



## **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the periods ended June 30, 2015 and 2014**

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# **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

## **AGUAS ANDINAS S.A. AND SUBSIDIARIES**

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

**Interim Consolidated Statements of Financial Position**  
**As of June 30, 2015 (unaudited) and December 31, 2014**  
**(Thousands of Chilean pesos - ThCh\$)**

ASSETS	Note	30-06-2015 ThCh\$	31-12-2014 ThCh\$
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	7	13,174,579	26,202,154
Other financial assets	8	533,209	0
Other non-financial assets		424,226	1,020,792
Trade debtors & other accounts receivable	8	89,449,909	94,559,029
Accounts receivable from related entities	9	5,427,401	70,629
Inventories	10	3,709,034	3,902,943
Tax assets		1,860,747	1,355,008
<b>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</b>		<b>114,579,105</b>	<b>127,110,555</b>
<b>TOTAL CURRENT ASSETS</b>		<b>114,579,105</b>	<b>127,110,555</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	8	7,559,679	7,413,197
Other non-financial assets		1,010,514	685,964
Receivables	8	2,286,265	2,197,980
Intangible assets other than goodwill	11	230,467,732	232,174,750
Goodwill	12	36,233,012	36,233,012
Property, plant & equipment	13	1,190,417,356	1,188,402,068
Deferred tax assets	23	14,834,708	12,254,100
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,482,809,266</b>	<b>1,479,361,071</b>
<b>TOTAL ASSETS</b>		<b>1,597,388,371</b>	<b>1,606,471,626</b>

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

**Interim Consolidated Statements of Financial Position**  
**As of June 30, 2015 (unaudited) and December 31, 2014**  
**(Thousands of Chilean pesos - ThCh\$)**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>30-06-2015 ThCh\$</b>	<b>31-12-2014 ThCh\$</b>
<b>CURRENT LIABILITIES</b>			
Other financial liabilities	8	76,994,632	56,680,231
Trade creditors & other accounts payable	8	60,108,363	83,324,297
Accounts payable to related entities	9	7,635,908	29,483,847
Other provisions	15	456,377	591,098
Tax liabilities		1,338,019	1,394,707
Provisions for employee benefits	19	4,802,080	4,310,289
Other non-financial liabilities		345,757	721,107
<b>Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale</b>		<b>151,681,136</b>	<b>176,505,576</b>
<b>TOTAL CURRENT LIABILITIES</b>		<b>151,681,136</b>	<b>176,505,576</b>
<b>NON-CURRENT LIABILITIES</b>			
Other financial liabilities	8	721,963,257	698,421,729
Other provisions	15	1,206,220	1,187,618
Deferred tax liabilities	23	41,949,122	42,486,184
Other accounts payable	8	1,698,488	1,684,433
Provisions for employee benefits	19	13,088,211	11,982,471
Other non-financial liabilities		8,249,130	7,805,844
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>788,154,428</b>	<b>763,568,279</b>
<b>TOTAL LIABILITIES</b>		<b>939,835,564</b>	<b>940,073,855</b>
<b>EQUITY</b>			
Issued capital		155,567,354	155,567,354
Accumulated earnings		289,751,163	297,097,777
Share Premium		164,064,038	164,064,038
Other equity participations		-5,965,550	-5,965,550
<b>Equity attributable to owners of the controller</b>	<b>3</b>	<b>603,417,005</b>	<b>610,763,619</b>
<b>Non-controller participations</b>	<b>4</b>	<b>54,135,802</b>	<b>55,634,152</b>
<b>TOTAL EQUITY</b>		<b>657,552,807</b>	<b>666,397,771</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,597,388,371</b>	<b>1,606,471,626</b>

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

**Interim Consolidated Statements of Comprehensive Results by Nature  
As of June 30, 2015 and 2014 (unaudited)  
(Thousands of Chilean pesos - ThCh\$)**

Statement of results by nature	Nota	30-06-2015	30-06-2014	01-04-2015 30-06-2015	01-04-2014 30-06-2014
Statement of results		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Revenues from ordinary activities	17	243,290,430	222,167,827	112,324,833	102,494,095
Raw materials & consumables used		-18,565,651	-13,806,238	-9,836,303	-6,559,370
Employee benefit expenses	19	-25,609,212	-21,383,537	-12,445,193	-11,511,463
Charges for depreciation & amortization	11-13	-33,906,794	-31,591,414	-17,004,136	-15,943,827
Other expenses, by nature	21	-51,064,307	-46,596,567	-26,577,898	-23,969,518
Other gains (losses)	5	151,915	191,601	134,935	-134,475
Financial income	5	2,991,843	2,946,684	1,561,207	1,560,044
Financial costs	5	-13,993,068	-14,013,418	-7,388,725	-7,245,363
Exchange differences	20	11,708	-22,340	5,516	-14,020
Results of indexation adjustments		-8,978,371	-19,021,047	-9,544,642	-10,756,618
Earnings before taxes		94,328,493	78,871,551	31,229,594	27,919,485
Charge for income taxes	23	-19,418,608	-13,005,116	-5,090,840	-3,957,886
Earnings from continuing operations		74,909,885	65,866,435	26,138,754	23,961,599
Earnings		74,909,885	65,866,435	26,138,754	23,961,599
Earnings attributable to owners of the controller					
<b>Earnings attributable to non-controller participations</b>		<b>73,219,963</b>	<b>64,166,732</b>	<b>25,626,062</b>	<b>23,270,259</b>
Earnings (losses) attributable to non-controller participations	4	1,689,922	1,699,703	512,692	691,340
Earnings		74,909,885	65,866,435	26,138,754	23,961,599
<b>Earnings per share</b>					
Basic earnings per share from continuing operations		11.97	10.49	4.19	3.80
<b>Basic earnings per share</b>	24	<b>11.97</b>	<b>10.49</b>	<b>4.19</b>	<b>3.80</b>

STATEMENT OF COMPREHENSIVE RESULTS		30-06-2015	30-06-2014	01-04-2015 30-06-2015	01-04-2014 30-06-2014
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Earnings		74,909,885	65,866,435	26,138,754	23,961,599

OTHER COMPREHENSIVE RESULT					
Comprehensive result attributable to					
Result attributable to owners of the controller		73,219,963	64,166,732	25,626,062	23,270,259
Result attributable to non-controller participations	4	1,689,922	1,699,703	512,692	691,340
<b>Total comprehensive result</b>		<b>74,909,885</b>	<b>65,866,435</b>	<b>26,138,754</b>	<b>23,961,599</b>

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

**Interim Consolidated Statements of Direct Cash Flows**  
**As of June 30, 2015 and 2014 (unaudited)**  
**(Thousands of Chilean pesos - ThCh\$)**

Statement of direct cash flow	Note	30-06-2015	30-06-2014
		ThCh\$	ThCh\$
<b>Proceeds classes from operating activities</b>		<b>293,969,391</b>	<b>279,282,905</b>
Proceeds of sales of goods & services		292,974,766	277,151,903
Proceeds of insurance claims & annuities		239,492	496,368
Other proceeds from operating activities		755,133	1,634,634
<b>Payment classes from operating activities</b>		<b>-136,773,825</b>	<b>-124,575,417</b>
Payments to suppliers of goods & services		-81,437,381	-71,143,736
Payments to & on behalf of employees		-24,697,067	-24,091,719
Payments of insurance premiums & other obligations		-435,738	-2,771,140
Other operating activity payments		-30,203,639	-26,568,822
<b>Cash flow from (used in) operating activities</b>		<b>-33,313,232</b>	<b>-29,281,330</b>
Interest paid		-10,680,506	-9,996,806
Interest received		342,583	910,735
Income taxes refunded (paid)		-21,574,649	-17,557,794
Other cash inflows (outflows)		-1,400,660	-2,637,465
<b>Cash flow from (used in) operating activities</b>		<b>123,882,334</b>	<b>125,426,158</b>
Proceeds of sales of property, plant & equipment		130,420	361,626
Purchases of property, plant & equipment		-43,472,380	-37,960,473
Purchases of intangible assets		-36,368	-25,865
Interest received		413,209	0
Other cash inflows (outflows)		-115,904	-1,204,028
<b>Cash flow from (used in) investment activities</b>		<b>-43,081,023</b>	<b>-38,828,740</b>
Proceeds of long-term loans		49,357,019	75,936,570
Proceeds of short-term loans		0	26,753,687
<b>Loan proceeds from financing activities</b>		<b>49,357,019</b>	<b>102,690,257</b>
Loan repayments		-18,256,347	-101,286,436
Dividends paid		-124,771,159	-120,876,130
Other cash inflows (outflows)		-158,399	-190,542
<b>Cashflows from (used in) financing activities</b>		<b>-93,828,886</b>	<b>-119,662,851</b>
<b>Increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate</b>		<b>-13,027,575</b>	<b>-33,065,433</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>-13,027,575</b>	<b>-33,065,433</b>
Cash and cash equivalents at start of the period		26,202,154	38,658,980
<b>Cash and cash equivalents at end of the period</b>	<b>7</b>	<b>13,174,579</b>	<b>5,593,547</b>

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

**Statement of Changes in Net Equity**  
**As of June 30, 2015 and 2014 (unaudited)**  
**(Thousands of Chilean pesos - ThCh\$)**

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in 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 01-01-2015		155,567,354	164,064,038	-5,965,550	297,097,777	610,763,619	55,634,152	666,397,771
<b>Comprehensive result</b>								
Earnings					73,219,963	73,219,963	1,689,922	74,909,885
Dividends	3				-80,566,577	-80,566,577	-3,188,272	-80,566,577
<b>Total changes in equity</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,346,614</b>	<b>-7,346,614</b>	<b>-1,498,350</b>	<b>-5,656,692</b>
Closing balance as of 30-06-2015	3 and 4	155,567,354	164,064,038	-5,965,550	289,751,163	603,417,005	54,135,802	657,552,807

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in 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 01-01-2015		155,567,354	164,064,038	-5,965,550	302,875,246	616,541,088	61,127,562	677,668,650
<b>Comprehensive result</b>								
Earnings					64,166,732	64,166,732	1,699,703	65,866,435
Dividends	3				-79,675,352	-79,675,352	-3,052,254	-82,727,606
<b>Total changes in equity</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-15,508,620</b>	<b>-15,508,620</b>	<b>1,699,703</b>	<b>-13,808,917</b>
Closing balance as of 30-06-2015	3 and 4	155,567,354	164,064,038	-5,965,550	287,366,626	601,032,468	62,827,265	663,859,733

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





# **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

## **AGUAS ANDINAS S.A.**



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## 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 open corporation 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 Superintendence 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 Superintendence of Securities and Insurance with the Number 170 and 2, respectively. As companies of the sanitation sector, they are regulated by the Superintendence 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 interim 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 interim 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 ENGIE (France) its principal shareholder.



## **2. BASES OF PREPARATION AND ACCOUNTING POLICIES**

### **2.1 Preparation**

These interim consolidated financial statements as of June 30, 2015 have been prepared in accordance with instructions and standards issued by the Superintendence of Securities and Insurance (SVS), which are composed of the International Financial Reporting Standards (IFRS), and what is established in Circular 856 of October 17, 2014 that instructs the auditees, register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780 with specific standards issued by the SVS.

These interim consolidated financial statements faithfully reflect the financial position of Aguas Andinas S.A. and subsidiaries as of June 30, 2015 and December 31, 2014, the result of operations, changes in net equity and cash flows for periods ended June 30, 2015 and 2014.

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

### **Functional and presentational currency**

The 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 interim 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 interim consolidated financial statements.

### **New accounting pronouncements**

**a)** Since of annual period initiated in January 1, 2015, there is no accounting pronouncements of effective application that affect significantly the presentation and disclosures of the interim consolidated financial statements.

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



New interpretations and amendments	Date of mandatory application
IFRS 9, Financial instruments, classification and measurement	Annual periods starting or after January 1, 2018
IFRS 14, Regulatory Deferral Accounts	Annual periods starting or after January 1, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2017

Improvements and modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting or after January 1, 2016
IAS 16, Property, Plant & Equipment	Annual periods starting or after January 1, 2016
IAS 38, Intangible Assets	Annual periods starting or after January 1, 2016
IAS 41, Agriculture	Annual periods starting or after January 1, 2016
IFRS 11, Joint Arrangements	Annual periods starting or after January 1, 2016
IAS 27, Separate Financial Statements	Annual periods starting or after January 1, 2016
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting or after January 1, 2016
IFRS 10, Consolidated Financial Statements	Annual periods starting or after January 1, 2016
IFRS 5, Non-current Assets Held for Sale and Discontinued Operations	Annual periods starting or after January 1, 2016
IFRS 7, Financial Instruments: Disclosures	Annual periods starting or after January 1, 2016
IFRS 12, Disclosure About Participation in other entities	Annual periods starting or after January 1, 2016
IAS 1, Presentation of Financial Statements	Annual periods starting or after January 1, 2016
IAS 34, Interim Financial Information	Annual periods starting or after January 1, 2016

The management of the Society and its subsidiaries are analyzing the eventual impact of the above-mentioned standards and amendments 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) and the instructions imparted by the SVS. The board on meeting held on August 26, 2015, approved these interim consolidated financial statements.

The interim consolidated financial statements of Aguas Andinas S.A. and subsidiaries for the period 2014 were approved by the board at its meeting held on March 25, 2015.

Estimates such as the following have been used in the preparation of the interim consolidated financial statements:



- Useful lives of fixed assets and intangible assets
- Valuation of assets and goodwill
- Losses through impairment of assets
- Assumptions used in the actuarial calculation of employee severance benefits
- Assumptions used in the calculation of fair value of financial instruments
- Revenues from supplies pending invoicing
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation

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

## **2.2 Accounting Policies**

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

### **A. Consolidation**

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



Tax N°	Society	Direct %	Indirect %	Total 2015 (%)	Direct %	Indirect %	Total 2014 (%)
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
96.945.210-3	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	Inversiones 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:

#### Intangible with defined useful life.

The amortization method employed by the Society reflects the pattern which is expected to be used, by the entity, the future economic benefits of the asset. The Society therefore uses the straight-line depreciation method.



