



## **Consolidated Financial Statements**

**For the years ending  
December 31, 2015 and December 31, 2014**

**AGUAS ANDINAS S.A.**



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Avda. Presidente  
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## **Independent Auditor's Report**

(Translation of the report originally issued in Spanish)

Shareholders and Directors  
Aguas Andinas S.A.

We have audited the accompanying consolidated financial statements of Aguas Andinas S.A., and subsidiaries ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with instructions and standards of preparation and presentation of financial information issued by Superintendencia de Valores y Seguros described in Note 2.1 to the consolidated financial statements. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion on the Regulatory Basis of Accounting**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aguas Andinas S.A., and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in conformity with instructions and standards of preparation and presentation of financial information issued by the Superintendencia de Valores y Seguros described in Note 2.1 to the consolidated financial statements.

#### **Basis of Accounting**

As described in Note 2.1 to the consolidated financial statements, on October 17, 2014 the Superintendencia de Valores y Seguros under its authority issued Circular No. 856 instructing entities under its supervision, to record the differences in assets and liabilities for deferred taxes arising as a direct effect of the changes in the tax rates introduced by Law 20.780 against equity, thereby changing the conceptual accounting framework for the preparation and presentation of financial information adopted until that date, from the previous framework (International Financial Reporting Standards) which is required to be adopted in comprehensive and explicit manner and without reservations.

However, notwithstanding that they were prepared on the same basis of accounting, the consolidated statements of comprehensive income and the preparation of the related consolidated statements of changes in shareholders' equity for the years ended December 31, 2015 and 2014, with regard to registration of differences of assets and liabilities for deferred taxes are not comparative according to the explanation provided in the previous paragraph and whose effect is explained in Note 23.

Luis Vila R.

EY LTDA.

Santiago, March. 30, 2016

# **CONSOLIDATED FINANCIAL STATEMENTS**

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

**This document contains the following:**

**Consolidated Statements of Financial Position  
Consolidated Statements of Comprehensive Revenues by Nature  
Consolidated Statements of Direct Cash Flow  
Consolidated Statement of Changes in Equity  
Explanatory Notes to the Consolidated Financial Statements  
Independent Auditors Report**

**Consolidated Statements of Financial Position**  
**As of December 31, 2015 and December 31, 2014**  
**(Thousands of pesos - Th\$)**

<b>ASSETS</b>	<b>Note</b>	<b>12-31-2015 Th\$</b>	<b>12-31-2014 Th\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	32,953,529	26,202,154
Other non-financial assets		1,714,465	1,020,792
Trade debtors and other receivables	8	99,965,706	94,559,029
Accounts receivable from related parties	9	5,224,620	70,629
Inventories	10	3,643,700	3,902,943
Tax assets		5,127,725	1,355,008
<b>Total current assets other than assets or groups of assets for disposal classified as held for sale or as held for distribution to owners</b>		<b>148,629,745</b>	<b>127,110,555</b>
<b>TOTAL CURRENT ASSETS</b>		<b>148,629,745</b>	<b>127,110,555</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	8	7,559,679	7,413,197
Other nonfinancial assets		816,605	685,964
Receivables	8	2,184,457	2,197,980
Intangible assets other than goodwill	11	230,527,689	232,174,750
Goodwill	12	36,233,012	36,233,012
Property, plants and equipment	13	1,248,135,284	1,188,402,068
Deferred tax assets	23	17,111,377	12,254,100
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,542,568,103</b>	<b>1,479,361,071</b>
<b>TOTAL ASSETS</b>		<b>1,691,197,848</b>	<b>1,606,471,626</b>

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

**Consolidated Statements of Financial Position**  
**As of December 31, 2015 and December 31, 2014**  
**(Thousands of Chilean pesos - Th\$)**

<b>Statement of direct cash flows</b>	<b>Note</b>	<b>12-31-2015 Th\$</b>	<b>12-31-2014 Th\$</b>
<b>Classes of proceeds by operating activities</b>		<b>553,795,922</b>	<b>517,974,789</b>
Proceeds from sales of goods and services		551,289,818	512,008,167
Proceeds from insurance claims, annuities, and other benefits of subscribed policies		344,676	968,644
Other proceeds from operating activities		2,161,428	4,997,978
<b>Payment classes from cash proceeds of operating activities</b>		<b>-277,764,701</b>	<b>-254,441,458</b>
Payments to suppliers for the supply of goods and services		-171,219,895	-156,451,581
Payments to and on behalf of employees		-50,838,849	-46,201,500
Payments for premiums and loans, annuities and other obligations derived from the subscribed policies		-2,467,421	-2,897,546
Other operating activity payments		-53,238,536	-48,890,831
<b>Cash flow from (utilized in) operations</b>		<b>-61,561,729</b>	<b>-56,492,463</b>
Interest paid		-19,502,785	-20,680,839
Interest received		1,663,492	1,370,144
Revenues taxes paid (refunded)		-39,436,402	-32,077,273
Other cash flows (outflows)		-4,286,034	-5,104,495
<b>Cash flow from (utilized in) operating activities</b>		<b>214,469,492</b>	<b>207,040,868</b>
Proceeds of sales of property, plant and equipment		152,070	381,965
Purchases of property, plant and equipment		-88,060,184	-84,276,182
Purchases of intangible assets		-2,507,632	-411,944
Interest received		489,717	
Other cash inflows (outflows)		-1,825,391	-1,753,968
<b>Cash flow from (utilized in) investment activities</b>		<b>-91,751,420</b>	<b>-86,060,129</b>
Proceeds of long-term loans		64,249,143	141,844,872
Proceeds of short-term loans		994,353	47,044,950
<b>Loan proceeds from financing activities</b>		<b>65,243,496</b>	<b>188,889,822</b>
Loan repayments		-56,294,588	-201,061,084
Dividends paid		-124,757,206	-120,854,347
Other cash inflows (outflows)		-158,399	-411,957
<b>Cash flows from (utilized in) financing activities</b>		<b>-115,966,697</b>	<b>-133,437,566</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>6,751,375</b>	<b>-12,456,827</b>
Cash and cash equivalents at start of period		26,202,154	38,658,981
<b>Cash and cash equivalents at end of period</b>	<b>7</b>	<b>32,953,529</b>	<b>26,202,154</b>

