as follows:

	31-03-14	31-12-13
Serie A Shares	5.811.029.417	5.811.029.417
Serie B Shares	307.935.743	307.935.743
Total	6.118.965.160	6.118.965.160

The capital as of March 31, 2014 and December 31, 2013 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.

The following dividends have been distributed during 2013:

- 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.
- The ordinary board meeting held on November 26, 2013 unanimously agreed to distribute the sum of ThCh\$37,000,158 against the earnings for 2013 as an interim dividend. The amount of dividend No.57 was therefore Ch\$6.0468 per share, payable from January 14, 2014.

Provision for minimum dividend

In accordance with the policy described in Note 2.2 J, the Society has made no provision for the minimum dividend as of March 31, 2014 and 2013.



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 balances as of March 31, 2014 and December 31, 2013 amount to ThCh\$343,771,719 and ThCh\$302,875,246 respectively.

As of December 31, 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 the 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 March 31, 2014 and December 31, 2013 amount to ThCh\$164,064,038 in each period.

Other participations in equity.

Other participations refer to the monetary correction of paid capital of the year 2008, the year of transition, in accordance with SVS Circular 456, and the effects of combinations of businesses of companies under common control made in 2007 and 2008. The balance as of March 31, 2014 and December 31, 2013 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 March 31, 2014 and 2013 is as follows:

Company	% Participation		Non-controller participations			
	31-03-2014	31-03-2013	31-03-2014		31-03-2013	
	%	%	Equity ThCh\$	Result ThCh\$	Equity ThCh\$	Result ThCh\$
Aguas Cordillera S.A.	0,00997%	0,00997%	20.986	718	20.169	653
Essal S.A. (1)	46,49350%	46,49350%	62.114.939	1.007.645	63.348.790	870.439
Total			62.135.925	1.008.363	63.368.959	871.092



- (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	31-03-2014	31-03-2013
	M\$	M\$
Insurance claims (1)	200.260	574.099
Gain on sale of non-current assets, not held for sale	326.076	-8.507
Other losses	0	-7.348
Other revenue (losses)	526.336	558.244
Bank loans	-1.075.876	-1.530.265
AFR interest expenses	-1.022.428	-1.185.776
Bond interest expense	-4.294.806	-4.226.374
Other interest costs	-172.813	-77.622
Amortization of loan agreement complementary costs	-202.132	-225.809
Financial costs	-6.768.055	-7.245.846
Interest income	1.084.443	1.419.686
Gain on redemption & extinction of debt	302.197	293.216
Financial income	1.386.640	1.712.902

6. FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

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



Statement of financial position of subsidiaries (summarized) as of March 31, 2014

31-03-2014 Subsidiary	Current assets ThCh\$	Non-current assets ThCh\$	Current liabilities ThCh\$	Non-current liabilities ThCh\$	Equity ThCh\$
Aguas Cordillera S.A.	37.233.613	238.607.229	15.136.894	50.214.951	210.488.997
Aguas Manquehue S.A.	6.352.709	61.972.990	3.671.126	15.277.053	49.377.520
Inversiones Iberaguas Ltda.	22.175	68.970.406	25.673	0	68.966.908
Empresa de Servicios Sanitarios de Los Lagos S.A.	15.668.629	131.554.402	10.083.881	54.288.773	82.850.377
Ecoriles S.A.	4.717.221	323.231	1.382.313	0	3.658.139
Gestión y Servicios S.A.	6.575.242	423.551	2.075.352	64.668	4.858.773
Análisis Ambientales S.A.	3.944.426	1.353.463	599.701	0	4.698.188
Aguas del Maipo S.A.	1.505.258	8.653.298	201.268	28.718	9.928.570

Statement of comprehensive results of subsidiaries (summarized) as of March 31, 2014

31-03-2014 Subsidiary	Result for the period ThCh\$	Ordinary revenue ThCh\$	Operating expenses (-) ThCh\$	Other net expenses (-) / revenue (+) ThCh\$
Aguas Cordillera S.A.	7.206.085	14.612.550	-7.571.164	164.699
Aguas Manquehue S.A.	1.641.141	3.600.315	-1.567.975	-391.199
Inversiones Iberaguas Ltda.	1.638.486	0	-1.307	1.639.793
Empresa de Servicios Sanitarios de Los Lagos S.A.	3.220.893	11.550.193	-6.396.757	-1.932.543
Ecoriles S.A.	294.880	2.979.468	-2.642.910	-41.678
Gestión y Servicios S.A.	146.270	2.287.576	-2.122.409	-18.897
Análisis Ambientales S.A.	396.740	1.701.790	-1.233.366	-71.684
Aguas del Maipo S.A.	11.364	182.242	-158.015	-12.863

Statement of financial position of subsidiaries (summarized) as of December 31, 2013

31-12-2013 Subsidiary	Current assets ThCh\$	Non-current assets ThCh\$	Current liabilities ThCh\$	Non-current liabilities ThCh\$	Equity ThCh\$
Aguas Cordillera S.A.	22.101.279	236.931.260	26.668.425	29.081.201	203.282.913
Aguas Manquehue S.A.	5.848.456	61.779.211	5.478.224	14.413.065	47.736.378
Inversiones Iberaguas Ltda.	2.134.761	67.327.751	24.090	0	69.438.422
Empresa de Servicios Sanitarios de Los Lagos S.A.	15.763.160	130.139.567	12.806.767	53.466.475	79.629.485
Ecoriles S.A.	4.396.638	300.765	1.334.144	0	3.363.259
Gestión y Servicios S.A.	6.485.193	422.369	2.130.391	64.668	4.712.503
Análisis Ambientales S.A.	3.673.948	1.343.539	716.039	0	4.301.448
Aguas del Maipo S.A.	1.483.124	8.681.362	221.386	25.895	9.917.205



Statement of comprehensive results of subsidiaries (summarized) as of March 31, 2013

31-03-2013	Result for the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiary	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Cordillera S.A.	6.549.346	13.210.999	-6.762.841	101.188
Aguas Manquehue S.A.	1.604.093	3.278.423	-1.246.644	-427.686
Inversiones Iberaguas Ltda.	1.491.011	0	-1.134	1.492.145
Empresa de Servicios Sanitarios de Los Lagos S.A.	2.925.786	10.259.031	-6.048.994	-1.284.251
Ecoriles S.A.	224.941	2.642.657	-2.379.628	-38.088
Gestión y Servicios S.A.	146.037	2.257.912	-2.021.805	-90.070
Análisis Ambientales S.A.	189.635	1.152.772	-938.236	-24.901
Aguas del Maipo S.A.	-28.890	157.309	-164.635	-21.564

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	10,99%	3,17%	5,87%
Property, plant & equipment	7,33%	3,32%	16,52%
Result for the period	13,58%	4,01%	2,84%



7. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Banks	1.870.598	3.343.981
Time deposits (Note 8.6)	4.450.000	35.315.000
Total	6.320.598	38.658.981

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	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Trade debtors			157.165.850	89.827.905
Trade debtors, current			155.535.876	87.948.143
Trade debtors & other accounts receivable, current	CLP	8.5	155.247.430	87.910.946
Trade debtors & other accounts receivable, current	USD	8.5	262.823	24.366
Trade debtors & other accounts receivable, current	EUR	8.5	25.623	12.831
Fees Receivable, non-current			1.629.974	1.879.762
Fees Receivable, non-current	CLP	8.5	1.629.974	1.879.762
Other financial liabilities, current			107.287.986	93.620.206
Bank loans	CLP	8.4	17.347.219	8.119.585
Bonds	CLP	8.4	87.174.262	81.065.932
Reimbursable financial contributions (AFR)	CLP	8.4	2.766.505	4.434.689
Other financial liabilities, non-current		8.4	652.986.054	626.272.073
Bank loans	CLP	8.4	85.619.724	70.467.745
Bonds	CLP	8.4	436.241.452	430.733.178
Reimbursable financial contributions (AFR)	CLP	8.4	131.124.878	125.071.150
Trade payable			68.390.948	91.894.801
Trade creditors & other accounts payable, current			66.528.582	90.032.192
Trade creditors & other accounts payable, current	CLP	8.7	65.908.913	89.777.227
Trade creditors & other accounts payable, current	USD	8.7	392.949	191.010
Trade creditors & other accounts payable, current	EUR	8.7	226.720	63.955
Other accounts payable, non-current			1.862.366	1.862.609
Other accounts payable, non-current	CLP	8.7	1.862.366	1.862.609

8.4 Information on financial liabilities

Other financial liabilities

Other financial liabilities include bank loans, bonds and reimbursable financial contributions (AFRs) are valued at amortized cost, as explained below:



Reimbursable financial contributions (AFRs)

In accordance with article 42-A of decree MINECON 453 of 1989, "reimbursable financial contributions for extension and for capacity constitute a financing alternative for the provider (company that provides sanitation services) for carrying out sanitation works of extension and capacity which, under the law, are at its expense and cost."