## **Computer programs.**

The estimated useful life of software is 4 years. 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 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 book 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 (in years) by type of asset is as follows:



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

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

Due to the nature of the assets constructed in the Society 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 interim consolidated 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). Term 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.

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 June 30, 2015, the Society and its subsidiary Aguas del Maipo S.A. hold shares in Sociedad Eléctrica Puntilla S.A., which have been valued at their fair value at the acquisition date, as defined in IAS No. 39. Their subsequent measurement will be at cost because there is no active market, as provided in the same 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 the 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, 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. The amount is booked as a bad debt provisions. 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.

## 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 Society'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	30-06-2015	31-12-2014
	\$	\$
US Dollar	639.04	606.75
Euro	712.34	738.05

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 consolidated 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 derivatives are booked by its fair value in the date of the statement financial position. In case of financial derivatives, if its value is positive are booked in "Other financial assets" and if its negative are booked in "Other financial liabilities".

The changes in fair value are directly booked in results, except that the derivative has been designated for accounting purposes as a hedge instrument and all conditions are met by IFRS to apply hedge accounting.

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 consolidated statement of results.



## **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.

## **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 Society 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 and eventual provision 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 net equity of the controller divided by the average weighted number of common shares in circulation during the period ended June 30, 2015.



During the period 2015 and year 2014, 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 net 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.

## W. Reclassifications

For comparison purposes, certain reclassifications have been made to the statement of financial position as of June 30, 2014, according to the following detail:

Reclassifications	Increase/Decrease ThCh\$
<b>Statement of result by nature:</b>	
Revenue	398,346
Other earnings	-398,346

## 2.3 Accounting changes

The Superintendence of Securities and Insurance (SVS), under its authority, dated October 17, 2014, issued the Circular 856 that instructs the auditees, to register in the respective period against equity the differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate



income tax rate introduced by Law 20,780. The above, changed the preparation and presentation frame of financial report adopted until that date, given that previous frame (IFRS) needs to be adopted comprehensively, explicit and unreserved.

As of December 31, 2014 and for the year ended in that date, the quantification of change of accounting frame meant a lower charge to results of ThCh\$9,391,825 (ThCh\$5,496,265 corresponds to owners of the controller and ThCh\$3,895,560 corresponds to minority).

### 3. EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER

The capital of the Society is divided into 6,118,965,160 nominative shares of no par value, totally subscribed and paid at June 30, 2015, 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 Statutes, consisting of special quorum required for the extraordinary shareholders to decide about acts and contracts related to water use rights and sanitary concessions of Aguas Andinas.

The composition of each series is as follows:

	30-06-2015	31-12-2014
Series A Shares	5,811,030,417	5,811,029,417
Series B Shares	307,934,743	307,935,743
<b>Total</b>	<b>6,118,965,160</b>	<b>6,118,965,160</b>

The capital as of June 30, 2015 and December 31, 2014 amounts to ThCh\$155,567,354.

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

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

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

In the period 2015 agreed and made dividend payment as detailed below:

- The ordinary shareholders' meeting held on April 28, 2015 agreed to distribute 100% of earnings for 2014, after deducting the interim dividend paid in January 2015. Because of this, the dividend No 60 of the Company amounted to ThCh\$80,567,577 equivalent to Ch\$13.1667 per share. This payment was required from May 26, 2015, having entitled to 6,118,965,160 shares.

In the period 2014 agreed and made dividend payment as detailed below:

- In board meeting held on December 17, 2014, unanimously agreed to distribute among shareholders the sum of ThCh\$38,855,429, as an interim dividend, against the earnings for 2014. Because of this, the interim dividend No 59 of the Company amounted to Ch\$6.35 per share. This payment was made in January 13, 2015.



- The ordinary shareholders' meeting held on April 29, 2014 agreed to distribute 100% of earnings for 2013, after deducting the interim dividend paid in January 2014. Because of this, the dividend No 58 of the Company amounted to ThCh\$79,675,352 equivalent to Ch\$13.021 per share. This payment was required from May 26, 2014, having entitled to 6,118,965,160 shares.

### **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 June 30, 2015 and December 31, 2014.

### **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 total balances of accumulated earnings as of June 30, 2015 and December 31, 2014 amounted to ThCh\$289,751,163 and ThCh\$297,097,777 respectively.

As of December 31, 2014 are registered in equity ThCh\$5,496,263, corresponding to the impact of differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780, and booked to equity in accordance with the instructions given in Circular No. 856 published by the Superintendence of Securities and Insurance on October 17, 2014.

In addition, as of December 31, 2014, were made modifications to the calculation parameters in the actuarial earnings and losses on compensation, which generated a register in accumulated results of ThCh\$1,172,899 (see note 2.2.O)

### **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 June 30, 2015 and December 31, 2014 amounted to ThCh\$164,064,038 in each period.

### **Other participations in equity.**

Other participations refer to the monetary correction of paid capital of the year 2008, the year of transition to IFRS, 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 June 30, 2015 and December 31, 2014 is ThCh\$-5,965,550 in each period.

## **4. EQUITY ATTRIBUTABLE TO NON-CONTROLLER PARTICIPATIONS**

The detail by society of the effects caused by the participation of third parties in the equity and results as of June 30, 2015 and December 31, 2014 as follows:



Society	% Participation		Non-controller participations			
	30-06-2015	31-12-2014	Equity		Result	
	%	%	30-06-2015 ThCh\$	31-12-2014 ThCh\$	30-06-2015 ThCh\$	30-06-2014 ThCh\$
Aguas Cordillera S.A.	0.00997%	0.00997%	20,029	19,466	1,045	1,072
Essal S.A. (1)	46.49350%	46.49350%	54,115,773	55,614,686	1,688,877	1,698,631
<b>Total</b>			<b>54,135,802</b>	<b>55,634,152</b>	<b>1,689,922</b>	<b>1,699,703</b>

(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.

The dividends paid to non-controller participations of subsidiary Essal S.A. in June 30, 2015 and December 31, 2014 amounted to ThCh\$3,181,004 and ThCh\$5,207,974 respectively.

## 5. OTHER REVENUE AND EXPENSES

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

Non-operating revenue & expenses	30-06-2015	30-06-2014	01-04-2015 30-06-2015	01-04-2014 30-06-2014
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Other earnings</b>				
Gain on sale of non-current assets, not held for sale	151,915	215,293	134,935	-134,475
Other losses	0	-23,692	0	0
<b>Total</b>	<b>151,915</b>	<b>191,601</b>	<b>134,935</b>	<b>-134,475</b>
<b>Financial Costs</b>				
Bank loans	-2,146,417	-2,291,476	-1,071,444	-1,215,600
AFR interest expenses	-3,021,827	-2,184,694	-1,547,843	-1,162,266
Bond interest expense	-8,416,355	-8,793,596	-4,485,142	-4,498,790
Other interest costs	-267,140	-393,067	-160,578	-220,254
Amortization of loan agreement complementary costs	-141,329	-350,585	-123,718	-148,453
<b>Total</b>	<b>-13,993,068</b>	<b>-14,013,418</b>	<b>-7,388,725</b>	<b>-7,245,363</b>
<b>Financial Revenues</b>				
Interest income	2,465,722	2,498,752	1,260,524	1,414,309
Gain on redemption & extinction of debt	526,121	447,932	300,683	145,735
<b>Total</b>	<b>2,991,843</b>	<b>2,946,684</b>	<b>1,561,207</b>	<b>1,560,044</b>



## 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 the interim consolidated financial statements:

### Statement of financial position of subsidiaries (summarized) as of June 30, 2015

30-06-2015 Subsidiaries	Current assets ThCh\$	Non-current assets ThCh\$	Current liabilities ThCh\$	Non-current liabilities ThCh\$	Equity ThCh\$
Aguas Cordillera S.A.	19,806,918	248,500,607	10,998,081	56,417,941	200,891,503
Aguas Manquehue S.A.	5,971,354	72,633,033	3,558,906	20,829,975	54,215,506
Inversiones Iberaguas Ltda.	15,631	64,499,147	4,870	0	64,509,908
Empresa de Servicios Sanitarios de Los Lagos S.A.	12,864,817	135,156,906	10,866,563	63,071,957	74,083,203
Ecoriles S.A.	3,655,277	307,412	1,421,501	0	2,541,188
Gestión y Servicios S.A.	6,181,598	363,717	2,162,662	74,458	4,308,195
Análisis Ambientales S.A.	2,676,584	1,575,688	885,104	0	3,367,168
Aguas del Maipo S.A.	1,119,995	8,512,979	225,467	45,188	9,362,319

### Statement of comprehensive results of subsidiaries (summarized) as of June 30, 2015

30-06-2015 Subsidiaries	Result for the period ThCh\$	Ordinary revenue ThCh\$	Operating expenses (-) ThCh\$	Other net expenses (-) / revenue (+) ThCh\$
Aguas Cordillera S.A.	10,476,630	27,207,510	-16,765,656	34,776
Aguas Manquehue S.A.	2,507,692	6,253,520	-3,160,052	-585,776
Inversiones Iberaguas Ltda.	2,888,638	0	-2,785	2,891,423
Empresa de Servicios Sanitarios de Los Lagos S.A.	5,673,877	24,674,549	-15,528,720	-3,471,952
Ecoriles S.A.	1,013,605	6,214,858	-4,940,686	-260,567
Gestión y Servicios S.A.	225,293	4,275,549	-4,006,110	-44,146
Análisis Ambientales S.A.	566,837	3,405,567	-2,734,542	-104,188
Aguas del Maipo S.A.	472,899	380,197	-222,433	315,135





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

31-12-2014 Subsidiaries	Current assets ThCh\$	Non-current assets ThCh\$	Current liabilities ThCh\$	Non-current liabilities ThCh\$	Equity ThCh\$
Aguas Cordillera S.A.	20,751,194	243,394,965	14,691,450	54,212,972	195,241,737
Aguas Manquehue S.A.	4,473,100	71,239,462	7,114,700	18,465,022	50,132,840
Inversiones Iberaguas Ltda.	2,386,677	65,102,306	44,714	0	67,444,269
Empresa de Servicios Sanitarios de Los Lagos S.A.	14,736,199	133,248,212	14,019,578	58,698,964	75,265,869
Ecoriles S.A.	4,460,897	349,256	1,824,643	0	2,985,510
Gestión y Servicios S.A.	6,617,684	378,776	2,473,253	76,560	4,446,647
Análisis Ambientales S.A.	3,605,573	1,507,230	1,139,501	0	3,973,302
Aguas del Maipo S.A.	2,272,296	8,569,107	410,504	34,092	10,396,807

### Statement of comprehensive results of subsidiaries (summarized) as of June 30, 2014

30-06-2014 Subsidiaries	Result for the period ThCh\$	Ordinary revenue ThCh\$	Operating expenses (-) ThCh\$	Other net expenses (-) / revenue (+) ThCh\$
Aguas Cordillera S.A.	10,748,594	25,379,469	-14,531,948	-98,927
Aguas Manquehue S.A.	2,100,842	5,546,849	-3,014,305	-431,702
Inversiones Iberaguas Ltda.	2,924,880	0	-2,695	2,927,575
Empresa de Servicios Sanitarios de Los Lagos S.A.	5,760,708	22,502,597	-12,794,058	-3,947,831
Ecoriles S.A.	708,667	5,879,064	-5,044,245	-126,152
Gestión y Servicios S.A.	207,007	4,184,148	-3,985,731	8,590
Análisis Ambientales S.A.	570,435	3,383,418	-2,709,135	-103,848
Aguas del Maipo S.A.	486,006	342,694	-291,796	435,108

### 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.
Functional currency	Chilean pesos	Chilean pesos	Chilean pesos
Percentage share in significant subsidiary	99.99003%	100.00000%	53.50650%
Percentage voting rights in significant subsidiary	99.99003%	100.00000%	53.50650%
<b>Percentage of consolidated values</b>			
Contribution margin	8.85%	2.62%	8.67%
Property, plant and equipment	7.61%	4.13%	15.93%
Net income for the period	10.80%	3.37%	2.65%

## 7. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
Banks	2,255,168	2,730,493
Term deposits (see note 8.6)	10,919,411	23,471,661
<b>Total</b>	<b>13,174,579</b>	<b>26,202,154</b>

Cash equivalents relate to financial assets in term 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 proceeds:** 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 interim consolidated financial statements.