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

**Comprehensive Revenues Statements by Consolidated Nature**  
**For the years 2015 and 2014 ending December 31st**  
**(Thousands of Chilean pesos - Th\$)**

<b>INCOME STATEMENT BY NATURE</b>	<b>Note</b>	<b>12-31-2015 Th\$</b>	<b>12-31-2014 Th\$</b>
Revenue from ordinary activities	17	473,396,705	440,734,172
Raw materials and consumables used		-37,353,766	-30,182,683
Expenses for employee benefits	19	-50,688,949	-45,331,445
Depreciation and amortization	11-13	-68,392,082	-66,225,212
Other expenses by nature	21	-102,730,479	-91,474,329
Other (losses) gains	5	-4,088	305,758
Financial income	5	6,582,547	5,303,835
Financial costs	5	-27,905,133	-30,738,756
Exchange rate differences	20	-13,504	-33,929
Results for indexation units		-26,523,669	-34,251,729
<b>Earnings before tax</b>		<b>166,367,582</b>	<b>148,105,682</b>
Expenses for income taxes	23	-33,683,724	-25,045,174
<b>Earnings from continuing operations</b>		<b>132,683,858</b>	<b>123,060,508</b>
<b>Earnings</b>		<b>132,683,858</b>	<b>123,060,508</b>
<b>Earnings attributable to</b>			
Earnings attributable to owners of the controller		129,008,145	119,422,474
Earnings attributable to minority interests	4	3,675,713	3,638,034
<b>Earnings</b>		<b>132,683,858</b>	<b>123,060,508</b>
<b>Earnings per share</b>			
Basic earnings per share from continuing operations	24	21.083	19.517
<b>Basic earnings per share</b>		<b>21.083</b>	<b>19.517</b>

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**Comprehensive Revenues Statements by Consolidated Nature**  
**For the years 2015 and 2014 ending December 31st**  
**(Thousands of Chilean pesos - Th\$)**

STATEMENT OF COMPREHENSIVE RESULTS		12-31-2015 Th\$	12-31-2014 Th\$
<b>Earnings</b>		<b>132,683,858</b>	<b>123,060,508</b>
<b>OTHER COMPREHENSIVE RESULT</b>			
<b>Components of other comprehensive results that will not be reclassified to the yearly result, before taxes</b>			
Actuarial earnings (losses) on defined benefit plans		-1,985,359	-1,626,708
<b>Other comprehensive results that will not be reclassified to the yearly result, before taxes</b>		<b>-1,985,359</b>	<b>-1,626,708</b>
<b>Revenues taxes related to components of other comprehensive results that will not be reclassified to the yearly result</b>			
Revenues taxes related to defined benefit plans		528,916	439,719
<b>Revenues taxes related to components of other comprehensive results that will not be reclassified to the yearly result</b>		<b>528,916</b>	<b>439,719</b>
<b>All other comprehensive result</b>		<b>-1,456,443</b>	<b>-1,186,989</b>
<b>TOTAL COMPREHENSIVE RESULT</b>		<b>131,227,415</b>	<b>121,873,519</b>
<b>Comprehensive result attributable to</b>			
<b>Comprehensive results attributable to owners of the controller</b>		<b>127,564,003</b>	<b>118,249,575</b>
Comprehensive result attributable to minority participations	4	3,663,412	3,623,944
<b>Total comprehensive result</b>		<b>131,227,415</b>	<b>121,873,519</b>

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**Consolidated Statements of Direct Cash Flows**  
**For the years 2015 and 2014 ending December 31st**  
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Statement of direct cash flows	Note	12-31-2015 Th\$	12-31-2014 Th\$
Classes of proceeds by operating activities		553,795,922	517,974,789
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Cash and cash equivalents at end of period	7	32,953,529	26,202,154

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**Statement of Changes in Net Equity**  
**For the years 2015 and 2014 ending December 31st**  
**(Thousands of Chilean pesos - Th\$)**