They consist of certain amounts of money or works that sanitation public utilities can require of those asking to be incorporated as customers or who request an expansion of service and which, according to current regulations, have defined forms and terms for their reimbursement.

The reimbursement of the amounts contributed by customers is made basically through the issue of endorsable promissory notes at 10 or 15 years and, in some minor cases, through reimbursement by the provision of sanitation services.

The detail of bank loans as of March 31, 2014 and December 31, 2013 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
						31-03-2014 ThCh\$	31-03-2014 Up to 90 days	31-03-2014 91 to 365 days	31-12-2013 ThCh\$	31-03-2014	31-12-2013			
Aguas Andinas S.A.	61.808.000-5	Chile	Banco BBVA	97.032.000-8	Chile	2.389.860	4.217.655	2.384.030	2.607.829	2.451.340	2.615.256	5,01%	5,06%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco de Chile	97.004.000-5	Chile	1.065.900	300.341	1.061.647	1.019.103	1.168.233	1.022.958	5,29%	6,17%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco Santander	97.036.000-K	Chile	0	36.786	0	189.494	41.144	194.383	5,01%	5,06%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco de Chile	97.004.000-5	Chile	4.500.000	432.028	4.482.720	4.303.159	4.932.028	4.318.708	5,29%	5,33%	Semi-annual
Aguas Cordillera S.A.	96.809.310-K	Chile	Banco BBVA	97.032.000-8	Chile	0	51.828	0	0	51.828	0	4,91%	4,91%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	BCI	97.006.000-6	Chile	4.380.184	4.380.184	0	0	4.380.184	0	4,54%	4,54%	At maturity
Total						12.335.944	9.418.822	7.928.397	8.119.585	13.024.757	8.151.305			

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				31-03-2014		31-12-2013		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	Non-indexed pesos	11.856.032	0	0	28-02-2019	11.856.032	11.860.787	13.094.297	2.615.256	5,01%	5,06%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco de Chile	97.004.000-5	Chile	Non-indexed pesos	2.770.433	5.700.698	0	17-07-2017	8.471.131	8.473.905	9.162.120	1.022.958	5,29%	6,17%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco Santander	97.036.000-K	Chile	Non-indexed pesos	9.535.678	0	0	28-08-2015	9.535.678	9.537.000	9.535.343	194.383	5,01%	5,06%	Semi-annual
Aguas Andinas S.A.	61.808.000-5	Chile	Banco de Chile	97.004.000-5	Chile	Non-indexed pesos	11.694.075	24.062.808	0	17-07-2017	35.756.883	35.775.000	38.675.985	4.318.708	5,29%	5,33%	Semi-annual
Aguas Cordillera S.A.	96.809.310-K	Chile	Banco BBVA	97.032.000-8	Chile	Non-indexed pesos	0	20.000.000	0	28-02-2019	20.000.000	20.000.000	0	0	4,91%	4,91%	Semi-annual
Total							35.856.218	49.763.506	0		85.619.724	85.646.692	70.467.745	8.151.305			



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 March 31, 2014 and December 31, 2013 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)
			31-03-2014	31-12-2013							
			ThCh\$	ThCh\$							
AFR	UF	89.956	2.143.167	2.022.813	2,69%	2,64%	Chile	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	15.834	380.378	2.175.404	4,30%	4,20%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	10.183	242.960	236.472	2,94%	2,90%	Chile	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
Total		115.973	2.766.505	4.434.689							

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)
			31-03-2014	31-12-2013							
			ThCh\$	ThCh\$							
AFR	UF	3.419.012	92.825.530	89.233.486	26-03-2029	3,85%	3,74%	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	836.527	23.385.514	21.980.886	26-03-2029	4,28%	4,16%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	366.774	9.525.095	8.707.256	05-03-2029	3,86%	3,69%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	209.128	5.388.739	5.149.522	21-03-2029	3,84%	3,94%	Essal S.A.	96.579.800-5	At maturity	No
Total		4.831.441	131.124.878	125.071.150							

The detail of bonds outstanding as of March 31, 2014 and December 31, 2013 is as follows:



Bonds, current portion

Type of document	Amount outstanding UF	Book value ThCh\$			Final maturity	Nominal annual interest rate	Effective annual interest rate	Payments of		Issuer	Tax No. of issuer
		31-03-2014		31-12-2013							
		Up to 90 days	91 to 365 days	ThCh\$				Interest	Principal		
BAGUA-F	263.158	4.063.647	2.957.818	6.105.922	01-12-2026	4,15%	4,68%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-G	2.500.000	59.896.135	0	58.654.377	01-04-2014	3,00%	3,39%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-I	320.000	4.045.957	3.745.909	7.465.304	01-12-2015	3,70%	4,03%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-J	0	280.842	0	46.104	01-12-2018	4,00%	4,17%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-K	160.000	2.107.351	1.876.257	3.820.445	01-10-2016	2,90%	3,08%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-M	0	869.973	0	434.930	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-N	0	432.552	0	187.480	01-10-2016	3,17%	3,33%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-P	0	685.118	0	342.308	01-10-2033	3,86%	3,81%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-Q	0	525.692	0	138.264	01-06-2032	4,00%	3,94%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-R	0	353.693	0	142.219	01-04-2019	3,30%	3,62%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-S	0	1.041.799	0	510.948	01-04-2035	3,90%	3,93%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-U	0	885.888	0	435.961	01-04-2036	3,80%	3,81%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BESAL-B	115.789	2.093.391	1.312.240	2.781.670	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Total	3.358.947	77.282.038	9.892.224	81.065.932							

As of March 31, 2014, and as stated in the respective indentures, the following amounts were transferred to the paying agent and bond-holders representative (amounts available by that bank) for the payment of interest and principal of the Series G bonds. This payment was made on April 1, 2014, as shown below:

Date of payment	Maturity	Series	Coupon	31-03-2014 ThCh\$
31-03-2014	01-04-2014	BAGUA-G	Principal, interest	59.905.777
31-03-2014	01-04-2014	BAGUA-K	Interest	2.119.992
31-03-2014	01-04-2014	BAGUA-M	Interest	858.771
31-03-2014	01-04-2014	BAGUA-N	Interest	464.129
31-03-2014	01-04-2014	BAGUA-P	Interest	677.051
28-03-2014	01-04-2014	BAGUA-R	Interest	386.414
28-03-2014	01-04-2014	BAGUA-S	Interest	1.048.788
28-03-2014	01-04-2014	BAGUA-U	Interest	888.851
Total				66.349.773