### 8.3 Classes of financial instruments

Classes of financial instruments			30-06-2015	31-12-2014
			ThCh\$	ThCh\$
<b>Trade debtors</b>			<b>91,736,174</b>	<b>96,757,009</b>
<b>Trade debtors, current</b>			<b>89,449,909</b>	<b>94,559,029</b>
Trade debtors & other accounts receivable, current	CLP	8.5	89,406,025	94,510,475
Trade debtors & other accounts receivable, current	USD	8.5	28,563	30,233
Trade debtors & other accounts receivable, current	EUR	8.5	15,321	18,321
<b>Fees receivable, non-current</b>			<b>2,286,265</b>	<b>2,197,980</b>
Fees receivable, non-current	CLP		2,286,265	2,197,980
<b>Other financial assets, non-current</b>	CLP	8.9	<b>7,559,679</b>	<b>7,413,197</b>
<b>Other financial liabilities, current</b>			<b>76,994,632</b>	<b>56,680,231</b>
Bank loans	CLP	8.4	14,277,207	21,118,729
Bonds	CLP	8.4	58,823,249	33,176,766
Reimbursable financial contributions (AFR)	CLP	8.4	3,894,176	2,384,736
<b>Other financial liabilities, non-current</b>	CLP	8.4	<b>721,963,257</b>	<b>698,421,729</b>
Bank loans	CLP	8.4	96,901,622	90,504,265
Bonds	CLP	8.4	461,493,655	456,075,129
Reimbursable financial contributions (AFR)	CLP	8.4	163,567,980	151,842,335
<b>Trade creditors</b>			<b>61,806,851</b>	<b>85,008,730</b>
<b>Trade accounts &amp; other accounts payable, current</b>			<b>60,108,363</b>	<b>83,324,297</b>
Trade accounts & other accounts payable, current	CLP	8.7	59,983,784	83,181,583
Trade accounts & other accounts payable, current	USD	8.7	99,230	102,359
Trade accounts & other accounts payable, current	EUR	8.7	25,349	40,355
<b>Other accounts payable, non-current</b>			<b>1,698,488</b>	<b>1,684,433</b>
Other accounts payable, non-current	CLP	8.7	1,698,488	1,684,433



## **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 June 30, 2015 and December 31, 2014 is as follows:

## Bank loan balances, current period.

Debtor tax no.	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.809.310-K	96579800-5	
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	ESSAL	
Debtor country	Chile	Chile	Chile	Chile	Chile	CL	
Creditor Tax N°	97.032.000-8	97.004.000-5	97.036.000-K	97.006.000-6	97.032.000-8	97.004.000-7	
Bank or financial institution	BANCO BBVA	BANCO DE CHILE	BANCO SANTANDER	BANCO BCI	BANCO BBVA	Banco de Chile	
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP	CL	
Repayment	Semi-annual	Semi-annual	Semi-annual	At maturity	Semi-annual	At maturity	
Effective rate	3.98%	3.93%	3.98%	3.95%	4.03%	4.28%	
Nominal rate	3.98%	3.93%	3.98%	3.95%	4.03%	4.28%	
Nominal values							
To 1 year	2,635,725	531,367	9,663,524	264,298	268,667	913,626	13,363,581
To 90 days	1,396,540	531,367	9,663,524	264,298	268,667	913,626	13,038,022
Over 90 days to 1 year	1,239,185						1,239,185
Over 1 year to 3 years	9,382,413	0	0	0	0	4,000,000	13,382,413
Over 1 year to 2 years	9,382,413						9,382,413
Over 2 years to 3 years	0					4,000,000	4,000,000
Over 3 years to 5 years	0	44,248,905	0	19,270,304	20,000,000	0	83,519,209
Over 3 years to 4 years	0	6,283,345	0	0		0	6,283,345
Over 4 years to 5 years	0	13,805,658	0	19,270,304	20,000,000	0	53,075,962
Over 5 years	0	24,159,902	0	0	0	0	24,159,902
Total nominal values	12,018,138	44,780,272	9,663,524	19,534,602	20,268,667	4,913,626	111,178,829
Book values							
Current bank loans	2,635,725	531,367	9,663,524	264,298	268,667	913,626	14,277,207
To 90 days	1,396,540	531,367	9,663,524	264,298	268,667	913,626	13,038,022
Over 90 days to 1 year	1,239,185	0	0	0	0	0	1,239,185
Non-current bank loans	9,382,413	44,248,905	0	19,270,304	20,000,000	4,000,000	96,901,622
Over 1 year to 3 years	9,382,413	0	0	0	0	4,000,000	13,382,413
Over 1 year to 2 years	9,382,413	0	0	0	0	0	9,382,413
Over 2 years to 3 years	0	0	0	0	0	4,000,000	4,000,000
Over 3 years to 5 years	0	44,248,905	0	19,270,304	20,000,000	0	83,519,209
Over 3 years to 4 years	0	6,283,345	0	0		0	6,283,345
Over 4 years to 5 years	0	13,805,658	0	19,270,304	20,000,000	0	53,075,962
Over 5 years	0	24,159,902	0	0	0	0	24,159,902
Total bank loans	12,018,138	44,780,272	9,663,524	19,534,602	20,268,667	4,913,626	111,178,829

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, previous period.

<b>Debtor tax no.</b>	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.809.310-K	
<b>Debtor name</b>	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	
<b>Debtor country</b>	Chile	Chile	Chile	Chile	Chile	
<b>Creditor Tax N°</b>	97.032.000-8	97.004.000-5	97.036.000-K	97.006.000-6	97.032.000-8	
<b>Bank or financial institution</b>	BANCO BBVA	BANCO DE CHILE	BANCO SANTANDER	BANCO BCI	BANCO BBVA	
<b>Currency or indexation unit</b>	CLP	CLP	CLP	CLP	CLP	
<b>Repayment</b>	Semi-annual	Semi-annual	Semi-annual	At maturity	Semi-annual	
<b>Effective rate</b>	4.05%	5.33%	5.06%	4.05%	4.01%	
<b>Nominal rate</b>	4.00%	4.58%	4.00%	4.05%	4.01%	
<b>Nominal values</b>						
<b>To 1 year</b>	<b>2,660,318</b>	<b>8,260,313</b>	<b>9,669,458</b>	<b>283,337</b>	<b>281,250</b>	<b>21,154,676</b>
To 90 days	1,421,131	4,634,817		283,337	281,250	6,620,535
Over 90 days to 1 year	1,239,187	3,625,496	9,669,458			14,534,141
<b>Over 1 year to 3 years</b>	<b>10,621,600</b>	<b>40,631,070</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51,252,670</b>
Over 1 year to 2 years	10,621,600	7,235,670				17,857,270
Over 2 years to 3 years	0	33,395,400				33,395,400
<b>Over 3 years to 5 years</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,270,304</b>	<b>20,000,000</b>	<b>39,270,304</b>
Over 3 years to 4 years						0
Over 4 years to 5 years					20,000,000	39,270,304
Over 5 years				19,270,304		0
<b>Total nominal values</b>	<b>13,281,918</b>	<b>48,891,383</b>	<b>9,669,458</b>	<b>19,553,641</b>	<b>20,281,250</b>	<b>111,677,650</b>
<b>Book values</b>						
<b>Current bank loans</b>	<b>2,655,424</b>	<b>8,232,231</b>	<b>9,666,486</b>	<b>283,338</b>	<b>281,250</b>	<b>21,118,729</b>
To 90 days	1,416,237	4,614,396		283,338	281,250	6,595,221
Over 90 days to 1 year	1,239,187	3,617,835	9,666,486			14,523,508
<b>Non-current bank loans</b>	<b>10,618,835</b>	<b>40,615,126</b>	<b>0</b>	<b>19,270,304</b>	<b>20,000,000</b>	<b>90,504,265</b>
<b>Over 1 year to 3 years</b>	<b>10,618,835</b>	<b>40,615,126</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51,233,961</b>
Over 1 year to 2 years	10,618,835	7,232,831				17,851,666
Over 2 years to 3 years	0	33,382,295				33,382,295
<b>Over 3 years to 5 years</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,270,304</b>	<b>20,000,000</b>	<b>39,270,304</b>
Over 3 years to 4 years						0
Over 4 years to 5 years					20,000,000	20,000,000
Over 5 years				19,270,304		19,270,304
<b>Total bank loans</b>	<b>13,274,259</b>	<b>48,847,357</b>	<b>9,666,486</b>	<b>19,553,642</b>	<b>20,281,250</b>	<b>111,622,994</b>

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 June 30, 2015 and December 31, 2014 is as follows:

### Reimbursable financial contributions, current portion

Registration No. or Identification of the Instrument	Currency indexation unit	Residual UF	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuer	Issuer tax No.	Repayment	Secured (Yes/No)
			30-06-2015	31-12-2014							
			ThCh\$	ThCh\$							
AFR	UF	273,453	3,637,989	2,217,213	3.16%	3.21%	Chile	Aguas Andinas S.A	61.808.000-5	At maturity	No
AFR	UF	18,606	256,187	167,523	3.59%	3.94%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
<b>TOTAL</b>		<b>292,059</b>	<b>3,894,176</b>	<b>2,384,736</b>							

### Reimbursable financial contributions, non-current portion

Registration No. or Identification of the Instrument	Currency indexation unit	Residual UF	Book value		Maturity Date	Contract real interest rate	Effective rate	Issuer	Issuer tax No.	Repayment	Secured (Yes/No)
			30-06-2015	31-12-2014							
			ThCh\$	ThCh\$							
AFR	UF	4,380,617	113,690,108	107,509,452	24-06-2030	3.73%	3.87%	Aguas Andinas S.A	61.808.000-5	At maturity	No
AFR	UF	1,131,832	28,795,407	26,858,207	09-06-2030	4.12%	4.59%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	541,823	13,655,674	11,192,604	11-06-2030	3.53%	3.73%	Aguas Manquehue	89.221.000-4	At maturity	No
AFR	UF	297,274	7,426,791	6,282,072	01-06-2030	3.70%	3.70%	Essal S.A	96.579.800-5	At maturity	No
<b>TOTAL</b>		<b>6,351,546</b>	<b>163,567,980</b>	<b>151,842,335</b>							



The detail of bonds outstanding as of June 30, 2015 and December 31, 2014 is as follows:

### Total public obligations, current period

Debtor tax no.	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96579800-5
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	580	305	527	580	580	629	630	654	654	655	346	346	346	284
Series	BAGUA-I	BAGUA-J	BAGUA-K	BAGUA-M	BAGUA-N	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	Besal-B
Final maturity	01-12-2015	01-12-2018	01-10-2016	01-04-2031	01-10-2016	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2037	01-04-2037	01-06-2037	01-02-2038	01-06-2028
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Repayment	Semi-annual	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	Semi-annual
Effective rate	4.22%	4.20%	3.07%	4.15%	3.26%	3.81%	3.94%	3.62%	3.93%	3.81%	3.50%	3.18%	3.17%	6.63%
Nominal rate	3.70%	4.00%	2.90%	4.20%	3.17%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	6.00%

  

Nominal values														
To 1 year	9,021,345	82,460	6,574,693	454,340	31,474,251	358,199	136,060	5,733,489	554,870	470,254	433,429	156,734	495,962	2,975,279
To 90 days													495,962	0
Over 90 days to 1 year	9,021,345	82,460	6,574,693	454,340	31,474,251	358,199	136,060	5,733,489	554,870	470,254	433,429	156,734		2,975,279
Over 1 year to 3 years	0	0	4,496,933	0	0	0	0	11,103,538	0	0	0	0	0	5,665,116
Over 1 year to 2 years	0	0	4,496,933	0	0	0	0	5,551,769	0	0	0	0	0	2,832,558
Over 2 years to 3 years	0	0	0	0	0	0	0	5,551,769	0	0	0	0	0	2,832,558
Over 3 years to 5 years	0	24,982,960	0	43,720,180	0	37,474,440	41,221,884	5,551,769	57,460,808	49,965,920	49,965,920	57,460,808	39,972,736	28,325,597
Over 3 years to 4 years	0	24,982,960	0	0	0	0	0	5,551,769	0	0	0	0	0	2,832,558
Over 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	0	0	0	2,832,558
Over 5 years	0	0	0	43,720,180	0	37,474,440	41,221,884	0	57,460,808	49,965,920	49,965,920	57,460,808	39,972,736	22,660,481
Total nominal values	9,021,345	25,065,420	11,071,626	44,174,520	31,474,251	37,832,639	41,357,944	22,388,796	58,015,678	50,436,174	50,399,349	57,617,542	40,468,698	36,965,992

  

Book values														
Current public obligations	9,002,714	38,831	6,563,080	465,055	31,455,004	367,096	148,218	5,705,265	547,710	467,578	433,429	191,579	462,411	2,975,279
To 90 days	0	0	0	0	0	0	0	0	0	0	0	0	462,411	0
Over 90 days to 1 year	9,002,714	38,831	6,563,080	465,055	31,455,004	367,096	148,218	5,705,265	547,710	467,578	433,429	191,579	0	2,975,279
Non-current public obligations	0	24,894,182	4,490,557	43,951,203	0	37,685,519	41,494,501	16,552,638	57,271,354	49,874,355	49,965,920	58,477,558	38,922,955	37,912,913
Over 1 year to 3 years	0	0	4,490,557	0	0	0	0	11,035,092	0	0	0	0	0	5,665,116
Over 1 year to 2 years	0	0	4,490,557	0	0	0	0	5,517,546	0	0	0	0	0	2,832,558
Over 2 years to 3 years	0	0	0	0	0	0	0	5,517,546	0	0	0	0	0	2,832,558
Over 3 years to 5 years	0	24,894,182	0	43,951,203	0	37,685,519	41,494,501	5,517,546	57,271,354	49,874,355	49,965,920	58,477,558	38,922,955	32,247,797
Over 3 years to 4 years	0	24,894,182	0	0	0	0	0	5,517,546	0	0	0	0	0	2,832,558
Over 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	0	0	0	2,832,558
Over 5 years	0	0	0	43,951,203	0	37,685,519	41,494,501	0	57,271,354	49,874,355	49,965,920	58,477,558	38,922,955	26,582,681
Total public obligations	9,002,714	24,933,013	11,053,637	44,416,258	31,455,004	38,052,615	41,642,719	22,257,903	57,819,064	50,341,933	50,399,349	58,669,137	39,385,366	40,888,192