Statement of changes in equity	Note	Issued capital Th\$	Accounting issues Th\$	Other participation s in equity Th\$	Reserve of actuarial earnings or losses in defined benefit plans Th\$	Accumulated earnings (losses) Th\$	Equity attributable to owners of the controller Th\$	Non-controller participation s Th\$	Total equity Th\$
<b>Initial balance as of 01-01-2015</b>		<b>155,567,354</b>	<b>164,064,038</b>	<b>-5,965,550</b>	<b>0</b>	<b>297,097,777</b>	<b>610,763,619</b>	<b>55,634,152</b>	<b>666,397,771</b>
<b>Comprehensive result</b>									
Earnings		0	0	0	0	129,008,145	<b>129,008,145</b>	3,675,713	<b>132,683,858</b>
Other comprehensive results		0	0	0	-1,444,142	0	<b>-1,444,142</b>	-12,301	<b>-1,456,443</b>
Dividends	3	0	0	0	0	-121,131,645	<b>-121,131,645</b>	0	<b>-121,131,645</b>
Reduction for transfers and other changes	03-abr	0	0	0	1,444,142	-1,444,142	<b>0</b>	-4,903,074	<b>-4,903,074</b>
<b>Total changes in equity</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,432,358</b>	<b>6,432,358</b>	<b>-1,239,662</b>	<b>5,192,696</b>
<b>Closing balance as of 12-31-2015</b>	03-abr	<b>155,567,354</b>	<b>164,064,038</b>	<b>-5,965,550</b>	<b>0</b>	<b>303,530,135</b>	<b>617,195,977</b>	<b>54,394,490</b>	<b>671,590,467</b>

Statement of changes in equity	Note	Issued capital Th\$	Accounting issues Th\$	Other participation s in equity Th\$	Reserve of actuarial earnings or losses in defined benefit plans Th\$	Accumulated earnings (losses) Th\$	Equity attributable to owners of the controller Th\$	Non-controller participation s Th\$	Total equity Th\$
<b>Initial balance as of 01-01-2014</b>		<b>155,567,354</b>	<b>164,064,038</b>	<b>-5,965,550</b>	<b>0</b>	<b>302,875,246</b>	<b>616,541,088</b>	<b>61,127,562</b>	<b>677,668,650</b>
<b>Comprehensive result</b>									
Earnings		0		0	0	119,422,474	<b>119,422,474</b>	3,638,034	<b>123,060,508</b>
Other comprehensive results		0	0	0	-1,172,899	0	<b>-1,172,899</b>	-14,090	<b>-1,186,989</b>
Dividends	3	0		0	0	-118,530,781	<b>-118,530,781</b>	0	<b>-118,530,781</b>
Reduction for transfers and other changes	03-abr	0		0	1,172,899	-6,669,162	<b>-5,496,263</b>	-9,117,354	<b>-14,613,617</b>
<b>Total changes in equity</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,777,469</b>	<b>-5,777,469</b>	<b>-5,493,410</b>	<b>-11,270,879</b>
<b>Closing balance as of 12-31-2014</b>	03-abr	<b>155,567,354</b>	<b>164,064,038</b>	<b>-5,965,550</b>	<b>0</b>	<b>297,097,777</b>	<b>610,763,619</b>	<b>55,634,152</b>	<b>666,397,771</b>

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



## Notes on the Consolidated Financial Statements

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## **Note 1. GENERAL INFORMATION**

Aguas Andinas S.A. (Hereinafter the "Company") and its subsidiaries compose the Aguas Andinas Group (hereinafter the "Group"). Its legal address is Avenida Presidente Balmaceda N° 1398, Santiago, Chile and its Unique Tax ID is 61.808.000-5.

Aguas Andinas S.A. was established as an open joint stock company by public deed on May 31, 1989 in Santiago, before the Notary Public Mr. Raúl Undurraga Laso. An excerpt of the articles was published in the Official Gazette on June 10, 1989, being registered in the Registry of Commerce at page 13,981, No. 7,040 of 1989 of Real Estate Conservator of Santiago.

The Company's corporate purpose, in accordance with article two of its bylaws, is the provision of sanitation services, which includes the construction and operation of public services to produce and distribute drinking water and wastewater collection and disposal. Its current concession area is distributed in Greater Santiago and peripheral locations.

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

The Company and its subsidiary Essal are registered in the Securities Registry of the Superintendence of Securities and Insurance under N°346 and N°524, respectively. The subsidiaries Aguas Cordilleras S.A. and Aguas Manquehue S.A. are registered in the special information entities Registry of the Superintendence of Securities and Insurance with the N° 170 and N° 2, respectively. As companies in the sanitation sector, they are regulated by the Superintendence of Sanitary Services in accordance with Law N°18,902 of 1989 and the Decrees having the Force of Law N°382 and N°70, both of 1988.

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

The direct controlling entity is Inversiones Aguas Metropolitanas S.A. ("IAM"), a publicly traded company which in turn is controlled by Sociedad General Aguas Barcelona S.A. ("Agbar"), an entity located in Spain and one of the major operators of sanitation services in the world, which in turn is controlled by Suez (France), with ENGIE (France) being its major shareholder.

## **Note 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

### **2.1 Basis of Preparation**

These consolidated financial statements as of December 31, 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 N°856 of October 17, 2014 that instructs the audited entities to register in the respective period the differences against equity 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 consolidated financial statements faithfully reflect the financial position of Aguas Andinas S.A. and subsidiaries as of December 31, 2015 and 2014, the results of operations, changes in net equity and cash flows for periods ended December 31, 2015 and 2014.



The Group complies with the legal requirements of the environment in which it operates, particularly the sanitation subsidiaries with respect to the specific regulations of the sanitation sector. The Group's companies have normal operating conditions in each area in which they operate. Each company's projections show a profitable operation and they are able to access the financial system to finance their operations, which in the opinion of management determines their ability to continue as a company, as established by the accounting standards under which these consolidated financial statements are issued.