Bonds, non-current portion

Type of document	Amount outstanding	Book value ThCh\$				Final maturity	Nominal annual interest rate	Effective annual interest rate	Payments of		Issuer	Tax No. of issuer
		31-03-2014			31-12-2013							
	UF	13 months to 3 years	3 to 5 years	More than 5 years								
BAGUA-F	3.157.894	9.084.860	15.141.434	48.452.543	71.667.322	01-12-2026	4,15%	4,68%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-I	720.000	16.974.657	0	0	16.747.187	01-12-2015	3,70%	4,03%	Semi-annual	Semi-annual	Aguas Andinas S.A.	61.808.000-5
BAGUA-J	1.000.000	0	23.462.303	0	23.157.374	01-12-2018	4,00%	4,17%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-K	520.000	8.015.546	4.243.524	0	12.096.557	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	41.572.879	41.058.203	01-04-2031	4,20%	4,14%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-N	1.250.000	29.432.680	0	0	29.060.917	01-10-2016	3,17%	3,33%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-P	1.500.000	0	0	35.632.612	35.188.538	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	39.235.261	38.747.406	01-06-2032	4,00%	3,94%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BAGUA-R	1.000.000	7.808.662	13.014.437	2.602.888	23.139.397	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	54.097.726	53.411.981	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	47.119.037	46.523.513	01-04-2036	3,80%	3,81%	Semi-annual	At maturity	Aguas Andinas S.A.	61.808.000-5
BESAL-B	1.745.383	4.483.376	7.472.293	28.394.734	39.934.784	01-06-2028	6,00%	6,63%	Semi-annual	Semi-annual	Essal S.A.	96.579.800-5
Total	18.593.274	75.799.781	63.333.991	297.107.680	430.733.179							

8.5 Risk management

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

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

i. Credit risk

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

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

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



Credit risk	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Gross exposure per balance sheet for risks of accounts receivable	191.034.065	121.803.232
Gross exposure per estimates of risks of accounts receivable	-33.868.215	-31.975.327
Net exposure, risk concentration	157.165.850	89.827.905
Movement of credit risk, accounts receivable	ThCh\$	
Initial balance at 01-01-2014	31.975.327	
Increase in existing provisions	1.892.888	
Decreases	0	
Changes, total	1.892.888	
Closing balance at 31-03-2014	33.868.215	

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

Ageing of debt	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Less than 3 months	153.694.899	85.149.742
3 to 6 months	2.035.958	2.537.104
6 to 8 months	777.497	1.014.474
More than 8 months	34.525.711	33.101.912
Total	191.034.065	121.803.232

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

Past-due debt	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Less than 3 months	9.463.514	10.199.591
3 to 6 months	1.643.099	1.289.628
6 to 8 months	693.024	624.320
More than 8 months	32.531.738	30.837.880
Total	44.331.375	42.951.419



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 a 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	9.418.823	0,00%	12.684.374	5,19%	42.977.625	5,13%	52.038.182	5,19%	0	0,00%
Bonds	79.108.506	3,26%	19.011.738	4,07%	100.847.054	3,70%	98.319.479	4,10%	415.500.069	4,14%
AFR	1.004.974	3,70%	1.763.217	2,50%	15.775.982	4,51%	43.438.624	3,95%	120.669.289	3,82%
Total	89.532.303		33.459.329		159.600.661		193.796.285		536.169.358	

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	13,00%
Bonds	UF	69,36%
AFR	UF	17,64%
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	Ptos (+/-)	Impact on result ThCh\$ (+/-)
Aguas Andinas S.A.	102.336.821	TAB 180 days	126	1.175.859

For loans based on 180-day TAB, the positive or negative change in nominal TAB of 126 basis points, calculated annually, would have an impact on results of +/- ThCh\$1,175,859.

8.6 Cash equivalents.

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

Company	Instrument	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Aguas Andinas S.A.	Time deposit	500.000	11.515.000
Aguas Cordillera S.A.	Time deposit	0	12.350.000
Aguas Manquehue S.A.	Time deposit	0	3.080.000
Aguas del Maipo S.A.	Time deposit	0	750.000
Análisis Ambientales S.A.	Time deposit	0	1.300.000
Gestión y Servicios S.A.	Time deposit	0	115.000
Eco-Riles S.A.	Time deposit	220.000	805.000
Essal S.A.	Time deposit	3.730.000	5.400.000
Total		4.450.000	35.315.000



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

The principal concepts included in this account are the following:

Trade creditors & other accounts payable, current	Currency or indexation unit	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Dividends	CLP	71.979	20.474.967
Taxes (VAT, prepayments, sole tax, others)	CLP	12.997.219	11.600.092
Suppliers for investments in progress	CLP	10.690.264	17.704.910
Personnel	CLP	2.482.672	2.638.281
Suppliers (expense)	CLP	16.431.208	13.962.977
Suppliers (expense)	USD	301.706	99.767
Suppliers (expense)	EUR	226.720	63.955
Suppliers (investment)	CLP	4.880.964	3.693.728
Accrued services	CLP	16.722.707	17.391.986
Accrued services	USD	91.243	91.243
AFR (expense)	CLP	942.215	1.641.618
Others (expense)	CLP	627.537	609.461
Others (expense)	USD	0	0
Others (investment)	CLP	62.148	59.207
Sub-total current		66.528.582	90.032.192
AFR water	CLP	523.620	523.620
Suppliers for investments in progress	CLP	1.268.559	1.268.889
Sundry creditors	CLP	70.187	70.100
Sub total non-current		1.862.366	1.862.609
Total current & non-current		68.390.948	91.894.801

8.8 Fair value of financial instruments



Fair value of financial instruments booked at amortized cost.

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

	31-03-2014	
	Amortized cost ThCh\$	Fair value ThCh\$
Cash & cash equivalents		
Investments booked at fair value	4.450.000	4.450.000
Time deposits		
Other financial liabilities	760.274.040	779.612.011
Financial liabilities booked at amortized cost	760.274.040	779.612.011
Bank debt	102.966.943	104.901.956
Bonds	523.415.714	540.818.672
AFR	133.891.383	133.891.383

Methodology and assumptions used in the calculation of fair value

The fair values of financial assets and liabilities were 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 cash disbursement.

Booking hierarchy of fair value measurements in the statements of financial position



- 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

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of ThCh\$7,395,680 as of March 31, 2014 and December 31, 2013 (see Note 2.2, h, ii), over which the Group has no control or significant influence. The balance of ThCh\$17.517 as of March 31, 2014 and December 31, 2013 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	31-03-2014 ThCh\$	31-12-2013 ThCh\$
96.713.610-7	Agbar Chile S.A.	Related to controller	CL	Water sampling & analysis services	CLP	30 days	Unsecured	3.804	2.289
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Related to controller	CL	Leases	CLP	30 days	Unsecured	349	0
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to controller	CL	Personnel expenses reimbursement	CLP	30 days	Unsecured	125	167
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	CL	Sewage & liquid waste analysis services	CLP	30 days	Unsecured	9.318	9.631
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to controller	CL	Essal S.A.'s bidding sale	CLP	30 days	Unsecured	0	0
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	Sewage & liquid waste analysis services	CLP	30 days	Unsecured	456	747
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to controller	CL	Water sampling & analysis services	CLP	30 days	Unsecured	46.986	26.107
Total								61.038	38.941



Accounts payable to related entities

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction with related party	Currency	Term	Security	31-03-2014 ThCh\$	31-12-2013 ThCh\$
76.766.955-9	Aqualogy Chile S.A.	Related to controller	CL	Personnel expenses reimbursement	CLP	30 days	Unsecured	0	2.119
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to controller	CL	Ice-Pigging network cleaning service contract	CLP	30 days	Performance bond ThCh\$26,600	0	137.081
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to controller	CL	Design, construction & start-up contract of La Unión percolated filter	CLP	30 days	Performance bond ThCh\$95,869	316.947	216.567
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to controller	CL	Personnel expenses reimbursement	CLP	30 days	Unsecured	0	1.990
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to controller	CL	Cleaning & maintenance service sludge anaerobic digester at Talagante sewage treatment plant	CLP	30 days	Performance bond UF 2,084	0	261.194
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to controller	CL	Purchase of materials	CLP	60 days	Performance bond ThCh\$279,298	33.522	434.082
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to controller	CL	Consultancy for computer development of self-service system Aguas Andinas S.A.	CLP	30 days	Performance bond UF168	0	29.295
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to controller	CL	Customer management consultancy service	CLP	30 days	Unsecured	0	10.000
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to controller	CL	Implementation of geographic information system Essal S.A.	CLP	30 days	Performance bond UF887	129.608	108.004
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 ThCh\$845,149	5.168.863	5.061.598
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	2.707.753	2.959.632
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	Digested sludge metanogenic activity	CLP	30 days	Unsecured	0	678
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to controller	CL	Biogas plant operation services	CLP	30 days	Unsecured	51.278	33.699
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 treatment plant	CLP	90 days	Performance bond for UF 357,863	2.032.532	2.190.816
None	Labaqua S.A.	Related to controller	CL	Sewage analysis technical services	CLP	30 days	Unsecured	0	586
None	Aqua Development Network S.A.	Related to controller	CL	Training services	CLP	30 days	Unsecured	47.848	0
None	Sorea	Related to controller	CL	Personnel expenses reimbursement	CLP	15 days	Unsecured	2.905	0
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends payable	CLP	30 days	Unsecured	0	18.537.945
Total								10.491.256	29.985.286