## Total public obligations, previous period

Debtor tax no.	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	580	305	527	580	580	629	630	654	655	346	346	284	
Series	BAGUA-I	BAGUA-J	BAGUA-K	BAGUA-M	BAGUA-N	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BESAL-B
Final maturity	01-12-2015	01-12-2018	01-10-2016	01-04-2031	01-10-2016	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2037	01-04-2037	01-06-2037	01-06-2028
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Repayment	Semi-annual	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	Semi-annual
Effective rate	4.18%	3.07%	4.06%	3.36%	3.81%	3.94%	3.67%	3.93%	3.81%	3.50%	3.48%	3.16%	6.63%
Nominal rate	3.70%	4.00%	2.90%	4.20%	3.17%	3.86%	4.00%	3.30%	3.90%	3.80%	3.60%	3.30%	6.00%
Nominal values													
To 1 year	17,785,688	81,286	4,032,515	447,868	242,054	353,097	134,122	5,674,212	546,967	463,556	427,256	154,501	2,851,558
To 90 days	0												
Over 90 days to 1 year	17,785,688	81,286	4,032,515	447,868	242,054	353,097	134,122	5,674,212	546,967	463,556	427,256	154,501	2,851,558
Over 1 year to 3 years	0	0	8,865,756	0	30,783,875	0	0	10,945,378	0	0	0	0	5,703,116
Over 1 year to 2 years	0	0	8,865,756	0	30,783,875	0	0	5,472,689	0	0	0	0	5,703,116
Over 2 years to 3 years	0	0	0	0	0	0	0	5,472,689	0	0	0	0	0
Over 3 years to 5 years	0	24,627,100	0	43,097,425	0	36,940,650	40,634,715	8,209,034	56,642,330	49,254,200	49,254,200	56,642,330	34,015,405
Over 3 years to 4 years	0	24,627,100	0	0	0	0	0	5,472,689	0	0	0	0	5,703,116
Over 4 years to 5 years	0	0	0	0	0	0	0	2,736,345	0	0	0	0	0
Over 5 years	0	0	0	43,097,425	0	36,940,650	40,634,715	0	56,642,330	49,254,200	49,254,200	56,642,330	28,312,289
Total nominal values	17,785,688	24,708,386	12,898,271	43,545,293	31,025,929	37,293,747	40,768,837	24,828,624	57,189,297	49,717,756	49,681,456	56,796,831	42,570,079
Book values													
Current public obligations	17,749,996	49,871	4,015,190	458,370	190,005	361,505	145,966	5,645,619	540,078	460,813	427,256	196,146	2,935,951
To 90 days	0												
Over 90 days to 1 year	17,749,996	49,871	4,015,190	458,370	190,005	361,505	145,966	5,645,619	540,078	460,813	427,256	196,146	2,935,951
Non-current public obligations	0	24,509,817	8,858,638	43,333,829	30,770,796	37,156,440	40,911,569	19,035,918	56,449,179	49,161,239	49,254,200	57,688,997	38,944,507
Over 1 year to 3 years	0	0	8,858,638	0	30,770,796	0	0	10,892,714	0	0	0	0	5,579,274
Over 1 year to 2 years	0	0	8,858,638	0	30,770,796	0	0	5,446,357	0	0	0	0	5,579,274
Over 2 years to 3 years	0	0	0	0	0	0	0	5,446,357	0	0	0	0	0
Over 3 years to 5 years	0	24,509,817	0	43,333,829	0	37,156,440	40,911,569	8,143,204	56,449,179	49,161,239	49,254,200	57,688,997	33,365,233
Over 3 years to 4 years	0	24,509,817	0	0	0	0	0	5,446,357	0	0	0	0	5,579,274
Over 4 years to 5 years	0	0	0	0	0	0	0	2,710,013	0	0	0	0	0
Over 5 years	0	0	0	43,333,829	0	37,156,440	40,911,569	-13,166	56,449,179	49,161,239	49,254,200	57,688,997	27,785,959
Total public obligations	17,749,996	24,559,688	12,873,828	43,792,199	30,960,801	37,517,945	41,057,535	24,681,537	56,989,257	49,622,052	49,681,456	57,885,143	41,880,458



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

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

Credit risk	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
Gross exposure per balance sheet for risks of accounts receivable	130,872,199	133,672,007
Gross exposure per estimates of risks of accounts receivable	-39,136,024	-36,915,040
<b>Net exposure, risk concentration</b>	<b>91,736,175</b>	<b>96,756,967</b>

Movement of credit risk, accounts receivable	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
Initial balance	36,915,040	31,975,327
Increase in existing provisions	2,649,411	5,189,375
Reductions	428,426	249,662
<b>Changes, total</b>	<b>2,220,984</b>	<b>4,939,713</b>
<b>Closing balance</b>	<b>39,136,024</b>	<b>36,915,040</b>



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

Ageing of debt	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
Less than three months	87,964,313	93,967,247
Three to six months	1,733,989	1,267,420
Six to eight months	906,243	654,829
More than eight months	40,267,654	37,782,511
<b>Total</b>	<b>130,872,199</b>	<b>133,672,007</b>

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

Past-due debt	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
Less than three months	7,929,102	9,035,546
Three to six months	1,453,482	993,925
Six to eight months	811,413	570,545
More than eight months	37,643,429	35,100,759
<b>Total</b>	<b>47,837,426</b>	<b>45,700,775</b>

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)

Balance as of 30-06-2015	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	12,855,082	3.97%	3,932,047	3.97%	15,778,441	3.96%	45,874,360	3.98%	44,438,198	3.93%
Bonds	0		69,854,602	3.63%	47,419,828	3.68%	60,123,611	3.70%	608,510,660	3.69%
AFR	393,076	2.75%	3,506,805	3.32%	42,775,833	4.46%	23,784,570	3.64%	131,447,803	3.69%
<b>TOTAL</b>	<b>13,248,158</b>		<b>77,293,454</b>		<b>105,974,102</b>		<b>129,782,541</b>		<b>784,396,661</b>	

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	13.92%
Bonds	UF	65.12%
AFR	UF	20.96%
<b>Total</b>		<b>100.00%</b>

### 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%.

Society	Nominal amount of debt ThCh\$	Variable rate	Points (+/-)	Impact on result ThCh\$ (+/-)
				ThCh\$
Aguas Andinas Consolidated	111,178,829	TAB 180 days	131	1,444,523



For loans based on 180-day TAB, the positive or negative change in nominal TAB of 131 basis points, calculated annually, would have an impact on results of +/- ThCh\$1,444,523.

## 8.6 Cash equivalents.

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

Society	Instruments	30-06-2015	31-12-2014
		ThCh\$	ThCh\$
Aguas Andinas S.A.	Term deposit	3,501,600	8,604,476
Aguas Cordillera S.A.	Term deposit	5,180,627	7,017,959
Aguas Manquehue S.A	Term deposit	410,000	1,101,512
Aguas del Maipo S.A	Term deposit	185,000	2,051,485
Análisis Ambientales S.A.	Term deposit	180,000	1,855,815
Gestión y Servicios S.A.	Term deposit	390,000	0
Eco-Riles S.A.	Term deposit	750,184	800,508
ESSAL S.A.	Term deposit	322,000	2,039,906
<b>Total (cash equivalent)</b>		<b>10,919,411</b>	<b>23,471,661</b>

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 effective equity of the mutual fund and term 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	30-06-2015 ThCh\$	31-12-2014 ThCh\$
Dividends	CLP	78,758	21,627,533
Taxes (VAT, prepayments, sole tax, others)	CLP	11,525,596	13,326,163
Suppliers for investments in progress	CLP	14,069,378	17,252,171
Personnel	CLP	2,501,457	2,795,596
Suppliers (expense)	CLP	11,516,203	10,846,749
Suppliers (expense)	USD	99,230	102,359
Suppliers (expense)	EUR	25,349	40,355
Suppliers (investment)	CLP	3,233,935	2,331,895
Accrued services	CLP	15,458,138	13,787,483
AFR (expense)	CLP	567,486	591,800
Others (expense)	CLP	1,009,131	594,349
Others (investment)	CLP	23,702	27,844
<b>Sub-total current</b>		<b>60,108,363</b>	<b>83,324,297</b>
AFR water	CLP	562,569	531,838
Suppliers for investments in progress	CLP	1,065,524	1,082,200
Sundry creditors	CLP	70,395	70,395
<b>Sub total non-current</b>		<b>1,698,488</b>	<b>1,684,433</b>
<b>Total current &amp; non-current</b>		<b>61,806,851</b>	<b>85,008,730</b>

The following is the information about trade accounts according to term:

## Current trade accounts

### Current period

Current trade accounts according to term	30-06-2015			
	Goods	Services	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
To 30 days	3,337,678	3,118,515	27,142	6,483,335
From 31 to 60 days	251,314	787	0	252,101
<b>Total</b>	<b>3,588,992</b>	<b>3,119,302</b>	<b>27,142</b>	<b>6,735,436</b>



### Previous period

Current trade accounts according to term	31-12-2014			
	Goods	Services	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
To 30 days	868,191	1,230,016	62,034	2,160,241
From 31 to 60 days	179,892	23,766	663	204,321
From 61 to 90 days	19,937	0	0	19,937
From 91 to 120 days	0	10	0	10
From 121 to 365 days	0	145,008	0	145,008
<b>Total</b>	<b>1,068,020</b>	<b>1,398,800</b>	<b>62,697</b>	<b>2,529,517</b>

### Overdue trade accounts

#### Current period

Overdue trade accounts according to term	30-06-2015			
	Goods	Services	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
To 30 days	441,505	115,984	0	557,489
From 31 to 60 days	408,708	43,284	1,991	453,983
From 61 to 90 days	30,402	139,262	25	169,689
From 91 to 120 days	2,772	305,512	0	308,284
From 121 to 365 days	9,195	121,190	100	130,485
More than 365 days	63,358	46,688	0	110,046
<b>Total</b>	<b>955,940</b>	<b>771,920</b>	<b>2,116</b>	<b>1,729,976</b>

#### Previous period

Overdue trade accounts according to term	31-12-2014			
	Goods	Services	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
To 30 days	51,831	157,612	3,990	213,433
From 31 to 60 days	37,808	11,473	2,600	51,881
From 61 to 90 days	2,943	173,924	144	177,011
From 91 to 120 days	1,122	39,562	0	40,684
From 121 to 365 days	42,596	141,517	8,142	192,255
More than 365 days	16,087	24,133	184	40,404
<b>Total</b>	<b>152,387</b>	<b>548,221</b>	<b>15,060</b>	<b>715,668</b>



## 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 consolidated statement of financial position:

	30-06-2015	
	Amortized cost	Fair value
	ThCh\$	ThCh\$
<b>Investments booked at fair value</b>	<b>10,919,411</b>	<b>10,919,411</b>
Term deposit Level 1	10,919,411	10,919,411
<b>Other financial liabilities</b>	<b>798,957,889</b>	<b>824,362,122</b>
<b>Financial liabilities booked at amortized cost</b>	<b>798,957,889</b>	<b>824,362,122</b>
Bank debt Level 2	111,178,829	110,527,060
Bonds Level 1	520,316,904	546,372,906
AFR Level 3	167,462,156	167,462,156

### 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 term 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 consolidated financial statements and the date of the cash disbursement.





## Booking hierarchy of fair value measurements in the interim consolidated financial statements

- Level 1 relates to fair-value measurement methodologies by market quotes (without adjustments) in active markets and considering the same assets and liabilities valued.
- Level 2 relates to fair-value measurement methodologies from market quotation data not included in Level 1, observable for the assets and liabilities valued, whether directly (prices) or indirectly (derivative of the prices).
- Level 3 relates to fair-value measurement methodologies by valuation techniques which include data on the assets and liabilities valued, not based on observable market data.

## 8.9 Other financial assets

### Other current financial assets

To the date of this financial statements, the Group Aguas Andinas presents the following UF hedge (inflation) to fair value in force as of June 30, 2015.

Company	Detail of the hedging instrument	Description of hedging	Hedged item	Nature of hedged risk	Asset	Liability	Asset	Liability
					30-06-2015		31-12-2014	
					ThCh\$	ThCh\$	ThCh\$	ThCh\$
AGUAS ANDINAS S.A	Forward purchase	Exchange rate	Liabilities	Fair value	384,361	0	0	0
AGUAS ANDINAS S.A	Forward purchase	Exchange rate	Liabilities	Fair value	61,312	0	0	0
AGUAS ANDINAS S.A	Forward purchase	Exchange rate	Liabilities	Fair value	87,536	0	0	0
				Total	533,209			

### Other non-current 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 June 30, 2015 and December 31, 2014 (see Note 2.2, h, ii), over which the Group has no control or significant influence. The balance of ThCh\$163,999 and ThCh\$17,517 respectively relates to other financial investments.

This is deferred income reflecting an obligation by the Company to the Asociación Sociedad de Canalistas del Maipo not to move the location of current water rights, for ThCh\$7,294,709 as of June 30, 2015 and December 31, 2014.