### Functional and presentation currency

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

### New accounting pronouncements

- a) As of the period beginning January 01, 2015 there are no accounting pronouncements of effective application that significantly impact the presentation and disclosure of the consolidated financial statements.
- b) The following new Standards and Interpretations have been issued but are not yet in force:

New IFRS	Date of mandatory application
IFRS 9, Financial Instruments, classification and measurement	Annual periods starting on or after January 01, 2018
IFRS 14, Deferred Regulatory Accounts	Annual periods starting on or after January 01, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods starting on or after January 01, 2018
IFRS 16, Leases	Annual periods starting on or after January 01, 2019



Improvements and Modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting on or after January 01, 2016
IAS 16, Property, Plant and Equipment	Annual periods starting on or after January 01, 2016
IAS 38, Intangible Assets	Annual periods starting on or after January 01, 2016
IAS 41, Agriculture	Annual periods starting on or after January 01, 2016
IFRS 11, Joint Agreements	Annual periods starting on or after January 01, 2016
IAS 27, Separate Financial Statements	Annual periods starting on or after January 01, 2016
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting on or after January 01, 2016
IFRS 10, Consolidated Financial Statements	Annual periods starting on or after January 01, 2016
IFRS 5, Non-Current Assets Maintained for the Sale and Discontinued Operations	Annual periods starting on or after January 01, 2016
IFRS 7, Financial Instruments: Disclosures	Annual periods starting on or after January 01, 2016
IFRS 12, Disclosures about participation in other entities	Annual periods starting on or after January 01, 2016
IAS 1, Presentation of Financial Statements	Annual periods starting on or after January 01, 2016
IAS 34, Interim Financial Information	Annual periods starting on or after January 01, 2016

The management of the Company and its subsidiaries are analyzing the eventual impact of the above-mentioned standards and amendments on the Group's consolidated financial statements. Notwithstanding, those whose date of entry into force are in annual periods starting on January 1, 2016, have been analyzed and it is determined they will not have relevant effects in the preparation and presentation of future financial statements.

### Responsibility for the information and estimates made

The information contained in these consolidated financial statements is the responsibility of the Board of Directors of the Company, which states that it has applied all principles and criteria included in the International Financial Reporting Standards (IFRS) and the instructions imposed by the SVS. The Board of Directors, in a meeting held on March 30<sup>[P1]</sup>, 2016, approved these consolidated financial statements.

The 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 consolidated financial statements:

- Useful life of fixed intangible assets
- Valuation of assets and goodwill purchased (commercial funds or lower investment value)
- 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 with invoice pending
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation

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



## 2.2 Accounting Policies

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

### A. Consolidation Basis

**The consolidated financial statements include the financial statements of the Company and the entities controlled by it (its subsidiaries). Subsidiaries are those entities in which the Group has the power to direct 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 process.

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

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

Tax ID	Company Name	Direct %	Indirect %	Total 2015 %	Direct %	Indirect %	Total 2014 %
96.809.310-K	Aguas Cordillera S.A.	99.990300	0.00000	99.990300	99.990300	0.00000	99.990300
89.221.000-4	Aguas Manquehue S.A.	0.000400	99.999600	100.00000	0.000400	99.999600	100.00000
96.967.550-1	Análisis Ambientales S.A.	99.000000	1.00000	100.00000	99.000000	1.00000	100.00000
96.945.210-3	Ecoriles S.A.	99.038500	0.961500	100.00000	99.038500	0.961500	100.00000
96.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2.506500	51.00000	53.50650	2.506500	51.00000	53.50650
96.828.120-8	Gestión y Servicios S.A.	97.847800	2.152200	100.00000	97.847800	2.152200	100.00000
96.897.320-7	Inversiones Iberaguas Ltda.	99.999998	0.000002	100.00000	99.999998	0.000002	100.00000
76.190.084-6	Aguas del Maipo S.A.	82.649996	17.350004	100.00000	82.649996	17.350004	100.00000

### 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 making 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 Company recognizes 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 subtracting 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, accounting for the effect of any change in the estimate from then on prospectively.

## **ii. Amortization method for intangibles:**

### **Intangibles with defined useful lives**

The amortization method employed by the Company reflects the pattern for which the future economic benefits of the asset is expected to be used by the entity. The Company 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 from them.

### **Intangibles 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 General Water 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 (subtracting the value of investments or commercial fund) generated in the business 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 control of the company is taken, 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.

In the event the definitive determination of goodwill is made in the financial statements of the year following the acquisition of the participation, the items 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 registered at that date, while goodwill generated later is registered 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 Company follows the cost method for the valuation of Property, Plant and Equipment. Historic cost includes expenses directly attributable to the acquisition of the asset.

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

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

The depreciation method applied by the Company reflects the extent to which the assets are used by the entity during the period in which they generate economic benefits. The Company 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 life

The useful life considered in calculating the depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits a 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 life (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 by the Company and given that there are no contractual obligations or other construction requirements like those mentioned in the IFRS, the concept of dismantling costs is not applicable as of the date of these financial statements.

### **Fixed asset sales policy**

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are registered 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, with useful life defined to see whether there exists any indication of a loss due to impairment. Should this exist, the recoverable value of such assets is estimated 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 the 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 minus 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 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. The financial costs are moved 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 Company 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 Company and subsidiaries review their contracts to check for the possible existence of implicit leases, in accordance with IFRIC 4.

## **H. Financial assets**

The 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 have been transferred and the Group has passed 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 bank Companies or subsidiaries of the Banks 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 (NPV) equal to its nominal amount.

Financial assets are classified according to the following categories:

## **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 December 31, 2015, the Company 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 N°. 39. Their subsequent measurement will be at cost because there is no active market, as provided in the same standard.