Transactions

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction	Currency	31-03-2014 ThCh\$		31-03-2013 ThCh\$	
						Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
79.046.628-K	Asterión S.A.	Related to the controller	CL	Process re-engineering service contract & implementation of new information systems for customer service	CLP	476.573	-121.517	162.656	-88.053
None	Aqua Development Network S.A.	Related to the controller	CL	Integrated talent management contract	CLP	39.958	0	0	0
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the controller	CL	Implementation of geographic information system Essal S.A.	CLP	160.476	0	0	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Purchase of materials	CLP	78.226	-78.226	0	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Design, construction & start-up contract of La Unión percolated filter	CLP	364.230	0	0	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Cleaning & maintenance service sludge anaerobic digester at Talagante sewage treatment plant	CLP	390.494	0	0	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	CL	Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage treatment plant	CLP	2.653.089	-2.345.626	1.911.515	-1.714.335
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Operation & maintenance services La Farfana sewage treatment plant	CLP	3.654.472	-2.888.343	3.825.895	-2.991.315
76.938.110-4	Empresa Depuradora de Aguas Servidas Ltda.	Related to the controller	CL	Operation & maintenance services biogas purification plant	CLP	46.363	-46.363	20.438	-20.438

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

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

	31-03-2014 ThCh\$	31-03-2013 ThCh\$
Directors	63.552	92.605
Directors' committee	4.225	6.166
Total	67.777	98.771

These correspond to fees related to their functions as members of the board and directors' committee as defined and agreed by the ordinary shareholders' meeting.

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

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



10. INVENTORIES

Class of inventories	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Spares & meters	2.636.415	2.972.896
Supplies for production	607.335	588.153
Others	87.678	47.040
Total	3.331.428	3.608.089

The cost of the inventories shown as an expense in the statement of results for the period 2014 and 2013 amounts to ThCh\$2,593,989 and ThCh\$2,671,107, respectively.

11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Intangible assets, net	228.313.994	227.347.269
Intangible assets with finite life, net	17.373.568	16.439.487
Intangible assets with indefinite life, net	210.940.426	210.907.782
Intangible assets, net	228.313.994	227.347.269
Patents, registered trademarks & other rights, net	5.477.058	5.523.144
Computer programs, net	11.896.510	10.916.343
Other intangible assets, net	210.940.426	210.907.782
Intangible assets, gross	260.853.998	258.941.946
Intangible assets, gross	260.853.998	258.941.946
Other intangible assets, gross	260.853.998	258.941.946
Patents, registered trademarks & other rights, gross	220.598.804	220.566.158
Computer programs, gross	7.659.786	7.659.067
Other intangible assets, gross	32.595.408	30.716.721

Classes of accumulated amortization & impairment of value, intangible assets	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Accumulated amortization & impairment, intangible assets, total	32.540.004	31.594.677
Accumulated amortization & impairment, patents, registered trademarks & other rights	2.182.728	2.135.923
Accumulated amortization & impairment, computer programs	20.698.898	19.800.378
Accumulated amortization & impairment, other intangible assets	9.658.378	9.658.376



Movement of intangible assets

Current period 31-03-2014

Concept	Patents, registered trademarks & other rights, net	Computer programs, net	Other intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Initial balance at 01-01-2014	5.523.144	10.916.343	210.907.782
Additions	716	1.647.607	84.164
Amortization	-46.802	-898.520	-2
Other increases (decreases)	0	231.080	-51.518
Changes, total	-46.086	980.167	32.644
Closing balance at 31-03-2014	5.477.058	11.896.510	210.940.426

Previous period 31-12-2013

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	6.303	3.515.330	676.148
Disposals	-1.079	0	-103.113
Amortization	-187.215	-3.693.530	0
Other increases (decreases)	0	1.789.556	72.352
Changes, total	-181.991	1.611.356	645.387
Closing balance at 31-12-2013	5.523.144	10.916.343	210.907.782

Detail of significant individual intangible assets:

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



Company	31-03-2014		31-12-2013	
	Water rights	Easements	Water rights	Easements
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Andinas S.A.	74.177.735	7.927.298	74.145.612	7.907.294
Aguas Cordillera S.A.	92.438.133	7.866.530	92.438.136	7.866.530
Aguas Manquehue S.A.	21.275.956	900.294	21.275.956	951.812
Essal S.A.	5.263.698	1.035.982	5.231.660	1.035.982
Aguas del Maipo S.A.	13.700	0	13.700	0
Ecoriles S.A.	13.700	0	13.700	0
Gestión y Servicios S.A.	13.700	0	13.700	0
Análisis Ambientales S.A.	13.700	0	13.700	0
Total	193.210.322	17.730.104	193.146.164	17.761.618

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 2014 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.	2.102.586
Aguas Cordillera S.A.	1.152.862
Aguas Manquehue S.A.	153.400
Essal S.A.	204.351
Análisis Ambientales S.A.	258.221
Total	3.871.420

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 of 2014 and year 2013.



Tax No.	Company	31-03-2014 ThCh\$	31-12-2013 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

	31-03-2014	31-12-2013
	ThCh\$	ThCh\$
Property, plant & equipment, net	1.170.505.306	1.171.182.828
Construction in progress	109.435.499	107.866.548
Land	151.971.060	152.074.916
Buildings	72.429.797	72.743.012
Plant & equipment	269.299.823	271.318.551
Computer equipment	1.880.552	2.062.523
Fixed installations & accessories	560.911.826	560.669.251
Motor vehicles	2.297.464	2.151.180
Improvements to leased assets	28.875	32.621
Other property, plant & equipment	2.250.410	2.264.226
Property, plant & equipment, gross	2.172.334.924	2.158.573.619
Construction in progress	109.435.499	107.866.548
Land	151.971.060	152.074.916
Buildings	96.216.870	96.074.956
Plant & equipment	481.973.361	477.691.323
Computer equipment	11.656.251	11.595.066
Fixed installations & accessories	1.309.711.323	1.302.075.054
Motor vehicles	6.650.124	6.399.977
Improvements to leased assets	479.523	479.523
Other property, plant & equipment	4.240.913	4.316.256
Accumulated depreciation	1.001.829.618	987.390.791
Buildings	23.787.073	23.331.944
Plant & equipment	212.673.538	206.372.772
Computer equipment	9.775.699	9.532.543
Fixed installations & accessories	748.799.497	741.405.803
Motor vehicles	4.352.660	4.248.797
Improvements to leased assets	450.648	446.902
Other property, plant & equipment	1.990.503	2.052.030



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

The following is information on each of the Company's classes of property, plant and equipment, as required by IAS 16, paragraph 73:

Movement of property, plant and equipment to March 31, 2014

Concept	Initial balance	Additions	Disposals	Depreciation	Other increases (decreases)	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Construction in progress, net	107.866.548	13.776.793	-24.565	0	-12.183.277	1.568.951	109.435.499
Land	152.074.916	-26.237	-129.137	0	51.518	-103.856	151.971.060
Buildings, net	72.743.012	4.359	-371	-468.469	151.266	-313.215	72.429.797
Plant & equipment, net	271.318.551	1.665.070	-5.254	-6.304.051	2.625.507	-2.018.728	269.299.823
Computer equipment, bet	2.062.523	8.805	0	-243.155	52.379	-181.971	1.880.552
Fixed installations & accessories, net	560.669.251	380.777	-27.473	-7.558.852	7.448.123	242.575	560.911.826
Motor vehicles, net	2.151.180	131.799	0	-121.403	135.888	146.284	2.297.464
Improvements to leased assets, net	32.621	0	0	-3.746	0	-3.746	28.875
Other property, plant & equipment, net	2.264.226	996	0	-2.587	-12.225	-13.816	2.250.410
Classes of property, plant & equipment, net	1.171.182.828	15.942.362	-186.800	-14.702.263	-1.730.821	-677.522	1.170.505.306



Movement of property, plant and equipment in 2013

Concept	Initial balance	Additions	Disposals	Depreciation	Other increases (decreases)	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Construction in progress, net	90.147.941	47.474.038	-11.692	0	-29.743.739	17.718.607	107.866.548
Land	151.936.301	262.776	-51.808	0	-72.353	138.615	152.074.916
Buildings, net	73.255.245	763.838	-3.138	-1.868.323	595.390	-512.233	72.743.012
Plant & equipment, net	269.308.541	20.809.779	-65.374	-25.155.458	6.421.063	2.010.010	271.318.551
Computer equipment, net	2.012.780	908.327	-389	-1.027.758	169.563	49.743	2.062.523
Fixed installations & accessories, net	562.408.958	10.347.718	-3.308	-32.203.616	20.119.499	-1.739.707	560.669.251
Motor vehicles, net	1.014.335	1.065.762	-28.371	-543.382	642.836	1.136.845	2.151.180
Improvements to leased assets, net	31.478	10.423	0	-15.114	5.834	1.143	32.621
Other property, plant & equipment, net	2.185.298	89.421	0	-10.493	0	78.928	2.264.226
Classes of property, plant & equipment, net	1.152.300.877	81.732.082	-164.080	-60.824.144	-1.861.907	18.881.951	1.171.182.828



The detail of each consolidated Group society of amounts of future commitments for acquisitions of property, plant and equipment during 2014, is as follows:

Company	ThCh\$
Aguas Andinas S.A.	47.096.248
Aguas Cordillera S.A.	8.304.196
Aguas Manquehue S.A.	7.275.217
Essal S.A.	5.074.721
Ecoriles S.A.	95.077
Gestión y Servicios S.A.	0
Análisis Ambientales S.A.	151.759
Total	67.997.218

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

Company	31-03-2014 ThCh\$
Aguas Andinas S.A.	94.976
Aguas Cordillera S.A.	163.737
Total	258.713

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 2013 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 March 31, 2014 and 2013 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 March 2014 and December 2013 is as follows:

Classes of provisions	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Provision for legal claims	910.462	918.556
Other provisions, current	910.462	918.556
Other provisions, non-current	1.134.292	1.118.746
Provisions, non-current	1.134.292	1.118.746

The movement in current provisions in the periods was:

Legal claims	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Initial balance provisions	918.556	1.331.679
Increase in existing provisions	7.625	405.257
Provision used	-15.719	-690.235
Other decreases	0	-128.145
Changes in provisions, total	-8.094	-413.123
Total	910.462	918.556



The provisions under 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 might 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 is a lawsuit relating to labor demands against Aguas Andinas, under the sub-contracting legislation, i.e. severally with the contractor.

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: Sentence in first instance given and appealed against. Pending hearing by the Appeals Court.

- 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 101 UTA for each sanction made. 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 were 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 were 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. An appeal has been made by Aguas Andinas 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; the fine was paid; pending summons to hear sentence.

- 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 was made against sentence but was rejected by the court of appeal. Appeal made to the Supreme Court which was rejected. The court recorded the amount for which Aguas Andinas S.A. was condemned.

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 Society has presented several defenses against the civil demands for damages, and both parties have presented annulment proceedings which were declared as admissible by the Supreme Court. The parties' allegations are to be received.
2. Aguas Andinas S.A. was sued by the National Corporation of Consumers and Users of Chile, CONADECUS, for breach of the supply contract and the terms of the 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 resolution of 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 demand 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 summons to hear sentence.
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\$2,603,527 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. An appeal was made and, in the first quarter of 2014, the appeals court gave favorable sentence to Aguas Cordillera S.A. Currently in the term during which the plaintiff can appeal to the Supreme Court.
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 was accepted.



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\$30,138,094 and ThCh\$30,138,094 as of March 31, 2014 and December 31, 2013 respectively.

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



Creditor	Debtor	Type of guarantee	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Asociación Canal Sociedad Maipo	Aguas Andinas S.A.	Performance bond	6.673.640	6.525.205
Chilectra S.A.	Aguas Andinas S.A.	Performance bond	0	11.655
Constructora San Francisco	Aguas Andinas S.A.	Performance bond	183.898	174.822
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance bond	5.430	14.499
Dirección de Obras Hidráulica	Aguas Andinas S.A.	Performance bond	299.484	300.902
Director de Vialidad	Aguas Andinas S.A.	Performance bond	352.169	337.989
Empresa de Ferrocarriles del Estado	Aguas Andinas S.A.	Performance bond	3.116	3.077
Gobierno Regional Metropolitano	Aguas Andinas S.A.	Performance bond	35.212	44.526
Ministerio de Obras Públicas - Dirección General de Aguas	Aguas Andinas S.A.	Performance bond	640.764	632.691
Municipalidad de Calera de Tango	Aguas Andinas S.A.	Performance bond	17.915	8.958
Municipalidad de La Pintana	Aguas Andinas S.A.	Performance bond	31.440	31.440
Municipalidad de Las Condes	Aguas Andinas S.A.	Performance bond	10.000	10.000
Municipalidad de Peñalolén	Aguas Andinas S.A.	Performance bond	2.074	37.851
Municipalidad de Providencia	Aguas Andinas S.A.	Performance bond	48.583	47.971
Municipalidad de Santiago	Aguas Andinas S.A.	Performance bond	0	37.858
Superintendencia de Servicios Sanitarios	Aguas Andinas S.A.	Performance bond	6.035.171	5.910.187
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Andinas S.A.	Performance bond	4.024.785	4.526.044
Superintendencia de Servicios Sanitarios	Aguas Cordillera S.A.	Performance bond	513.522	507.053
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Cordillera S.A.	Performance bond	435.008	303.024
Ministerio de Obras Públicas - Dirección General de Aguas	Aguas Cordillera S.A.	Performance bond	351.319	346.893
Municipalidad de Las Condes	Aguas Cordillera S.A.	Performance bond	30.000	30.000
Municipalidad Lo Barnechea	Aguas Cordillera S.A.	Performance bond	17.162	17.013
Municipalidad de Vitacura	Aguas Cordillera S.A.	Performance bond	47.214	46.619
Asociación Canal de Maipo	Aguas Cordillera S.A.	Performance bond	815.138	804.868
Superintendencia de Servicios Sanitarios	Aguas Manquehue S.A.	Performance bond	581.699	574.371
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Manquehue S.A.	Performance bond	100.797	99.527
Asociación Canal de Maipo	Aguas Manquehue S.A.	Performance bond	916.963	905.410
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance bond	17.705	17.482
Servicio de Vivienda y Urbanismo	Gestión y Servicios S.A.	Performance bond	1.239.774	2.308.566
Compañía Cervecerías Unidas S.A.	Anam S.A.	Performance bond	122.335	120.794
Empresa Servicios Sanitarios del BioBio S.A.	Anam S.A.	Performance bond	31.869	31.468
Compañía Minera Doña Inés de Collahuasi	Anam S.A.	Performance bond	14.598	14.598
Minera Nevada	Anam S.A.	Performance bond	0	57.536
Siderúrgica Huachipato	Anam S.A.	Performance bond	47.214	46.619
Director de Obras Hidráulicas	Essal S.A.	Performance bond	834.470	1.334.591
Servicio de Vivienda y Urbanismo	Essal S.A.	Performance bond	115.959	352.284
Director General del Territorio Marítimo y de Marina Mercante	Essal S.A.	Performance bond	13.070	12.969
Municipalidad de Futaleufú	Essal S.A.	Performance bond	17.978	16.604
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance bond	124.554	162.338
Director de Vialidad	Essal S.A.	Performance bond	123.889	169.627
Empresa de Ferrocarriles del Estado	Essal S.A.	Performance bond	0	7.002
Superintendencia de Servicios Sanitarios	Essal S.A.	Insurance guarantee	3.402.588	2.734.941
Cooperativa Agrícola y Lechera de la Unión Ltda.	Essal S.A.	Performance bond	26.000	26.000
Municipalidad de Futrono	Essal S.A.	Performance bond	0	10.676
Total			28.304.506	29.714.548