## 9. INFORMATION ON RELATED ENTITIES

### Balances and transactions with related entities

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



## Accounts receivable from related entities

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction with related party	Currency	Term	Security	30-06-2015	31-12-2014
								ThCh\$	ThCh\$
96.713.610-7	Agbar Chile S.A.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	0	2,275
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	3,819	6,729
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	26,291	59,825
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Units cleaning	CLP	30 days	Unsecured	0	1,800
None	Degremont S.A.	Related to the controller	CL	Equipment supply, installation and implementation of the second stage of Mapocho Sewage Treatment Plant.	CLP	30 days	Unsecured	5,359,239	0
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the controller	CL	Sale of materials	CLP	30 days	Unsecured	37,179	0
76.432.328-9	Gestión Hídrica Minera Ltda.	Related to the controller	CL	Laboratory analysis and sampling services	CLP	30 days	Unsecured	873	0
<b>Total accounts receivable</b>								<b>5,427,401</b>	<b>70,629</b>

## Accounts payable to related entities

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction with related party	Currency	Term	Security	30-06-2015	31-12-2014
								ThCh\$	ThCh\$
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Hydraulic efficiency project	CLP	30 days	Performance bond UF: 14,992	913,405	1,086,207
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Change of Method Adsorption of arsenic to Quilicura plant	CLP	30 days	Performance bond UF: 867	38,217	31,932
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Ice-Pigging network cleaning service contract	CLP	30 days	Performance bond ThCh\$26,600	99,398	103,211
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Lo Pinto project	CLP	30 days	Guarantee UF22.470	551,727	2,357,458
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	30 days	Performance bond UF 6,915	168,976	93,112
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Construction and expansion of sludge line La Union	CLP	30 days	Performance bond ThCh\$47,110	0	74,355
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Update service of the operation and security of dam Pudeto and Gamboa	CLP	30 days	Performance bond ThCh\$705	0	54,828
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Modeling odor panels	CLP	30 days	Unsecured	0	18,523
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the controller	CL	Purchase of materials	CLP	60 days	Performance bond ThCh\$279,298	428,465	553,550
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the controller	CL	Implementation of geographic information system Essal S.A.	CLP	30 days	Performance bond UF 887	95,724	102,652
76.046.628-K	Asterión S.A.	Related to the controller	CL	Process re-engineering service contract & implementation of new customer service information systems	CLP	30 days	Performance bond ThCh\$845,149	164,481	395,343
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	CL	La Farfana sewage treatment plant operation & maintenance services	CLP	30 days	Performance bond UF194,249.62	30,906	24,545
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller		Biogas plant operation services		30 days	Unsecured	0	37,161
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller		Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage treatment plant		90 days	Performance bond UF357,863	5,136,720	5,039,821
None	Aqua Development Network S.A.	Related to the controller	CL	Training services	CLP	30 days	Unsecured	7,889	43,671
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends payable	CLP	30 days	Unsecured	0	19,467,478
<b>Total accounts payable</b>								<b>7,635,908</b>	<b>29,483,847</b>



## Transactions

Tax No. related party	Name of related party	Relationship	Country of origin	Transaction	Currency	30-06-2015		30-06-2014		01-04-2015 30-06-2015		01-04-2014 30-06-2014	
						Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
79.046.628-K	Asterón S.A.	Related to the controller	CL	Process re-engineering service contract & implementation of new information systems for customer service	CLP	466,163	-458,940	-2,840,400	-222,080	228,540	-228,540	-3,316,973	-100,563
None	Aqua Development Network	Related to the controller	CL	Integrated talent management contract	CLP	0	-151,324	121,147	-121,147	-88,540	-62,784	81,189	-81,189
76.080.553-K	Aqualogy Solutions Chile Ltda	Related to the controller	CL	Purchase of materials	CLP	1,116,899	-1,116,899	725,050	0	602,483	-602,483	309,508	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Ice-Pigging network cleaning service	CLP	99,398	-99,398	877,362	-209,615	56,417	-56,417	799,136	-131,389
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Lo Pinto project	CLP	590,577	0	0	0	17,233	0	0	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the controller	CL	Hydraulic efficiency project	CLP	830,660	-3,914	0	0	576,591	-3,914	0	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Operation & maintenance services El Trebal sewage treatment plant, construction, operation & maintenance Mapocho sewage treatment plant	CLP	5,780,953	-5,134,517	5,266,637	-4,786,561	2,989,831	-2,662,850	2,613,549	2,613,549
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	La Farfana sewage treatment plant operation & maintenance services		7,992,361	-6,372,486	7,691,525	-6,138,121	4,055,769	-3,236,513	-5,992,792	4,037,053
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends paid	CLP	59,833,216	0	58,457,158	0	59,833,216	0	58,457,158	0

The criteria of materiality for reporting transactions with related entities are accumulated amounts of over ThCh\$50,000.

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

	30-06-2015	30-06-2014	01-04-2015 30-06-2015	01-04-2014 30-06-2014
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Directors	175,717	165,523	80,119	101,971
Directors' committee	10,614	9,695	4,469	5,470
<b>Total</b>	<b>186,331</b>	<b>175,218</b>	<b>84,588</b>	<b>107,441</b>

These are 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

<b>Inventory class</b>	<b>30-06-2015 ThCh\$</b>	<b>31-12-2014 ThCh\$</b>
Spares & meters	2,973,688	3,210,332
Supplies for production	612,361	591,598
Others	122,985	101,013
<b>Total</b>	<b>3,709,034</b>	<b>3,902,943</b>

The cost of the inventories shown as an expense in the statement of results during periods 2015 and 2014 amounts to ThCh\$4,926,321 and ThCh\$4,731,413 respectively.

## 11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	<b>30-06-2015 ThCh\$</b>	<b>31-12-2014 ThCh\$</b>
<b>Intangible assets, net</b>	<b>230,467,732</b>	<b>232,174,750</b>
Trademarks, net	13,000	13,000
Computer programs, net	13,847,079	15,439,243
Other intangible assets, net	216,607,653	216,722,507
<b>Intangible assets, gross</b>	<b>269,436,316</b>	<b>267,732,735</b>
Trademarks, gross	13,000	13,000
Computer programs, gross	40,529,179	38,804,351
Other intangible assets, gross	228,894,137	228,915,384
<b>Intangible assets, accumulated amortization</b>	<b>38,968,584</b>	<b>35,557,985</b>
Trademarks, accumulated amortization	0	0
Computer programs, accumulated amortization	26,682,100	23,365,108
Other intangible assets, accumulated amortization	12,286,484	12,192,877

\*Corresponds to water rights, easements and others.



## Movement of intangible assets

### Current period 30-06-2015

Intangible asset movements	Trademarks, net ThCh\$	Computer programs, net ThCh\$	Other intangible assets, net ThCh\$	Total ThCh\$
<b>Initial balance as of 01-01-2015</b>	<b>13,000</b>	<b>15,439,243</b>	<b>216,722,507</b>	<b>232,174,750</b>
Amortization	0	-3,316,992	-93,607	-3,410,599
Increases (reductions) for transfers	0	843,206	-4,899	838,307
Increases (reductions) for other changes	0	881,622	-15,867	865,755
Disposals and withdrawals from service	0	0	-481	-481
<b>Changes, total</b>	<b>0</b>	<b>-1,592,164</b>	<b>-114,854</b>	<b>-1,707,018</b>
<b>Closing balance</b>	<b>13,000</b>	<b>13,847,079</b>	<b>216,607,653</b>	<b>230,467,732</b>

### Previous period 31-12-2014

Intangible asset movements	Trademarks, net ThCh\$	Computer programs, net ThCh\$	Other intangible assets, net ThCh\$	Total ThCh\$
<b>Initial balance as of 01-01-2014</b>	<b>13,000</b>	<b>10,916,343</b>	<b>216,417,926</b>	<b>227,347,269</b>
Amortization	0	-5,384,303	-187,223	-5,571,526
Increases (reductions) for transfers	0	3,828,805	-123,156	3,705,649
Increases (reductions) for other changes	0	6,078,398	616,934	6,695,332
Disposals and withdrawals from service	0	0	-1,974	-1,974
<b>Changes, total</b>	<b>0</b>	<b>4,522,900</b>	<b>304,581</b>	<b>4,827,481</b>
<b>Closing balance as of 31-12-2014</b>	<b>13,000</b>	<b>15,439,243</b>	<b>216,722,507</b>	<b>232,174,750</b>

## Disclosure information on intangible assets (gross value)

### Current Period 30-06-2015

Intangible asset movements	Trademarks, gross ThCh\$	Computer programs, gross ThCh\$	Other intangible assets, gross ThCh\$	Total ThCh\$
<b>Initial balance as of 01-01-2015</b>	<b>13,000</b>	<b>38,804,351</b>	<b>228,915,384</b>	<b>267,732,735</b>
Increases (reductions) for transfers	0	843,206	-4,899	838,307
Increases (reductions) for other changes	0	881,622	-15,867	865,755
Disposals and withdrawals from service	0	0	-481	-481
<b>Changes, total</b>	<b>0</b>	<b>1,724,828</b>	<b>-21,247</b>	<b>1,703,581</b>
<b>Closing balance</b>	<b>13,000</b>	<b>40,529,179</b>	<b>228,894,137</b>	<b>269,436,316</b>

### Previous Period 31-12-2014

Intangible asset movements	Trademarks, gross ThCh\$	Computer programs, gross ThCh\$	Other intangible assets, gross ThCh\$	Total ThCh\$
<b>Initial balance as of 01-01-2014</b>	<b>13,000</b>	<b>30,716,721</b>	<b>228,423,580</b>	<b>259,153,301</b>
Increases (reductions) for transfers	0	3,828,805	-123,156	3,705,649
Increases (reductions) for other changes	0	6,078,398	616,934	6,695,332
Disposals and withdrawals from service	0	-1,819,573	-1,974	-1,821,547
<b>Changes, total</b>	<b>0</b>	<b>8,087,630</b>	<b>491,804</b>	<b>8,579,434</b>
<b>Closing balance as of 31-12-2014</b>	<b>13,000</b>	<b>38,804,351</b>	<b>228,915,384</b>	<b>267,732,735</b>



## Disclosure information on intangible assets (accumulated amortization)

### Current Period 30-06-2015

Intangible asset movements	Trademarks, accumulated amortization	Computer programs, accumulated amortization	Other intangible assets, accumulated amortization	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Initial balance as of 01-01-2015</b>	<b>0</b>	<b>23,365,108</b>	<b>12,192,877</b>	<b>35,557,985</b>
Amortization	0	3,316,992	93,607	3,410,599
Increases (reductions) for transfers	0	0	0	0
Increases (reductions) for other changes	0	0	0	0
Disposals and withdrawals from service	0	0	0	0
<b>Changes, total</b>	<b>0</b>	<b>3,316,992</b>	<b>93,607</b>	<b>3,410,599</b>
<b>Closing balance as of 30-06-2015</b>	<b>0</b>	<b>26,682,100</b>	<b>12,286,484</b>	<b>38,968,584</b>

### Previous Period 31-12-2014

Intangible asset movements	Trademarks, accumulated amortization	Computer programs, accumulated amortization	Other intangible assets, accumulated amortization	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Initial balance as of 01-01-2014</b>	<b>0</b>	<b>19,800,378</b>	<b>12,005,654</b>	<b>31,806,032</b>
Amortization	0	5,384,303	187,223	5,571,526
Increases (reductions) for transfers	0	0	0	0
Increases (reductions) for other changes	0	0	0	0
Disposals and withdrawals from service	0	-1,819,573	0	-1,819,573
<b>Changes, total</b>	<b>0</b>	<b>3,564,730</b>	<b>187,223</b>	<b>3,751,953</b>
<b>Closing balance as of 31-12-2014</b>	<b>0</b>	<b>23,365,108</b>	<b>12,192,877</b>	<b>35,557,985</b>

### Detail of significant individual intangible assets:

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

Society	30-06-2015			31-12-2014		
	Water rights ThCh\$	Easements ThCh\$	Others ThCh\$	Water rights ThCh\$	Easements ThCh\$	Others ThCh\$
Aguas Andinas S.A.	73,914,417	8,080,885	5,229,081	73,945,528	8,031,096	5,322,126
Aguas Cordillera S.A.	92,683,986	7,866,530	0	92,671,533	7,866,530	0
Aguas Manquehue S.A.	21,480,974	908,598	0	21,625,505	900,294	0
Essal S.A.	5,301,077	1,087,305	0	5,217,790	1,087,305	0
Aguas del Maipo S.A.	13,700	0	0	13,700	0	0
Ecoriles S.A.	13,700	0	0	13,700	0	0
Gestión y Servicios S.A.	13,700	0	0	13,700	0	0
Análisis Ambientales S.A.	13,700	0	0	13,700	0	0
<b>Total</b>	<b>193,435,254</b>	<b>17,943,318</b>	<b>5,229,081</b>	<b>193,515,156</b>	<b>17,885,225</b>	<b>5,322,126</b>



## 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 for the period 2015 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:

<b>Society</b>	<b>ThCh\$</b>
Aguas Andinas S.A.	784,425
Aguas Cordillera S.A.	30,832
Aguas Manquehue S.A.	296,518
Essal S.A.	368,555
Análisis Ambientales S.A.	159,528
<b>Total</b>	<b>1,639,858</b>

## 12. GOODWILL

The detail of goodwill follows for the different cash-generating units or groups to which they are assigned and its movement in periods 2015 and 2014.

<b>Tax N°</b>	<b>Society</b>	<b>30-06-2015</b>	<b>31-12-2014</b>
		<b>ThCh\$</b>	<b>ThCh\$</b>
96.809.310-K	Aguas Cordillera S.A.	33,823,049	33,823,049
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A. (Essal S.A.)	343,332	343,332
96.897.320-7	Inversiones Iberaguas Ltda.	2,066,631	2,066,631
<b>Total</b>		<b>36,233,012</b>	<b>36,233,012</b>



### 13. PROPERTY, PLANT AND EQUIPMENT

	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
<b>Property, plant &amp; equipment, net</b>	<b>1,190,417,356</b>	<b>1,188,402,068</b>
Land	158,438,801	158,072,457
Buildings	74,386,708	74,015,778
Machinery	106,988,235	112,453,483
Transport vehicles	2,287,332	2,441,287
Fixed installations & accessories	648,872	591,523
Computer equipment	2,324,001	2,349,503
Improvements to leased assets	90,712	77,977
Construction in progress	84,649,791	72,421,357
Other property, plant & equipment *	760,602,904	765,978,703
<b>Property, plant &amp; equipment, gross</b>	<b>2,254,496,929</b>	<b>2,222,113,886</b>
Land	158,438,801	158,072,457
Buildings	100,582,624	99,239,758
Machinery	296,448,586	291,343,330
Transport vehicles	6,368,217	6,291,303
Fixed installations & accessories	5,067,692	4,949,375
Computer equipment	9,338,667	8,770,905
Improvements to leased assets	598,902	573,520
Construction in progress	84,649,791	72,421,357
Other property, plant & equipment	1,593,003,649	1,580,451,881
<b>Accumulated depreciation</b>	<b>1,064,079,573</b>	<b>1,033,711,818</b>
Buildings	26,195,916	25,223,980
Machinery	189,460,351	178,889,847
Transport vehicles	4,080,885	3,850,016
Fixed installations & accessories	4,418,820	4,357,852
Computer equipment	7,014,666	6,421,402
Improvements to leased assets	508,190	495,543
Other property, plant & equipment	832,400,745	814,473,178

\* Mainly relate to drinking water and sewage.