### **iii. Loans and accounts receivable**

Trade debtors, loans and other accounts receivable are non-derivative financial assets that have fixed or determinable payments and that 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 debts or debts with 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 commercial debtors and other accounts receivable**

The Company periodically evaluates impairments affecting its financial assets. The amount is booked as 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: considering recovery statistics, which indicate that eighth months after 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 more than 8 months overdue.

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 for customer debts more than 120 days overdue.

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 Company's dividend policy is to distribute 30% of the earnings for each year as a final dividend, plus 70% as an additional dividend provided financial conditions permit, subject to approval by the Ordinary Shareholder Meeting and provided the present level of capitalization is maintained and is compatible with the investment policies.

The minimum dividend established in the Corporations Law, equivalent to 30% of annual profits, will be shown at the end of each period. In the event there were no interim dividends or were less than the 30% referenced, the, the respective provision will be registered.

## 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:

Money	12-31-2015 \$	12-31-2014 \$
United States Dollar	710.16	606.75
Euro	774.61	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, payable bonds 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 uses derivative financial instruments for hedging instruments to reduce risks from inflation, interest-rates and exchange rates on current positions to which it is exposed due to its business.

Derivatives are recorded at fair value on the date of the financial situation statement. In the case of financial derivatives, if the value is positive it is booked under "Other Financial Assets" and if negative under "Other Financial Liabilities."

Changes in the fair value are booked directly in results, except when a derivative has been designated as a hedge accounting instrument and meets all of the conditions established by the IFRS to apply hedge accounting.

The treatment of hedging operations with derivative instruments are the following:

### 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 expiration date of such transactions.

In the event of discontinuation of the hedge, the net equity loss or gain accumulated to that date 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 registers 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 for 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, as is required in the same regulation, they would be detailed in Note 15.

## **O. Employee benefits**

The obligation of 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.**

Compensation benefits for years of service 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.**

Compensation for years of service 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 through 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 to whom this benefit is extended through their individual work contract. 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.**

Compensations 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. Revenues 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.

Revenues 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 the closing date of each financial position statement and is reduced to the extent that it is unlikely 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 of settling the liability or realizing the asset, based on the tax rates that have been approved or have almost finalized the approval process at the close of the statement of financial position. The measurement of deferred assets and liabilities reflects the tax consequences produced in the way the Group expects to recover or settle the book values of its assets and liabilities at the date of report.

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





## **Q. Ordinary revenue**

### **Policy for accounting for ordinary revenue**

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

### **Policy for booking of ordinary revenue from sales of goods**

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

### **Policy for booking of ordinary revenue from sales of services**

Revenue from sales of services is measured at fair value. Billing is carried out on the basis of actual consumption or work carried out of the consideration receivable, net of returns, trade discounts and rebates, so the revenue is booked when it is transferred to the client and recovery is considered probable, and the associated costs and possible discounts for erroneous billings can be estimated reliably.

The services area of the sanitation companies is divided into billing groups which determine dates for meter readings and later billing. This process is developed based on a calendar month, which leads to the end of each month are unread consumption, and therefore, not billed. For the purposes of revenue accounting, the society makes an estimate of unbilled consumption.

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

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

### **Method used for determining state of termination of services**

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

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

## **R. Earnings per share**

Basic earnings per share is calculated as the earnings (loss) attributable to the holders of equity of the controller divided by the average weighted number of common shares in circulation during the periods ending December 31, 2015 and 2014.

During the years 2015 and 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. Information on the environment

Assets of an environmental kind are those used constantly in the business of the Company and subsidiaries, whose main 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' businesses.

These assets are valued at cost, like any other asset. The Company 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 Value Added Tax (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

For 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 December 31, 2014, according to the following detail:

<b>Reclassifications</b>	<b>Increase/ (Decrease) Th\$</b>
<b>Statement of financial position:</b>	
Other non-financial liabilities	13,340,124
Trade and other accounts receivable	-13,340,124
<b>Status of results by nature:</b>	
Other (losses) earnings	108,728
Other costs, by nature	-108,728
<b>State of direct cash flow:</b>	
Payments to suppliers of goods and services	-182,436
Payments to and on behalf of employees	182,436
Other operating activity payments	-1,734,781
Revenues taxes paid (refunded)	1,734,781
Other cash flows (outflows)	-2,441,394
Purchases of property, plants and equipment	2,441,394

### 2.3 Accounting changes

The Superintendence of Securities and Insurance (SVS), under its authority, dated October 17, 2014, issued the Circular N° 856 that instructs the entities being audited 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 the financial report adopted until that date, given that the previous frame (IFRS) needs to be adopted comprehensively, explicitly and without reservations.

As of December 31, 2014 and for the year ending on that date, the quantification of change of accounting framework meant a lower charge to results of M \$9,391,825 (Th\$ 5,496,265 corresponding to the owners of the controller and Th\$ 3,895,560 corresponding to the non-controlling participations.)



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

The capital of the Company is divided into 6,118,965,160 nominative shares of no par value, completely subscribed and paid as of December 31, 2015, with 94.97% corresponding to series A and 5.03% to series B.

Series B shares have a veto preference, contained in Article 5 of the Company bylaws, consisting of special quorum required at the Extraordinary Shareholders Meeting to decide about acts and contracts related to the water rights and sanitation concessions of Aguas Andinas.