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 consolidated financial statements, and of the subsidiaries 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 Company's management, should be reflected in its financial statements and/or those of its subsidiaries.

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

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

5.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated 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 March 31, 2014, the debt ratio is 1.15:1.

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 March 31, 2014 and December 31, 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 March 31, 2014, the debt ratio is 0.78:1.

6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5:1. As of March 31, 2014, the ratio is 8.66:1.

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

The Society is in compliance with all the covenants established in the bond indentures as of March 31, 2014 and December 31, 2013.



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 society 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 Company's management, should be reflected in its financial statements.
- 5.- Maintain insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the society's kind.
- 6.- Send a certificate signed by the society's chief executive officer declaring compliance with the obligations under the loan agreement.
- 7.- Prohibition on distribution of dividends, except for the obligatory minimum, if there is a situation of default or delay in the payment of any loan installment.
- 8.- Maintain a financial expense coverage ratio of at least 3:1, measured on the figures in its consolidated and unconsolidated statements of financial position, defined as the ratio between operating income plus depreciation for the period and amortization of intangible assets divided by financial expenses.
- 9.- Prohibition on liquidating or dissolving the society, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present subsidiaries.



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

The Society is in compliance with all the covenants set out in bank loan agreements as of March 31, 2014.

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

d) Guarantees received from third parties.

As of March 31, 2014 and December 31, 2013, the Society has received documents in guarantee for ThCh\$50,679,592 and ThCh\$53,486,864 respectively, arising mainly from works contracts with construction companies to guarantee their due performance. There are also other guarantees for service contracts and acquisition of materials to ensure timely delivery.

A detail of the more important bank guarantees received as of March 31, 2014 is summarized below:



Contrator or supplier	ThCh\$	Expiry date
Empresa Depuradora de Aguas Servidas Mapocho - El Trebal Ltda.	12.197.225	28-05-2014
Empresa Depuradora de Aguas Servidas Mapocho - El Trebal Ltda.	8.412.808	31-07-2014
Empresa Depuradora de Aguas Servidas Ltda.	4.566.509	31-12-2017
Empresa Depuradora de Aguas Servidas Mapocho - El Trebal Ltda.	3.983.415	01-06-2017
Dragados S.A. Agencia en Chile	1.576.477	09-01-2015
Dragados S.A. Agencia en Chile	635.795	24-06-2014
Compañía de Petroleos de Chile S.A.	395.291	15-03-2015
Bapa S.A.	366.591	24-09-2014
Ecosan Ltda.	336.100	15-10-2014
Inmobiliaria Los Silos III Ltda.	331.845	14-04-2014
Aqualogy Solutions Chile Ltda.	314.746	31-05-2014
Sociedad General de Aguas de Barcelona S.A.	314.746	31-05-2014
Constructora Con-Pax S.A.	309.724	30-09-2014
Dalco Ingeniería Ltda.	292.518	17-07-2014
Aqualogy Solutions Chile Ltda.	279.298	03-05-2014
Captagua Ingeniería S.A.	267.700	31-07-2014
Inmobiliaria La Brabanzon S.A.	258.593	20-06-2014
Captagua Ingeniería S.A.	258.345	31-07-2014
Aqualogy Development Network S.A.	249.707	30-07-2016
Chilectra S.A.	235.085	11-07-2014
Chilectra S.A.	235.085	01-08-2014
KDM S.A.	235.085	20-01-2015
Dalco Ingeniería Ltda.	234.026	16-01-2015
Securitas S.A.	225.323	15-11-2015
Inmobiliaria Lampa	564.203	15-07-2015
Ingeniería y Montajes Ambientales SpA	147.047	28-03-2015
Inmobiliaria Las Pataguas SpA	101.935	30-01-2015
Total	37.325.222	

17. ORDINARY REVENUE

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



Classes of ordinary revenue	31-03-2014	31-03-2013
	ThCh\$	ThCh\$
Ordinary revenue		
Sales of goods	2.140.165	2.115.866
Provision of services	117.333.307	106.168.009
Total	119.473.472	108.283.875

18. LEASES

Financial leases as lessor:

Financial leases, lessor	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Total gross investment	86.913	86.913
Minimum amounts receivable under financial leases	8.003	15.804

Minimum amounts receivable under financial leases	Gross ThCh\$	Interest ThCh\$
Up to 1 year	8.003	190
Total	8.003	190
Lease installments booked in statement of results, total	2.656	562

Operative leases as lessee

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



Future minimum non-cancellable lease receivables, lessees	31-03-2014	31-12-2013
	ThCh\$	ThCh\$
Future minimum non-cancellable lease paymentss, up to 1 year, lessees	1.590.993	1.566.972
Future minimum non-cancellable lease paymentss, 1 to 5 years, lessees	5.132.321	3.840.103
Future minimum non-cancellable lease payments, lessees, total	6.723.314	5.407.075
Minimum lease payments under operative leases	2.629.197	2.905.626
Lease & sub-lease installments booked in statement of results, total	2.629.197	2.905.626

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 which are mostly used by telecommunications companies. The terms fluctuate between one and ten years, but the Company has the power to terminate them in advance at any time.



Future minimum non-cancellable lease receivables, lessors	31-03-2014	31-12-2013
	ThCh\$	ThCh\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	265.117	282.993
Amount of rentals booked in statement of results	146.170	439.394
Total	411.287	722.387

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 1,846, of whom 66 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,379 and 34 respectively, while 433 workers are covered by the Labor Code.

In 2011 the Group started its Proyecta 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, 2013 by the company's two unions, covering the period to December 31, 2016.

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 termination benefits.

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 termination benefits.

Accounting policies for gains and losses on defined benefits plans

The termination benefits 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, wage increases or discount rate are booked directly to Other comprehensive results in accordance with IAS 19 revised, directly affecting equity, which are later reclassified in Accumulated earnings. This procedure began to be applied in 2013 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: In Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Manquehue S.A., it is assumed that workers will remain with those societies until reaching the legal retirement age (women at 60 years of age and men at 65). In the subsidiary Essal S.A., there is a limit of 6 months indemnity payable to people who retire or die.

Participants in each plan: These benefits are extended to all workers who are part of a union agreement (indicated above) and to workers with individual contracts including 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.: 1,006, Aguas Cordillera S.A.: 122, Aguas Manquehue S.A.: 19, and Essal S.A. 255.

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

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

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

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 2014 and 2013.



Wage increase rate: The rate uses for the 2014 and 2013 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 the worker who retires from the Company 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.

Workers of Aguas Andinas S.A. and its subsidiaries who are not a party to their collective agreements, are covered by their individual work contracts. 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 the indemnity is shown after deducting advances made to the employees.