#### 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:





### Current period 30-06-2015

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	158,072,457	0	16,880	355,300	-5,836	366,344	158,438,801
Buildings	74,015,778	-971,936	4,754,776	-3,411,910	0	370,930	74,386,708
Machinery	112,453,483	-10,656,288	4,799,957	392,351	-1,268	-5,465,248	106,988,235
Transport vehicles	2,441,287	-254,706	326,336	-206,692	-18,893	-153,955	2,287,332
Fixed installations & accessories	591,523	-60,959	69,343	48,965	0	57,349	648,872
Computer equipment	2,349,503	-611,934	337,302	249,130	0	-25,502	2,324,001
Improvements to leased assets	77,977	-12,647	1,941	23,441	0	12,735	90,712
Construction in progress	72,421,357	0	-18,702,067	30,947,340	-16,839	12,228,434	84,649,791
Other property, plant & equipment	765,978,703	-17,927,725	7,557,220	4,995,027	-321	-5,375,799	760,602,904
Total property, plant & equipment, net	1,188,402,068	-30,496,195	-838,312	33,392,952	-43,157	2,015,288	1,190,417,356

### Previous period 31-12-2014

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	152,074,916	0	157,169	5,969,509	-129,137	5,997,541	158,072,457
Buildings	72,743,012	-1,908,062	1,706,562	1,475,844	-1,578	1,272,766	74,015,778
Machinery	117,271,761	-21,281,824	10,264,849	6,362,362	-163,665	-4,818,278	112,453,483
Transport vehicles	2,151,180	-476,826	196,556	656,458	-86,081	290,107	2,441,287
Fixed installations & accessories	348,018	-102,150	136,685	208,970	0	243,505	591,523
Computer equipment	2,062,523	-1,148,146	433,830	1,001,300	-4	286,980	2,349,503
Improvements to leased assets	32,621	-16,261	243	61,374	0	45,356	77,977
Construction in progress	107,134,077	0	-73,806,314	39,182,939	-89,345	-34,712,720	72,421,357
Other property, plant & equipment	717,364,720	-35,720,417	57,204,767	27,209,217	-79,584	48,613,983	765,978,703
Total property, plant & equipment, net	1,171,182,828	-60,653,686	-3,705,653	82,127,973	-549,394	17,219,240	1,188,402,068



## Disclosure information for property, plant and equipment (gross value)

### Current Period 30-06-2015

Concept	Initial balance	Increases (reductions) for transfers from Construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	158,072,457	16,880	355,300	-5,836	366,344	158,438,801
Buildings	99,239,758	4,754,776	-3,411,910	0	1,342,866	100,582,624
Machinery	291,343,330	4,799,957	392,408	-87,109	5,105,256	296,448,586
Transport vehicles	6,291,303	326,336	-206,692	-42,730	76,914	6,368,217
Fixed installations & accessories	4,949,375	69,343	48,974	0	118,317	5,067,692
Computer equipment	8,770,905	337,302	249,130	-18,670	567,762	9,338,667
Improvements to leased assets	573,520	1,941	23,441	0	25,382	598,902
Construction in progress	72,421,357	-18,702,067	30,947,340	-16,839	12,228,434	84,649,791
Other property, plant & equipment	1,580,451,881	7,557,220	4,994,958	-410	12,551,768	1,593,003,649
Total property, plant & equipment, gross	2,222,113,886	-838,312	33,392,949	-171,594	32,383,043	2,254,496,929

### Previous Period 31-12-2014

Concept	Initial balance	Increases (reductions) for transfers from Construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	152,074,916	157,169	5,969,509	-129,137	5,997,541	158,072,457
Buildings	96,074,956	1,706,562	1,475,844	-17,604	3,164,802	99,239,758
Machinery	282,654,119	10,264,849	6,362,374	-7,938,012	8,689,211	291,343,330
Transport vehicles	6,399,977	196,556	638,919	-944,149	-108,674	6,291,303
Fixed installations & accessories	4,855,235	136,685	208,970	-251,515	94,140	4,949,375
Computer equipment	11,595,066	433,830	1,001,288	-4,259,279	-2,824,161	8,770,905
Improvements to leased assets	511,903	243	61,374	0	61,617	573,520
Construction in progress	107,134,077	-73,806,314	39,182,939	-89,345	-34,712,720	72,421,357
Other property, plant & equipment	1,497,273,370	57,204,767	27,226,756	-1,253,012	83,178,511	1,580,451,881
Total property, plant & equipment, gross	2,158,573,619	-3,705,653	82,127,973	-14,882,053	63,540,267	2,222,113,886



## Disclosure information for property, plant and equipment (accumulated depreciation)

### Current Period 30-06-2015

Concept	Initial balance ThCh\$	Depreciation ThCh\$	Other increases (decreases) ThCh\$	Disposals & withdrawals from service ThCh\$	Total changes ThCh\$	Closing balance ThCh\$
Buildings	25,223,980	971,936	0	0	971,936	26,195,916
Machinery	178,889,847	10,656,288	57	-85,841	10,570,504	189,460,351
Transport vehicles	3,850,016	254,706	0	-23,837	230,869	4,080,885
Fixed installations & accessories	4,357,852	60,959	9	0	60,968	4,418,820
Computer equipment	6,421,402	611,934	0	-18,670	593,264	7,014,666
Improvements to leased assets	495,543	12,647	0	0	12,647	508,190
Other property, plant & equipment	814,473,178	17,927,725	-69	-89	17,927,567	832,400,745
Total property, plant & equipment, accumulated depreciation	1,033,711,818	30,496,195	-3	-128,437	30,367,755	1,064,079,573

### Previous Period 31-12-2014

Concept	Initial balance ThCh\$	Depreciation ThCh\$	Other increases (decreases) ThCh\$	Disposals & withdrawals from service ThCh\$	Total changes ThCh\$	Closing balance ThCh\$
Buildings	23,331,944	1,908,062	0	-16,026	1,892,036	25,223,980
Machinery	165,382,358	21,281,824	12	-7,774,347	13,507,489	178,889,847
Transport vehicles	4,248,797	476,826	-17,539	-858,068	-398,781	3,850,016
Fixed installations & accessories	4,507,217	102,150	0	-251,515	-149,365	4,357,852
Computer equipment	9,532,543	1,148,146	-12	-4,259,275	-3,111,141	6,421,402
Improvements to leased assets	479,282	16,261	0	0	16,261	495,543
Other property, plant & equipment	779,908,650	35,720,417	17,539	-1,173,428	34,564,528	814,473,178
Total property, plant & equipment, accumulated depreciation	987,390,791	60,653,686	0	-14,332,659	46,321,027	1,033,711,818



**The detail of each consolidated Group society of amounts of future commitments for acquisitions of property, plant and equipment for the period 2015, is as follows:**

<b>Society</b>	<b>ThCh\$</b>
Aguas Andinas S.A.	59,683,015
Aguas Cordillera S.A.	11,602,856
Aguas Manquehue S.A.	6,307,010
Essal S.A.	6,943,261
Ecoriles S.A.	104,094
Gestión y Servicios S.A.	16,856
<b>Total</b>	<b>84,657,092</b>

**Elements of property, plant and equipment temporarily out of service:**

<b>Society</b>	<b>Gross Value ThCh\$</b>	<b>Accumulated Depreciation ThCh\$</b>	<b>Net Value ThCh\$</b>
Aguas Andinas S.A.	1,971,253	-1,886,459	84,794
Aguas Cordillera S.A.	274,332	-113,033	161,299
<b>Total</b>	<b>2,245,585</b>	<b>-1,999,492</b>	<b>246,093</b>

## 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 2014 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 June 30, 2015 and December 31, 2014 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 June 2015 and December 2014 is as follows:

Classes of provisions	30-06-2015 ThCh\$	31-12-2014 ThCh\$
Provision for legal claims	456,377	591,098
<b>Provisions, current</b>	<b>456,377</b>	<b>591,098</b>
Other provisions, non-current	1,206,220	1,187,618
<b>Provisions, non-current</b>	<b>1,206,220</b>	<b>1,187,618</b>

The movement in current provisions for the periods was:

	Legal claims	
	30-06-2015 ThCh\$	31-12-2014 ThCh\$
<b>Initial balance provisions</b>	<b>591,098</b>	<b>918,556</b>
<b>Changes in provisions</b>		
Increase in existing provisions	21,943	246,666
Provision used	-97,269	-446,174
Other increases (decreases)	-59,395	-127,950
<b>Changes in provisions, total</b>	<b>-134,721</b>	<b>-327,458</b>
<b>Closing balance provisions</b>	<b>456,377</b>	<b>591,098</b>

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 Superintendence (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. The total of the demands amounted to ThCh\$479,970.-, of which ThCh\$334,320 were paid prior to initiating the claim processes.

**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\$ 5,348.

**Principal assumptions regarding future events relating to the class of provision:** The demand was accepted and the defendant ordered to pay the principal. Aguas Andinas, was additionally ordered to pay, the main defendant appealed against the final decision, but this was rejected.

- 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 administrative appeal against that decision was made, which has not 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 district of 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. Prior to claim the fine was paid. The sentence given reduce the fine to 81 UTA, both parties appealed to the cause, which is pending to be resolved. In response to the status of the cause, is not appropriate determine a result estimation.

- 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. Pending the realization of an expert report ordered by the court. The record is filed in the court file. There are moderate probabilities that the demand will be accepted.

- f) Nature of class of provision:** CONAMA (the national environmental authority) applied a fine of 300 UTM through Resolution 069/2005 of February 17, 2005, 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. There are low 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 which was fully accepted revoking the interposed fine. The claimed made an appeal, which was accepted, so the amount outstanding should now be determined.

- h) Nature of class of provision:** Sanitary Authority has applied administrative sanctioning processes to subsidiary Essal S.A., which are in process of legal claim by the society.

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

**Uncertainties about the timing and amount of a class of provision:** The legal claims corresponding to sanctions imposed by Chilean Treasury amounted to ThCh\$89,212.

## **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 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 court upheld an administrative appeal by Aguas Andinas, declaring the collective action inadmissible. The plaintiffs filed an appeal against that decision, and against a presentation by Aguas Andinas which sought their appeal to be time barred. Currently the administrative appeal by CONADECUS was declared inadmissible and untimely respectively. The plaintiffs appealed "in fact" before the Court of Appeals of Santiago asking to be declared as admissible the case that was dismissed at first ruling. In turn Aguas Andinas appealed against the "in fact" appeal by CONADECUS, which is pending judgement. Later, January 2, 2015, the court of first ruling cancel the resolution that declared untimely the appeal, declaring it admissible. Aguas Andinas appealed in fact against that resolution, Santiago's Appeals Court rejected the appeal in fact of Aguas Andinas and approved the appeal of CONADECUS declaring the demand admissible, ordering continue with its procedure. Currently, the period of discussion is in progress, for this reason, Aguas Andinas must answer the demand within the legal deadline (10 days after de notification issued by the Appeals Court to the respective Court).





2. 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 this sewage plant, alleges moral damages produced by odors coming from the plant, plus other environmental damage. The demands amount to a total of ThCh\$10,990,000, plus interest, indexation and costs. The demand was rejected in all its parties and appealed before Santiago's Appeals Court by the plaintiff.
3. The Treasury has issued a demand against Aguas Andinas S.A. and Aguas Cordillera S.A., seeking the return of sums paid during 2004 with respect to the transfer of sanitation infrastructure in the Costanera Norte section. This demand amounts to ThCh\$2,745,993 plus indexation, interest and costs. Currently Aguas Andinas S.A. and its subsidiary Aguas Cordillera S.A. agreed with the plaintiff ended civil processes started by Chilean Treasury promising to pay the sum of ThCh\$597,632 and ThCh\$2,035,309 respectively which its made this semester. Although the trials are finished, subtracts the formality in which the courts judicially approved transactions.
4. Aguas Andinas S.A. was sued for damages for injuries allegedly suffered by a Mining Company for the installation of infrastructure on land on which the applicant had mining properties, thereby preventing mineral extraction and causing alleged damages. The amount claimed is ThCh\$1,093,564. Currently, the parties are called to hear sentence.

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\$32,823,864 and ThCh\$35,051,026 as of June 30, 2015 and December 31, 2014 respectively.

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



Creditor	Debtor	30-06-2015 ThCh\$	31-12-2014 ThCh\$
Asoc. Canal Soc Maipo	Aguas Andinas S.A	7,062,629	6,962,028
S.I.S.S.	Aguas Andinas S.A	6,774,854	6,663,724
Serviu Metropolitano	Aguas Andinas S.A	5,873,196	6,374,779
Municipalidad de La Florida	Aguas Andinas S.A	418,390	412,430
Direc. de Obras Hidraulica	Aguas Andinas S.A	438,907	439,132
MOP Dir. Gral de Aguas	Aguas Andinas S.A	374,969	369,628
Dir. Regional de Vialidad	Aguas Andinas S.A	370,997	376,745
Constructora San Francisco	Aguas Andinas S.A	161,390	190,860
Municipalidad de Melipilla	Aguas Andinas S.A	95,045	63,363
Municipalidad de la Pintana	Aguas Andinas S.A	52,118	57,903
Municipalidad de Providencia	Aguas Andinas S.A	51,415	101,365
Municipalidad de Peñalolen	Aguas Andinas S.A	40,568	-
Municipalidad de Santiago	Aguas Andinas S.A	23,234	22,903
Municipalidad de San Joaquin	Aguas Andinas S.A	17,663	11,304
Municipalidad de Calera de Tango	Aguas Andinas S.A	12,702	25,403
Municipalidad de Las Condes	Aguas Andinas S.A	10,000	10,000
Asociación Canal de Maipo	Aguas Cordillera S.A	862,650	850,362
S.I.S.S.	Aguas Cordillera S.A	580,929	535,713
MOP Direcc. Gral	Aguas Cordillera S.A	371,796	366,501
Serviu Metropolitano	Aguas Cordillera S.A	362,253	406,347
Municipalidad de Vitacura	Aguas Cordillera S.A	49,966	49,254
Municipalidad de Las Condes	Aguas Cordillera S.A	30,000	30,000
Municipalidad Lo Barnechea	Aguas Cordillera S.A	12,491	12,314
Asoc. Canal	Aguas Manquehue S.A	970,410	956,587
S.I.S.S.	Aguas Manquehue S.A	693,202	689,189
Serviu	Gestioón y Servicios S.A	2,347,491	2,314,053
Municipalidad de Las Condes	Gestioón y Servicios S.A	18,737	18,470
Essbio S.A.	Anam S.A.	290,391	279,827
Minera Doña Ines de Collahuasi	Anam S.A.	14,598	14,598
SISS	Essal S.A	2,301,266	3,779,890
Director de Obras Hidraulicas	Essal S.A	1,319,042	901,552
Gobierno Regional de la Región de Los Ríos	Essal S.A	159,064	147,681
Director de Vialidad	Essal S.A	64,956	24,627
Serviu	Essal S.A	146,451	21,230
Secretaria Regional	Essal S.A	27,981	27,582
Director General del Territorio Marítimo y de Marina Mercante	Essal S.A	11,104	13,350
<b>Total</b>		<b>32,412,855</b>	<b>33,520,694</b>

## 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 interim 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 Society's management, should be reflected in its financial statements and/or those of its subsidiaries.