The composition of each series is as follows:

Money	12-31-2015	12-31-2014
Series A Shares	5,811,030,417	5,811,030,417
Series B Shares	307,934,743	307,934,743

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

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

The Company 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 2015 period, dividend payments were agreed to and made 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 N° 60 of the Company amounted to Th\$80,566,577 equivalent to \$13.1667 per share. This payment was payable from May 26, 2015, being entitled to 6,118,965,160 shares.
- In a board meeting held on December 16, 2015, it was unanimously agreed to distribute among shareholders the sum of Th\$40,565,068, as an interim dividend, based on the earnings for 2015. Because of this, the interim dividend N° 61 of the Company amounted to \$6.6294 per share. This payment was payable from January 13, 2016.

In the 2014 period, a dividend payment were agreed to and made as detailed below:

[BCV2]

- In a board meeting held on December 17, 2014, it was unanimously agreed to distribute among shareholders the sum of Th\$38,855,429, as an interim dividend, based on the earnings for 2014. Because of this, the interim dividend N° 59 of the Company amounted to \$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 N° 58 of the Company amounted to Th\$79,675,352 equivalent to \$13.021 per share. This payment was payable from May 26, 2014, being entitled to for 6,118,965,160 shares.

#### • Provision for minimum dividend

In accordance with the policy described in Note 2.2. Letter J, the Company has made no provision for the minimum dividend as of December 31, 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 IFRS 1, IAS 16 and Circular N° 456 of June 20, 2008 of the Superintendence of Securities and Insurance. Also included is the amount corresponding to the actuarial gains and losses determined since 2009, as a result of variations in the obligations for defined benefit plans. The balances as of December 31, 2015 and December 31, 2014 are Th\$303,530,135 and Th\$297,097,777 respectively.

As of December 31, 2014, an equity of Th\$5,496,263 was registered, 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 N°856 published by the Superintendence of Securities and Insurance on October 17, 2014.

Additionally, as of December 31, 2015 and 2014, modifications were made to the calculation parameters in the actuarial earnings and losses on compensation, which generated a register in accumulated results of Th\$1,444,142 and Th\$1,172,899 (see note 2.2. O)

## • Share premiums.

The amount registered in share premiums is the premium on the sale of shares produced in 1999 due to the capital increase. The balance as of December 31, 2015 and December 31, 2014 amounted to Th\$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 Circular N° 456 of the Superintendence of Securities and Insurance, and the effects of combinations of businesses of companies under common control made in 2007 and 2008. The balance as of December 31, 2015 and December 31, 2014 is Th\$-5,965,550.

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

The detail broken down by Company of the effects caused by the third party participation in the equity and results as of December 31, 2015 and 2014 are as follows:

Company	% Participation		Minority participations			
	12-31-2015	12-31-2014	Equity		Earnings	
	%	%	12-31-2015	12-31-2014	12-31-2015	12-31-2014
			Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	0.00997%	0.00997%	19,906	19,466	1,841	2,121
Essal S.A. (1)	46.49350%	46.49350%	54,374,584	55,614,686	3,673,872	3,635,913
<b>Totals</b>			<b>54,394,490</b>	<b>55,634,152</b>	<b>3,675,713</b>	<b>3,638,034</b>

(1) Includes the participations of third parties by assigning a market value of the assets and liabilities arising from the purchase of Inversiones Iberaguas Ltda. and Essal S.A., at the moment the businesses were merged.

The dividends paid to non-controlling participations of the subsidiary Essal S.A were Th\$ 5,355,744 as of December 31, 2015 and Th\$ 4,991,200 as of December 31, 2014.



## Note 5. OTHER REVENUE AND EXPENSES

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

Non-operating revenue & expenses	12-31-2015	12-31-2014
	Th\$	Th\$
Earnings from sale of non-current assets, not held for sale	183,360	481,205
Losses for replacement of properties, plant and equipment	-185,854	-108,728
Other losses	-1,594	-66,719
<b>Other (losses) gains</b>	<b>-4,088</b>	<b>305,758</b>
Bank loans	-4,272,443	-4,667,943
Reimbursable financial contributions (AFR) interest expenses	-6,262,912	-4,662,188
Bond interest expenses	-16,498,609	-18,099,258
Other interest expenses	-541,775	-730,749
Amortization of loan agreement complementary costs	-329,394	-2,578,618
<b>Financial Costs</b>	<b>-27,905,133</b>	<b>-30,738,756</b>
Interest income	4,582,051	4,494,489
Gain on redemption & extinction of debt	1,123,360	809,346
Revenues for derivative instruments	877,136	0
<b>Financial Revenues</b>	<b>6,582,547</b>	<b>5,303,835</b>

## Note 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 consolidated financial statements:

### Statement of financial position of subsidiaries (Statement of Financial Situation) as of December 31, 2015

12-31-2015	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholder Equity
Subsidiaries	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	19,525,493	254,713,113	20,666,580	53,916,903	199,655,123
Aguas Manquehue S.A.	3,319,920	75,175,718	3,498,084	21,813,263	53,184,291
Inversiones Iberaguas Ltda.	1,886,358	65,824,145	23,443	0	67,687,060
Empresa de Servicios Sanitarios de Los Lagos S.A.	15,105,269	140,585,974	16,343,042	62,666,962	76,681,239
Ecoriles S.A.	4,666,622	384,060	2,217,789	0	2,832,893
Gestión y Servicios S.A.	6,085,890	286,174	1,821,756	36,577	4,513,731
Análisis Ambientales S.A.	2,339,638	5,492,895	4,235,959	0	3,596,575
Aguas del Maipo S.A.	1,435,830	8,461,121	498,671	57,196	9,341,084