The following is the movement in actuarial provisions during March 2014 and December 2013:

Provisions for employee benefits	31-03-2014	31-12-2013
	ThCh\$	ThCh\$
Movement in actuarial provision		
Initial balance	9.276.593	8.575.854
Cost of services	254.645	968.344
Interest cost	119.603	422.473
Benefits paid	-123.668	-704.006
Provision termination benefits	71.527	13.928
Sub-total	9.598.700	9.276.593
Profit sharing & bonuses	529.729	3.464.215
Total provision for employee benefits, current	1.164.547	4.198.437
Total provision for employee benefits, non-current	9.026.882	8.542.371



Expected payment flows

The collective contract of Aguas Andinas S.A. indicates, in its 15th clause, that workers who resign voluntarily to be entitled to retirement shall have 120 days from the date they reach the legal retirement age to make their resignation effective.

The collective contracts of Aguas Cordillera S.A. and Aguas Manquehue S.A. indicate that a termination benefit will be made to workers who resign voluntarily on reaching the legal retirement age.

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.	6	233.618	2014
Aguas Cordillera S.A.	1	25.239	2014
		258.857	

Projected liabilities to December 31, 2014

To calculate the projected liabilities for indemnities at actuarial value to March 2014, as indicated in IAS 19, the actuarial assumptions at March 31, 2014 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.	733	620.549	431.264
Aguas Cordillera S.A.	116	57.954	47.052
Aguas Manquehue S.A.	19	13.079	8.405
		691.582	486.721

Sensitivity of assumptions

The sensitivity of the main assumptions has been made based on the actuarial calculation as of March 31, 2014:



Concept	Base	More than 0.5% ThCh\$	Less than 0.5% ThCh\$
Discount rate	5,7%	-2.843.499	3.016.557
Wage increase rate	3,6%	2.656.479	-2.529.882
Turnover rate	6,5%	-5.530.329	6.243.416

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. At period 2014 and year 2013, the amounts are ThCh\$592,730 and ThCh\$3,464,215 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 March 2014 and 2013 are as follows:

Personnel expenses	31-03-2014	31-03-2013
	ThCh\$	ThCh\$
Wages & salaries	-6.137.776	-5.904.282
Defined benefits	-2.778.234	-2.530.928
Termination benefits	-543.984	-664.291
Other personnel expenses	-412.080	-393.223
Total	-9.872.074	-9.492.724



20. EFFECT OF EXCHANGE DIFFERENCES

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

	Currency	31-03-2014	31-03-2013
		ThCh\$	ThCh\$
Trade debtors & other accounts receivable	EUR	192	0
Trade debtors & other accounts receivable	US\$	71	0
Total changes in assets		263	0
Trade creditors & other accounts payable	EUR	-8.689	10.021
Trade creditors & other accounts payable	US\$	136	-240
Accounts payable to related entities	EUR	-30	-20
Total changes in liabilities		-8.583	9.761
Gain (loss) from exchange differences		-8.320	9.761

21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	31-03-2014	31-03-2013
	ThCh\$	ThCh\$
Treatment plant operation	-6.874.635	-6.378.172
Supplies & basic services	-4.593.969	-6.157.811
Commercial services	-1.303.326	-1.206.254
Equipment maintenance & repairs	-4.641.654	-4.130.353
Insurance, licenses & permits	-2.438.635	-1.847.568
Other expenses	-2.774.830	-1.904.354
Total	-22.627.049	-21.624.512



22. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs to March 31, 2014 and December 31, 2013 and 2012 is as follows:

Capitalized interest costs:

Capitalized interest costs, property, plant & equipment		31-03-2014	31-12-2013
Rate of capitalization of capitalized interest costs, property, plant & equipment	%	6,63	6,72
Amount of capitalized interest, property, plant & equipment	ThCh\$	876.608	2.103.201

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	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Deferred tax assets	2.148.905	263.122
Deferred tax liabilities	-33.476.617	-34.162.915
Net deferred tax position	-31.327.712	-33.899.793

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



Deferred tax assets

Deferred tax assets	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Water rights (amortization)	232.215	217.739
Provision for doubtful accounts	6.822.053	6.447.559
Provision for vacations	276.313	369.602
Litigation	693.561	689.240
Termination benefits	1.326.695	1.274.207
Other provisions	85.284	214.829
Revenue received in advance	21.967	29.868
Variation monetary correction & depreciation assets	37.405.699	35.570.106
Deferred income	1.466.817	1.466.817
La Dehesa dam transaction	279.278	276.169
Others	1.432.971	1.468.357
Deferred tax assets	50.042.853	48.024.493

Deferred tax liabilities

Deferred tax liabilities	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Depreciation fixed assets	16.812.144	17.049.329
Amortization	828.519	882.602
Expense investment related companies	84.641	84.641
Revaluation of land	16.792.496	16.792.496
Revaluations of water rights	33.786.504	33.786.504
Fair value of assets on purchase Essal S.A.	13.052.467	13.315.870
Others	13.794	12.844
Deferred tax liabilities	81.370.565	81.924.286
Net position of deferred tax	31.327.712	33.899.793



Movement in deferred tax liabilities	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Deferred tax liabilities, initial balance	81.924.286	83.125.885
Increases (decreases) in deferred tax liabilities	-817.124	-2.255.212
Increases (decreases) in acquisitions through combinations of businesses	263.403	1.053.613
Changes in deferred tax liabilities	-553.721	-1.201.599
Changes in deferred tax liabilities, total	81.370.565	81.924.286

Income tax charge

Credit (charge) for income taxes by current & deferred parts	31-03-2014 ThCh\$	31-03-2013 ThCh\$
Charge for current taxes	11.621.378	9.999.393
Adjustment tax charge previous period	666	24.174
Charge for current income tax	11.622.044	10.023.567
Tax loss benefit	0	-7.365
Deferred income (expenses) for taxes related to creation & reversal of timing differences	-2.572.083	-580.941
Charge for sole tax (disallowed expenses)	-2.731	13.576
Credit (charge) for other taxes	-2.574.814	-574.730
Charge for income tax	9.047.230	9.448.837



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

	31-03-2014	31-03-2013
	ThCh\$	ThCh\$
Charge for taxes using the statutory rate	-10.190.413	-9.705.030
Permanent difference for monetary correction tax equity	1.247.322	296.479
Permanent difference for disallowed expenses	2.731	-13.576
Permanent difference for previous years' income tax	-666	-25.384
Other permanent differences	-106.204	-1.326
Adjustments to tax charge using the statutory rate	1.143.183	256.193
Tax charge using the effective rate	-9.047.230	-9.448.837

Reconciliation of the statutory rate and the effective tax rate

	31-03-2014	31-03-2013
Statutory tax rate	20,00%	20,00%
Permanent difference for monetary correction tax equity	-2,45%	-0,60%
Permanent difference for disallowed expenses	-0,01%	0,03%
Permanent difference for previous years' income tax	0,00%	0,05%
Other permanent differences	0,22%	0,00%
Effective tax rate	17,76%	19,48%

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		31-03-2014	31-03-2013
Earnings attributable to shareholders in equity of the controller	ThCh \$	40.896.473	38.205.220
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\$	6,68	6,24

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

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

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

The non-water segment consists of services related to environmental analysis, liquid waste treatment and comprehensive engineering services, plus the sale of products related to the sanitation services, and



energy projects deriving from the sanitation companies' installations and assets. The subsidiaries included are EcoRiles S.A., Anam S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A.

General information on results, assets, liabilities and equity.