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

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

5.- At the end of each quarter maintain a debt ratio not exceeding 1.5 times. Nonetheless, the above limit is adjusted according to the ratio of the Consumer Price Index for the month in which the debt ratio is calculated and the Consumer Price Index at December 2009. The maximum limit will be 2 times.

The debt ratio is defined as the ratio of Total Liabilities/Total Equity. Total Liabilities are defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities in the Financial Statements of the Issuer.

For purposes of determining the aforementioned index, is included in the Liabilities amount of all joint or several guarantees, bonds, debts or other securities, which the Issuer or its subsidiaries have granted to secure the obligations of third parties, except: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries for obligations of the Issuer, and (iii) those granted to public institutions to ensure compliance with public health legislation and execution of works in public spaces.

For these purposes, the Total Net Equity is the difference between Total Assets and the sum of Total Current Liabilities and Total Non-Current Liabilities in the Financial Statements of the Issuer.

The detail of the abovementioned accounts as of June 30, 2015 is as follows (ThCh\$):

Total current liabilities	155,138,180
Total non-current liabilities	784,692,171
<b>Total IFRS liabilities</b>	<b>939,830,351</b>
Third party guarantees (*)	464,822
<b>Total liabilities</b>	<b>940,295,173</b>
Total assets	1,597,383,156
Total current liabilities	-155,138,180
Total non-current liabilities	-784,692,171
<b>Total net equity</b>	<b>657,552,805</b>



The debt ratio was 1.43 times as of June 30, 2015.

\* All joint or several guarantees, bonds, debts or other securities, which the Issuer or its subsidiaries have granted to secure the obligations of third parties, except: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries for obligations of the Issuer, and (iii) those granted to public institutions to ensure compliance with public health legislation and execution of works in public spaces.

The variation in the debt ratio as of June 30, 2015 was the following:

IPC Base 2009			Covenant	
31-12-2009	30-06-2015	Accumulated inflation	Base	Limit
90.28	108.68	20.38%	1.5	1.81

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 June 30, 2015 and December 31, 2014.

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

The company 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.

From 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 June 30, 2015, the debt ratio was 1.00:1.

6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5:1. As of June 30, 2015, the ratio was 8.69:1.

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 June 30, 2015 and December 31, 2014.

### **c) Bank loan covenants**

#### **i) Aguas Andinas S.A.**

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

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

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

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

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



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

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

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

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

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

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

## **ii) Aguas Cordillera S.A.**

The Society has covenants and restrictions in loan agreements with a bank in Chile, which are annually measures in the consolidated Statement of Financial Position of the Company.

## **iii) Essal S.A.**

The Subsidiary has covenants and restrictions in loan agreements with a bank in Chile, which do not have committed financial indices and associated restrictions.

As of June 30, 2015, the Society and subsidiaries have all requirements established in loan agreements with creditor Banks, as provisions established by Decree 382, General Law of Sanitary Services, year 1988, as well as its Regulation (D.S MOP N°1199/2004, published in November 2005).

## **d) Guarantees received from third parties**

As of June 30, 2015 and December 31, 2014, the Society has received documents in guarantee for ThCh\$44,423,369 and ThCh\$45,423,369 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 June 30, 2015 is summarized below:

Contractor or supplier	ThCh\$	Expiry date
EMP. DEPURADORA DE A.S. MAPOCHO EL TREBAL	12,962,260	30-07-2018
EMPRESA DEPURADORA DE AGUAS SERVIDAS LTDA	4,852,930	31-12-2017
EMP. DEP. DE A.S. MAPOCHO TREBAL LTDA	4,233,263	01-06-2017
ING. Y CONST. SIGDO KOPPERS S.A.	2,410,014	30-11-2016
ING. Y CONST. SIGDO KOPPERS S.A.	679,345	31-12-2016
Inmob Lampa Oriente SA	599,591	15-07-2015
AQUALOGY MEDIOAMBIENTE CHILE S.A.	561,367	19-11-2015
AQUALOGY MEDIOAMBIENTE CHILE S.A.	374,545	01-09-2016
CONSTRUCTORA CON-PAX S.A.	329,150	02-07-2015
CAPTAGUA INGENIERIA S.A.	267,700	09-07-2015
COSTANERA CENTER S.A	266,743	10-05-2016
AQUALOGY DEVELOPMENT NETWORK S.A	265,369	30-07-2016
CHILECTRA S.A.	249,830	11-07-2015
CHILECTRA S.A.	249,830	03-08-2015
KDM S.A.	249,830	01-07-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
ING. Y CONST. SIGDO KOPPERS S.A.	249,830	31-12-2016
BAPA S.A.	249,830	25-07-2015
SECURITAS S.A.	249,830	15-11-2015
SOC. CONCES. COSTANERA NORTE S.A.	225,322	20-07-2015
<b>TOTAL</b>	<b>32,274,709</b>	

## 17. ORDINARY REVENUE

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



Classes of ordinary revenue	30-06-2015	30-06-2014	01-04-2015 30-06-2015	01-04-2014 30-06-2014
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Sales of goods	3,727,766	3,859,719	2,036,786	1,719,554
Provision of services	239,451,902	217,909,762	110,215,612	100,576,455
Insurance repayment	110,762	398,346	72,435	198,086
<b>Total</b>	<b>243,290,430</b>	<b>222,167,827</b>	<b>112,324,833</b>	<b>102,494,095</b>

## 18. LEASES

### Operative lease disclosures as lessee:

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

	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
Future minimum non-cancellable lease payments up to 1 year, lessees	1,802,562	1,770,654
Future minimum non-cancellable lease payments, 1 to 5 years, lessees	4,311,565	4,377,752
<b>Future minimum non-cancellable lease payments, lessees, total</b>	<b>6,114,127</b>	<b>6,148,406</b>
Minimum lease payments under operative leases	1,916,602	3,450,029
<b>Lease &amp; sub-lease installments booked in statement of results, total</b>	<b>1,916,602</b>	<b>3,450,029</b>

### 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.





**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 Society has the power to terminate them in advance at any time.

Future minimum non-cancellable lease receivables, lessors	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	370,807	244,538
Amount of rentals booked in statement of results	435,519	649,171
<b>Total</b>	<b>806,326</b>	<b>893,709</b>

**Significant operative leases of the lessor:**

Income from these sources is immaterial for the society.

**19. EMPLOYEE BENEFITS**

The Society at the consolidated level has a workforce of 1,892, of whom 73 are managers and senior executives. Workers who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,470 and 31 respectively, while 391 workers are covered by the Labor Code.

The collective agreement relating to the employees and operatives No. 1 and 2 Unions was signed on July 31, 2014, for a four year term.

The collective agreement with the Professionals and Technicians No.3 Union was signed on June 22, 2012, for a four year term.

The current collective agreements of Aguas Cordillera S.A., and personnel of Aguas Manquehue S.A., were signed on December 1, 2014 and December 23, 2014 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, 2014 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 Results. 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., Aguas Manquehue S.A. and Essal S.A. it is assumed that workers will remain with those companies until reaching the legal retirement age (women at 60 years of age and men at 65). In the subsidiary Essal S.A., there is a limit of 6 months indemnity payable to people who retire or die.

**Participants in each plan:** These benefits are extended to all workers who are part of a union agreement (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.: 850, Aguas Cordillera S.A.: 113, Aguas Manquehue S.A.: 19, Gestión y Servicios S.A.: 2 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 6.6% (six point six) for the period 2015 and for the period ended December 31, 2014 for the objective workers. Disabled and early retirements have not been considered due to their infrequent nature.

**Discount rate:** During periods 2015 and 2014, the rate of 5.20% p.a. is used respectively, corresponding to the risk-free rate, plus 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 2015 and 2014.

**Wage increase rate:** The rate uses for the both period 2015 and 2014 was 5.6%.

### 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 as of June 2015 and December 2014:



Provisions for employee benefits	30-06-2015 ThCh\$	31-12-2014 ThCh\$
<b>Movement in actuarial provision</b>		
Initial balance	12,875,569	9,276,593
Cost of services	603,796	1,590,390
Interest cost	304,481	469,711
Actuarial gains or losses	0	1,626,011
Benefits paid	-242,358	-1,438,545
Special severance allowance for seniority <sup>(1)</sup>	0	1,099,483
Provision termination benefits	2,651,013	251,926
<b>Sub-total</b>	<b>16,192,501</b>	<b>12,875,569</b>
<b>Profit sharing &amp; bonuses</b>	<b>1,697,790</b>	<b>3,417,191</b>
<b>Total provisions for employee benefits current</b>	<b>4,802,080</b>	<b>4,310,289</b>
<b>Total provisions for employee benefits non-current</b>	<b>13,088,211</b>	<b>11,982,471</b>

(1) During 2014, collective negotiations were conducted with the unions at: Aguas Andinas S.A., Aguas Cordillera S.A. Aguas Manquehue S.A., Ecoriles S.A., and Anam S.A., in which a special allowance for seniority was agreed. This compensation is in any event, and in addition to any other legal or conventional compensation.

### 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.

During 2015, the Company started a program which stimulate the voluntary retirement of our collaborators who are near to meet the legal retirement age.

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



Society	Number of employees	Expected payment flow ThCh\$	Year
A. Andinas S.A	51	3,242,086	2015
A. Andinas S.A	18	1,286,277	2016
A. CordilleraS.A	5	309,675	2015
A. CordilleraS.A	3	179,715	2016
A. Manquehue	1	82,817	2015
A. Manquehue	1	35,176	2016
ESSAL S.A	3	49,700	2015
ESSAL S.A	3	38,197	2016
<b>Total</b>		<b>5,223,643</b>	

### Projected liabilities to December 31, 2015

To calculate the projected liabilities for indemnities at actuarial value to December 2015, as indicated in IAS 19, the actuarial assumptions at December 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 Society:

Society	Number of employees	Cost of services ThCh\$	Interest costs ThCh\$
A. Andinas S.A	850	673,990	287,274
A. CordilleraS.A	113	79,765	33,998
A. Manquehue S.A.	19	13,806	5,884
Gestión y Servicios S.A	2	91	39
ESSAL S.A.	255	15,200	6,933
<b>Total</b>		<b>782,852</b>	<b>334,128</b>

### Sensitivity of assumptions

The sensitivity of the main assumptions has been made based on the actuarial calculation as of June 30, 2015:



Concept	Base	More than 0.5%	Less than 0.5%
		ThCh\$	ThCh\$
Discount rate	5.2%	-426,520	466,490
Turnover rate	6.6%	-856,011	990,743
Wage increase rate	5.6%	405,464	-373,633

### Benefits on termination of the contractual relationship

The indemnity on termination of the labor relationship is governed by the provisions of the Labor Code, except for any special clauses in the respective collective agreements or individual contracts.

### Profit sharing and bonuses

This relates to the Society's obligation with its personnel with respect to profit-sharing bonuses payable in February and March the following year. The accrued participation payable to personnel, as stipulated in current contracts, is settled during February on the basis of the statement of financial position for the immediately-preceding year. In periods ended June 30, 2015 and December 31, 2014, the amounts are ThCh\$1,697,790 and ThCh\$3,417,191 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 June 2015 and 2014 are as follows:

Personnel expenses	30-06-2015	30-06-2014	01-04-2015 30-06-2015	01-04-2014 30-06-2014
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Wages & salaries	-14,265,016	-13,376,195	-7,636,736	-7,238,419
Defined benefits	-6,544,242	-5,806,920	-3,510,369	-3,028,686
Termination benefits	-3,768,071	-1,304,642	-795,272	-760,658
Other personnel expenses	-1,031,883	-895,780	-502,816	-483,700
<b>Total in personnel expenses</b>	<b>-25,609,212</b>	<b>-21,383,537</b>	<b>-12,445,193</b>	<b>-11,511,463</b>



## 20. EFFECT OF EXCHANGE DIFFERENCES

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

Exchange differences	Currency	30-06-2015	30-06-2014	01-04-2015 30-06-2015	01-04-2015 30-06-2015
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade debtors & other accounts receivable	eur	-682	78	422	-114
	usd	21	775	-55	704
Total variation assets		-661	853	367	590
Trade accounts & other accounts payable	eur	11,945	-21,394	1,390	-12,705
	usd	-350	-1,785	2,985	-1,921
Accounts payable to related entities	eur	774	-14	774	16
Total variation liabilities		12,369	-23,193	5,149	-14,610
<b>Gain (loss) from exchange differences</b>		<b>11,708</b>	<b>-22,340</b>	<b>5,516</b>	<b>-14,020</b>

## 21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	30-06-2015	30-06-2014	01-04-2015 30-06-2015	01-04-2015 30-06-2015
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Treatment plant operation	-14,295,309	-13,955,152	-7,255,647	-7,080,517
Commercial services	-8,917,592	-8,869,219	-4,300,505	-4,275,250
Insurance, taxation, licenses & permits	-2,756,538	-3,033,448	-1,477,772	-1,730,122
Maintenance of networks, equipment and enclosures	-12,427,372	-9,967,263	-6,939,353	-5,325,609
Supplies & basic services	-5,498,715	-4,735,279	-2,796,762	-2,296,644
Other expenses	-7,168,782	-6,036,206	-3,807,860	-3,261,376
<b>Total</b>	<b>-51,064,308</b>	<b>-46,596,567</b>	<b>-26,577,899</b>	<b>-23,969,518</b>

## 22. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs to June 30, 2015 and December 31, 2014 is as follows:

### Capitalized interest costs:

Capitalized interest costs, property, plant & equipment	30-06-2015	31-12-2014
Rate of capitalization of capitalized interest costs, property, plant & equipment	7.87%	7.23%
Amount of capitalized interest, property, plant & equipment	1,185,956	2,429,963



## 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 consolidated statement of financial position by aggregating each position.