**Statement of comprehensive results of subsidiaries (Statement of Comprehensive Revenues) as of December 31, 2015**

<b>12-31-2015</b>	<b>Result for the period</b>	<b>Ordinary revenue</b>	<b>Operating expenses (-)</b>	<b>Other expenses (-) / Net revenue (+)</b>
<b>Subsidiaries</b>	<b>Th\$</b>	<b>Th\$</b>	<b>Th\$</b>	<b>Th\$</b>
Aguas Cordillera S.A.	18,466,641	51,987,378	-32,475,808	-1,044,929
Aguas Manquehue S.A.	3,542,017	10,986,311	-6,052,435	-1,391,859
Inversiones Iberaguas Ltda.	6,079,260	0	-11,564	6,090,824
Empresa de Servicios Sanitarios de Los Lagos S.A.	11,984,654	49,523,574	-30,375,448	-7,163,472
Ecoriles S.A.	1,864,729	12,592,871	-10,276,082	-452,060
Gestión y Servicios S.A.	616,028	9,405,126	-8,609,974	-179,124
Análisis Ambientales S.A.	1,137,491	6,989,535	-5,725,439	-126,605
Aguas del Maipo S.A.	645,235	920,864	-646,984	371,355

**Summary of Financial Position of Subsidiaries (Statement of Financial Situation) through December 31, 2014**

<b>12-31-2014</b>	<b>Current assets</b>	<b>Non-current assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Shareholder Equity</b>
<b>Subsidiaries</b>	<b>Th\$</b>	<b>Th\$</b>	<b>Th\$</b>	<b>Th\$</b>	<b>Th\$</b>
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 <sup>[BCV3]</sup> of Comprehensive Results (Statement of Comprehensive Revenues) as of December 31, 2014**

<b>12-31-2014</b>	<b>Result for the period</b>	<b>Ordinary revenue</b>	<b>Operating expenses (-)</b>	<b>Other expenses (-) / Net revenue (+)</b>
<b>Subsidiaries</b>	<b>Th\$</b>	<b>Th\$</b>	<b>Th\$</b>	<b>Th\$</b>
Aguas Cordillera S.A.	21,275,864	48,830,273	-28,797,317	1,242,908
Aguas Manquehue S.A.	5,249,916	12,371,031	-5,820,842	-1,300,273
Inversiones Iberaguas Ltda.	5,831,132	5,061	-5,515	5,831,586
Empresa de Servicios Sanitarios de Los Lagos S.A.	11,519,412	45,158,426	-25,836,975	-7,802,039
Ecoriles S.A.	1,640,245	11,865,133	-9,872,518	-352,370
Gestión y Servicios S.A.	454,183	8,951,259	-8,387,024	-110,052
Análisis Ambientales S.A.	1,090,093	6,603,852	-5,283,497	-230,262
Aguas del Maipo S.A.	682,044	772,291	-563,448	473,201

**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:

<b>Name of significant subsidiary</b>	<b>Aguas Cordillera S.A.</b>	<b>Aguas Manquehue S.A.</b>	<b>Essal S.A.</b>
Tax ID	96.809.310-k	89.221.000-4	95.579.800-5
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	9.11%	2.30%	6.34%
Property, plant and equipment	7.85%	4.14%	10.70%
Yearly income	11.49%	2.70%	3.28%





## Note 7. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash and cash equivalents	12-31-2015 Th\$	12-31-2014 Th\$
Banks	2,398,261	2,730,493
Term deposits (Note 8.6)	30,555,268	23,471,661
<b>Totals</b>	<b>32,953,529</b>	<b>26,202,154</b>

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

No legal restrictions exist that impede the immediate availability of the accounts of cash and cash equivalents utilized by the Group.

## Note 8. FINANCIAL INSTRUMENTS

### 8.1 Capital risk management

The Group manages its capital to ensure that Group entities will continue as a business 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, and 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 Note 2 Letters H, L and M to these consolidated financial statements.

### 8.3 Classes of financial instruments

Below is presented a summary of the financial instruments through December 31, 2015 and December 31, 2014:



Classes of financial instruments	Currency	Note	12-31-2015 Th\$	12-31-2014 Th\$
<b>Financial Assets</b>				
<b>Total trade debtors &amp; other accounts receivable, current</b>			<b>99,965,706</b>	<b>94,559,029</b>
Trade debtors & other accounts receivable, current	CLP	8.5	99,873,291	94,510,475
Trade debtors & other accounts receivable, current	USD	8.5	38,609	30,233
Trade debtors & other accounts receivable, current	EUR	8.5	53,806	18,321
<b>Information on related entities, current</b>			<b>5,224,620</b>	<b>70,629</b>
Accounts receivable by other related entities	CLP	9	5,224,620	70,629
<b>Noncurrent Total</b>			<b>9,744,136</b>	<b>9,611,177</b>
Rights receivable	CLP	8.5	2,184,457	2,197,980
Other financial assets	CLP	8.9	7,559,679	7,413,197
<b>Financial Liabilities</b>				
<b>Other financial liabilities, current</b>			<b>75,672,328</b>	<b>56,680,231</b>
Bank loans	CLP	8.4	12,239,349	21,118,729
Bonds	CLP	8.4	53,648,065	33,176,766
Reimbursable financial contributions (AFR)	CLP	8.4	9,784,914	2,384,736
<b>Other financial liabilities, noncurrent</b>			<b>722,132,796</b>	<b>698,421,729</b>
Bank loans	CLP	8.4	87,519,209	90,504,265
Bonds	CLP	8.4	464,344,024	456,075,129
Reimbursable financial contributions (AFR)	CLP	8.4	170,269,563	151,842,335
<b>Trade accounts &amp; other accounts payable, current</b>			<b>92,538,326</b>	<b>69,998,133</b>
Trade accounts & other accounts payable, current	CLP	8.7	92,408,737	69,855,419
Trade accounts & other accounts payable, current	USD	8.7	99,358	102,359
Trade accounts & other accounts payable, current	EUR	8.7	30,231	40,355
<b>Information on related entities, current</b>			<b>44,168,351</b>	<b>29,483,847</b>
Accounts payable to other related entities	CLP	9	44,168,351	29,483,847
<b>Current Total</b>			<b>136,706,677</b>	<b>99,481,980</b>
Other accounts payable, non current	CLP	8.7	1,829,986	1,684,433
<b>Non Current Total</b>			<b>1,829,986</b>	<b>1,684,433</b>