General information on results	31-03-2014		31-03-2013	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Revenues from ordinary activities with external customers	113.238.936	6.234.536	102.908.605	5.375.270
Revenues from ordinary activities between segments	266.581	804.274	119.928	739.932
Operating expenses	-34.898.373	-5.918.472	-12.197.354	-4.968.119
Depreciation & amortization	-15.521.627	-125.961	-15.872.204	-115.465
Other revenue & expenses	526.336	0	-20.741.387	-324.881
Financial income	1.345.807	40.833	1.701.519	36.915
Financial costs	-6.764.350	-3.705	-7.244.548	-26.830
Result of indexation & exchange differences	-8.274.675	1.926	-866.312	80
Income tax charge	-8.863.053	-184.177	-9.263.657	-185.180
Earnings by segment	41.055.582	849.254	38.544.590	531.722
Earnings by segment attributable to owners of the controller	40.047.219	849.254	37.673.498	531.722
Earnings by segment attributable to non-controller participations	1.008.363	0	871.092	0

Total assets, liabilities & equity	31-03-2014		31-03-2013	
	Water ThCh\$	Non-Water ThCh\$	Water ThCh\$	Non-Water ThCh\$
Current assets	157.802.770	16.121.592	119.506.390	15.432.291
Non-current assets	1.436.220.090	10.753.543	1.434.073.964	10.748.035
Total assets	1.594.022.860	26.875.135	1.553.580.354	26.180.326
Current liabilities	191.659.232	3.638.078	218.449.923	3.795.347
Non-current liabilities	705.933.813	93.386	679.756.197	90.563
Equity attributable to owners of the controller	634.293.890	23.143.671	594.246.672	22.294.416
Non-controller participations	62.135.925	0	61.127.562	0
Total equity & liabilities	1.594.022.860	26.875.135	1.553.580.354	26.180.326

Significant items of revenue 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.



Revenue

Revenue is mainly generated by the regulated services relating to the production and distribution of water, the collection, treatment and disposal of sewage and other regulated services (including revenue 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 revenue sales of fixed assets.

Tariffs

The most important factor determining the results of the Company's operations and financial position are the tariffs set for its 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., Decree 176/2010 sets those for Aguas Cordillera S.A and Decree 170/2010 those for Aguas Manquehue S.A., all for the same five-year period 2010 – 2015. The tariffs of Essal S.A. were approved by Decree 116 of August 31, 2011 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, sewage 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. These accounts, called accounts receivable or payable from/to related companies, are 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	31-03-2014	31-03-2013
	ThCh\$	ThCh\$
Revenues from ordinary activities of the segments	120.544.326	109.143.735
Elimination of ordinary activity revenues between segments	-1.070.854	-859.860
Revenues from ordinary activities	119.473.472	108.283.875

Reconciliation of earnings	31-03-2014	31-03-2013
	ThCh\$	ThCh\$
Total consolidated earnings (loss) of segments	40.896.473	38.205.220
Consolidation of elimination of earnings (loss) between segments	1.008.363	871.092
Consolidation of earnings (loss)	41.904.836	39.076.312

Reconciliations of segment assets, liabilities & equity of segments	31-03-2014	31-12-2013
	ThCh\$	ThCh\$
Reconciliation of assets		
Consolidation total assets of segments	1.620.897.995	1.579.760.680
Elimination of accounts between segments	-5.917.875	-2.049.916
Total assets	1.614.980.120	1.577.710.764
Reconciliation of liabilities		
Consolidation total liabilities of segments	901.324.509	902.092.030
Elimination of accounts between segments	-5.917.874	-2.049.916
Total liabilities	895.406.635	900.042.114
Reconciliation of equity		
Consolidation total equities of segments	657.437.561	616.541.088
Equity attributable to owners of the controller	657.437.561	616.541.088

Principal customers of the subsidiaries:

Principal water segment customers:

- Administradora Plaza Vespucio S.A.
- Cervecera CCU Chile Ltda.
- Embotelladoras Chilenas Unidas S.A.
- Centro de detención preventiva Santiago 1
- Ejército de Chile
- Gendarmería de Chile



- Ilustre Municipalidad de Santiago
- Pontificia Universidad Católica de Chile
- Soprole S.A.
- Industrial Ochagavía Ltda.
- Soc. Concesionaria Autopista Central S.A.
- Universidad de Chile

Principal non-water segment customers:

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

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



Aguas Andinas S.A.

Project name	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Expansion & improvements Curacavi sewage treatment plant (STP)	0	151.925
Expansion & improvements Greater Santiago STP	1.635.594	27.546.729
Expansion & improvements Isla de Maipo STP	240.453	301.747
Expansion & improvements other districts STP	0	10.118
Expansion & improvements Paine STP	0	1.371.165
Expansion & improvements San José de Maipo STP	23.970	135.957
Expansion & improvements Talagante STP	7.400	18.589
Expansion & improvements Valdivia de Paine STP	0	57.987
Farfana - Trebal interceptor	0	317.551
Clean Urban Mapocho interceptor	17.261	355.964
Improvement & renewal equipment & installations	306.982	1.316.946
Total	2.231.660	31.584.678

Aguas Manquehue S.A.

Project name	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Improvement & renewal equipment & installations	55.246	85.744
Improvement STP	0	0
Total	55.246	85.744



Essal S.A.

Project name	31-03-2014 ThCh\$	31-12-2013 ThCh\$
Improvement in disposal infrastructure	23.607	153.287
Improvement of EDAR system	0	109.773
Renewal of treatment & disposal equipment	188.149	306.985
Total	211.756	570.045

Projected environmental investments for the period April-December 2014:

Company	ThCh\$
Aguas Andinas S.A.	14.779.443
Essal S.A.	423.244
Total	15.202.687

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 2014.

The Society and its subsidiaries are affected by disbursements relating 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

The ordinary shareholders' meeting of April 29, 2014 agreed, among other things, the distribution of a final dividend of 100% of the earnings for the year 2013, from which has to be deducted the interim dividend paid on January 14, 2014 amounting to ThCh\$37,000,158. Consequently, the final dividend was ThCh\$79,675,351, equivalent to Ch\$13.02105 per share, payable from May 26, 2014.

On May 7, 2014, the company placed on the domestic market its Series V unsecured and bearer bonds (ticker No. BAGUA-V) against the line of bonds registered in the Securities Register of the SVS under No.778 on March 3, 2014.

The placement of the Series V bonds was for an amount of UF 2,000,000, with a term of 23 years, a bullet repayment on April 1, 2037 and semi-annual interest payments. The placement rate was 3.48%.

The proceeds of this placement would be used to pay and/or prepay short and long-term debt and to finance investments.

Aguas Cordillera S.A.

The ordinary shareholders' meeting held on April 29, 2014 renewed its board of directors for a full statutory period of 2 years.

The following board members were elected:

- 1) Felipe Larraín Aspillaga
- 2) Víctor de la Barra Fuenzalida
- 3) Rodrigo Swett Brown
- 4) Mario Varela Herrera
- 5) Osvaldo Carvajal Rondanelli

On the same date, the board of the company appointed Felipe Larraín Aspillaga as chairman of the board and the Society and Víctor de la Barra Fuenzalida as vice-chairman.

Essal S.A.

On April 7, 2014, Matías Langevin Correa resigned as a director of the company, together with his alternate Sebastián Ibáñez Atkinson. In accordance with article 32 of the corporations Law 18.046, a vacancy in the position was produced thus requiring the renewal of the board at the new ordinary shareholder meeting, called for April 28, 2014.

On April 28, 2014, the company's ordinary shareholders' meeting elected the following persons as directors of a new board:



	DIRECTORS	ALTERNATE DIRECTORS
1)	Felipe Larraín Aspillaga	Iván Yarur Sairafi
2)	Jordi Valls Riera	Camilo Larraín Sánchez
3)	Víctor de la Barra Fuenzalida	Jorge Cosme Sagnier Guimón
4)	Guillermo Pickering de la Fuente	Joaquim Marti Marques
5)	Domingo Cruzat Amunátegui	Ricardo Letelier Querci
6)	Eduardo Novoa Castellón	Patricio Leighton Zambelli
7)	Andrés Fernández Fernández	Matías Langevin Correa

The board of the company then appointed Felipe Larraín as chairman of the board and the Society and Jordi Valls as vice-chairman.

At the board meeting held on May 26, 2014, Carlos Alarcón Araya presented his resignation as general manager of the company, effective from May 31, 2014, in order to take up new responsibilities within the Group.

As at the date of issue of these consolidated financial statements, the management of the Society and its subsidiaries is unaware of any other subsequent events that affect the financial position as of March 31, 2014.