<b>Deferred tax net</b>	<b>30-06-2015</b> <b>ThCh\$</b>	<b>31-12-2014</b> <b>ThCh\$</b>
Deferred tax assets	14,834,708	12,254,100
Deferred tax liabilities	-41,949,122	-42,486,184
<b>Net position of deferred tax</b>	<b>-27,114,414</b>	<b>-30,232,084</b>

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

<b>Deferred tax assets</b>	<b>30-06-2015</b> <b>ThCh\$</b>	<b>31-12-2014</b> <b>ThCh\$</b>
Water rights (amortization)	294,489	374,168
Provision for doubtful accounts	9,862,505	9,245,101
Provision for vacations	419,861	456,756
Litigation	152,786	740,986
Termination benefits	3,327,506	2,560,456
Other provisions	313,302	108,172
Revenue received in advance	94,110	9,188
Variation monetary correction & depreciation assets	62,002,929	59,936,509
Deferred income	1,969,571	1,969,571
La Dehesa dam transaction	352,604	347,582
Amortization	20,172	292,413
Others	679,734	708,622
<b>Deferred tax assets</b>	<b>79,489,569</b>	<b>76,749,524</b>



## Deferred tax liabilities

Deferred tax liabilities	30-06-2015 ThCh\$	31-12-2014 ThCh\$
Depreciation fixed assets	22,568,294	22,310,547
Amortization	428,229	463,889
Expense investment related companies	114,266	114,266
Revaluation of land	22,669,870	22,669,870
Revaluations of water rights	45,611,780	45,611,780
Fair value of assets on purchase Essal S.A.	15,162,186	15,754,843
Others	49,358	56,413
<b>Deferred tax liabilities</b>	<b>106,603,983</b>	<b>106,981,608</b>
<b>Net position of deferred tax</b>	<b>27,114,414</b>	<b>30,232,084</b>

On September 29, 2014 Law N° 20,780 was published, which establishes a permanent change in corporate income tax. Therefore, in accordance with IAS 12, deferred taxes were revalued using the new rates according to the corresponding year. These will increase from 20% to 21% in 2014, 22.5% in 2015, 24% in 2016, 25.5% in 2017 and 27% in 2018 onwards.

According to the provisions of Circular No. 856 of the Superintendence of Securities and Insurance, published on October 17, 2014, the changes resulting from these amendments to tax rates were recorded in equity as of 31-12-2014 for an amount of ThCh\$9,391,825 (includes effects in owners of the controller and minority), the main impact being on the revaluation of property, plant and equipment and intangibles.

	30-06-2015 ThCh\$	31-12-2014 ThCh\$
<b>Movement in deferred tax liabilities</b>		
<b>Deferred tax liabilities, initial balance</b>	106,981,608	81,924,286
Increases (decreases) in deferred tax liabilities	215,032	22,618,349
Increases (decreases) in acquisitions through combinations of businesses	-592,657	2,438,973
<b>Changes in deferred tax liabilities</b>	<b>-377,625</b>	<b>25,057,322</b>
<b>Changes in deferred tax liabilities, total</b>	<b>106,603,983</b>	<b>106,981,608</b>



## Income tax charge

Charge (credit) for income taxes by current & deferred parts	30-06-2015 ThCh\$	30-06-2014 ThCh\$	01-04-2015 30-06-2015 ThCh\$	01-04-2014 30-06-2014 ThCh\$
<b>Charge for current income taxes</b>				
Charge for current taxes	-22,532,495	-19,276,531	-8,523,544	-7,655,153
Adjustment tax charge previous period	-37,679	71,527	-37,077	72,193
<b>Charge for current taxes</b>	<b>-22,570,174</b>	<b>-19,205,004</b>	<b>-8,560,621</b>	<b>-7,582,960</b>
Benefit tax loss		2,766		2,766
Deferred income (expenses) for taxes related to creation & reversal of timing differences	3,192,317	6,231,373	3,496,361	3,659,290
Charge for sole tax (disallowed expenses)	-40,751	-34,251	-26,580	-36,982
<b>Charge for income taxes</b>	<b>3,151,566</b>	<b>6,199,888</b>	<b>3,469,781</b>	<b>3,625,074</b>
<b>Charge (credit) for income taxes</b>	<b>-19,418,608</b>	<b>-13,005,116</b>	<b>-5,090,839</b>	<b>-3,957,886</b>

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

	30-06-2015 ThCh\$	30-06-2014 ThCh\$	01-04-2015 30-06-2015 ThCh\$	01-04-2014 30-06-2014 ThCh\$
<b>Charge for taxes using the statutory rate</b>	<b>-21,223,924</b>	<b>-15,774,310</b>	<b>-7,026,672</b>	<b>-5,583,897</b>
Permanent difference for monetary correction tax equity	1,585,387	2,932,566	1,596,673	1,685,244
Permanent difference for disallowed expenses	-40,751	-34,251	-26,580	-36,982
Permanent difference for previous years' income tax	-37,679	71,527	-37,077	72,193
Other permanent differences	298,359	-200,648	402,816	-94,444
<b>Adjustments to tax charge using the statutory rate</b>	<b>1,805,316</b>	<b>2,769,194</b>	<b>1,935,832</b>	<b>1,626,011</b>
<b>Tax charge using the effective rate</b>	<b>-19,418,608</b>	<b>-13,005,116</b>	<b>-5,090,839</b>	<b>-3,957,886</b>

## Reconciliation of the statutory rate and the effective tax rate

	30-06-2015	30-06-2014
Statutory tax rate	22.50%	20.00%
Permanent difference for monetary correction tax equity	-1.68%	-3.72%
Permanent difference for disallowed expenses	0.04%	0.04%
Permanent difference for previous years' income tax	0.04%	-0.09%
Other permanent differences	-0.31%	0.26%
<b>Effective tax rate</b>	<b>20.59%</b>	<b>16.49%</b>



## 24. EARNINGS PER SHARE

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

	30-06-2015	30-06-2014	01-04-2015 30-06-2015	01-04-2014 30-06-2014
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Earnings (losses) attributable to shareholders in equity of the controller	73,219,963	64,166,732	25,626,062	23,270,259
Results available to common shareholders, basic	73,219,963	64,166,732	25,626,062	23,270,259
Weighted average number of shares, basic	6,118,965,160	6,118,965,160	6,118,965,160	6,118,965,160
Earnings per share	11.97	10.49	4.19	3.80

### 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. 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 and liabilities.

General information on results	30-06-2015		30-06-2014	
	Water ThCh\$	Non-water ThCh\$	Water ThCh\$	Non-water ThCh\$
Revenues from ordinary activities with external customers	231,017,484	12,272,946	210,221,424	11,946,403
Revenues from ordinary activities between segments	655,054	1,847,328	546,388	1,639,293
Operating expenses	-86,266,522	-11,475,031	-72,400,343	-11,571,680
Depreciation & amortization	-33,633,952	-272,843	-31,335,815	-255,599
Other revenue & expenses	151,467	448	145,574	46,027
Financial income	2,573,092	468,407	2,515,755	469,030
Financial costs	-14,034,126	-8,599	-14,043,333	-8,185
Result of indexation & exchange differences	-8,969,367	2,709	-19,051,442	8,054
Income tax charge	-18,861,881	-556,729	-12,703,890	-301,226
<b>Earnings by segment</b>	<b>72,631,249</b>	<b>2,278,636</b>	<b>63,894,318</b>	<b>1,972,117</b>
<b>Earnings by segment attributable to owners of the controller</b>	<b>71,454,019</b>	<b>2,278,636</b>	<b>62,885,955</b>	<b>1,972,117</b>
Earnings (losses) by segment attributable to non-controller participations	1,177,230	0	1,008,363	0

Total assets, liabilities & equity	30-06-2015		31-12-2014	
	Water ThCh\$	Non-water ThCh\$	Water ThCh\$	Non-water ThCh\$
Current assets	103,772,325	13,558,514	113,014,717	16,881,894
Non-current assets	1,472,132,213	10,759,796	1,468,639,445	10,804,367
<b>Total assets</b>	<b>1,575,904,538</b>	<b>24,318,310</b>	<b>1,581,654,162</b>	<b>27,686,261</b>
Current liabilities	153,358,079	4,619,796	173,601,032	5,773,341
Non-current liabilities	784,572,525	119,641	763,457,627	110,653
Equity attributable to owners of the controller	583,838,132	19,578,873	588,961,351	21,802,267
Non-controller participations	54,135,802	0	55,634,152	0
<b>Total equity &amp; liabilities</b>	<b>1,575,904,538</b>	<b>24,318,310</b>	<b>1,581,654,162</b>	<b>27,686,261</b>

### 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. To this date, the publication of new tariff decrees of Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Manquehue S.A. are in process for the periods 2015 to 2020, after the respective agreements that have been made with the Superintendence of Sanitary Services in the respective process of fixation.

#### 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 revenue from drinking water and sewage services and analysis and biogas sale.

### **Significant expense items**

#### **Water segment**

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

#### **Non-water segment**

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

### **Measurement of results, assets and liabilities of each segment**

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

The accounting criteria 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.

Reconciliation of revenues from ordinary activities	30-06-2015 ThCh\$	30-06-2014 ThCh\$
Revenues from ordinary activities of the segments	245,792,812	224,353,507
Elimination of ordinary activity revenues between segments	-2,502,382	-2,185,680
<b>Revenues from ordinary activities</b>	<b>243,290,430</b>	<b>222,167,827</b>

Reconciliation of earnings	30-06-2015 ThCh\$	30-06-2014 ThCh\$
Total consolidated earnings (loss) of segments	74,909,885	65,866,436
Consolidation of elimination of earnings (loss) between segments	-1,689,922	-1,699,704
<b>Consolidation of earnings (loss)</b>	<b>73,219,963</b>	<b>64,166,732</b>

Reconciliations of segment assets, liabilities & equity of segments	30-06-2015 ThCh\$	31-12-2014 ThCh\$
<b>Reconciliation of assets</b>		
Consolidation total assets of segments	1,600,222,848	1,609,340,423
Elimination of accounts between segments	-2,834,477	-2,868,797
<b>Total assets</b>	<b>1,597,388,371</b>	<b>1,606,471,626</b>
<b>Reconciliation of liabilities</b>		
Consolidation total liabilities of segments	942,670,041	942,942,653
Elimination of accounts between segments	-2,834,477	-2,868,798
<b>Total liabilities</b>	<b>939,835,564</b>	<b>940,073,855</b>
<b>Reconciliation of equity</b>		
Consolidation total equities of segments	657,552,805	666,397,771
<b>Equity attributable to owners of the controller</b>	<b>657,552,805</b>	<b>666,397,771</b>

### Principal customers of the subsidiaries:

Principal water segment customers:

- I. Municipalidad de Puente Alto
- I. Municipalidad de Santiago
- I. Municipalidad de La Florida
- SERVIU
- I. Municipalidad de Peñalolen
- Universidad de Chile
- Dirección general de Gendarmería de Chile
- Ministerio de Obras Públicas
- Adm. Centro Comunitario Alto Las Condes S.A
- Centro de Detención Preventiva Santiago 1
- Cervecera CCU Chile Ltda
- Besalco-Arriogoni Ltda

Principal non-water segment customers:

- CMPC Cordillera S.A
- Inmob. Nueva Pacífico
- Cobra S.A
- Metrogas S.A
- Cartulinas CMPC.
- Watts
- Cervecera CCU Chile Ltda.
- Soprole S.A
- Constructora Perez y Gómez.
- Agroindustrial El Paico.
- Eulen Chile S.A
- Cementación Codelco Andina



## **Types of products in the water and 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:

### **Detailed information on disbursements related to the environment:**

#### **Matrix Aguas Andinas S.A.**





Project Name	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
Expansion & improvements Greater Santiago STP	3,949,359	7,116,274
Expansion & improvements Isla de Maipo STP	341,476	2,702,673
Expansion & improvements Melipilla STP	0	20,310
Expansion & improvements other districts STP	15,359	22,377
Expansion & improvements San José de Maipo STP	0	38,290
Expansion & improvements Til Til STP	0	37,836
Farfana - Trebal interceptor	50,192	22,276
Improvement & renewal equipment & installations	396,636	1,172,646
<b>Total</b>	<b>4,753,022</b>	<b>11,132,682</b>

### Aguas Manquehue S.A.

Project Name	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
Improvement & renewal equipment & installations	88,992	140,446
<b>Total</b>	<b>88,992</b>	<b>140,446</b>

### Essal S.A.

Project Name	30-06-2015	31-12-2014
	ThCh\$	ThCh\$
Improvement in disposal infrastructure	92,805	178,067
Improvement of EDAR system	100,626	29,284
Renewal of treatment & disposal equipment	310	204,600
<b>Total</b>	<b>193,741</b>	<b>411,951</b>

### Projected environmental investments for the period 2015:

Society	ThCh\$
Aguas Andinas S.A.	24,380,987
Aguas Manquehue S.A.	78,583
Essal S.A.	516,260
<b>TOTAL</b>	<b>24,975,830</b>

**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.



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 AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION**

At the date of issue of this Consolidated Financial Statements, the management of the Society and subsidiaries does not have knowledge of subsequent events that affect the financial position as of June 30, 2015.