## 8.4 Information to disclose on financial liabilities

### Other financial liabilities

Other financial liabilities include bank loans, public obligations (bonds) and Reimbursable Financial Contributions (AFRs), which are valued at amortized cost, as explained below:



## Reimbursable financial contributions (AFRs)

In accordance with article 42-A of MINECON decree N° 453 of 1989, "The 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 details of reimbursable financial contributions as of December 31, 2015 and December 31, 2014 are as follows:

### Reimbursable Financial Contributions, current portion

Registration No. Or Identification of the Instrument	Currency readjustment index	Residual UF	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuing company	Issuer Tax ID	Type of repayment	Secured (Yes/No)
			12-31-2015	12-31-2014							
			Th\$	Th\$							
AFR	UF	188,458	4,930,519	2,217,213	3.98%	4.01%	Chile	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	181,969	4,787,277	167,523	5.48%	5.34%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	2,604	67,118	0	4.31%	4.09%	Chile	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
<b>Totals</b>		<b>373,031</b>	<b>9,784,914</b>	<b>2,384,736</b>							

### Reimbursable Financial Contributions, non-current portion

Registration No. Or Identification of the Instrument	Currency readjustment index	Residual UF	Book value		Maturity Date	Contract real interest rate	Effective rate	Issuing company	Issuer Tax ID	Type of repayment	Secured (yes/no)
			12-31-2015	12-31-2014							
			Th\$	Th\$							
AFR	UF	4,676,116	120,888,266	107,509,452	30-12-2030	3.64%	3.73%	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	1,046,947	27,098,726	26,858,207	30-12-2030	3.76%	4.11%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	563,593	14,570,067	11,192,604	09-11-2030	3.49%	3.63%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	300,928	7,712,504	6,282,072	22-12-2030	3.70%	3.70%	Essal S.A	96.579.800-5	At maturity	No
<b>Totals</b>		<b>6,587,584</b>	<b>170,269,563</b>	<b>151,842,335</b>							



The detail of bank loans as of December 31, 2015 and December 31, 2014 is as follows:

**Total bank loans, current period**

Debtor tax no.	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 Cordillera S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	
Creditor Tax ID	97.032.000-8	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-7	
Bank or financial institution	Banco BBVA	Banco de Chile	Banco BCI	Banco BBVA	Banco de Chile	
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP	
Repayment Method	Semi-annual	Semi-annual	At maturity	Semi-annual	At maturity	
Effective rate	4.24%	4.15%	4.18%	4.29%	4.28%	
Nominal rate	4.24%	4.15%	4.18%	4.29%	4.28%	
Nominal values						
To 1 year	10,777,972	851,864	286,400	297,917	25,196	12,239,349
To 90 days	1,395,560	851,864	286,400	297,917	0	2,831,741
Over 90 days to 1 year	9,382,412	0	0		25,196	9,407,608
Over 1 year to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
Over 2 years to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
More than 3 years to 5 years	0	37,965,561	19,270,304	20,000,000	0	77,235,865
More than 3 years to 4 years	0	13,805,658	0	0	0	13,805,658
More than 4 years to 5 years	0	8,141,799	19,270,304	20,000,000	0	47,412,103
More than 5 years	0	16,018,104	0	0	0	16,018,104
Total nominal values	10,777,972	45,100,769	19,556,704	20,297,917	4,025,196	99,758,558
Book values						
Current bank loans	10,777,972	851,864	286,400	297,917	25,196	12,239,349
Up to 90 days	1,395,560	851,864	286,400	297,917	0	2,831,741
Over 90 days to 1 year	9,382,412	0	0	0	25,196	9,407,608
Non-current bank loans	0	44,248,905	19,270,304	20,000,000	4,000,000	87,519,209
More than 1 year to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
More than 2 years to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
More than 3 years to 5 years	0	37,965,561	19,270,304	20,000,000	0	77,235,865
More than 3 years to 4 years	0	13,805,658	0	0	0	13,805,658
More than 4 years to 5 years	0	8,141,799	19,270,304	20,000,000	0	47,412,103
More than 5 years	0	16,018,104	0	0	0	16,018,104
Total bank loans	10,777,972	45,100,769	19,556,704	20,297,917	4,025,196	99,758,558

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



## Balances of bank loans, previous period

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

Book [BCV4] 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 bonds outstanding as of December 31, 2015 and December 31, 2014 is as follows:

### Total public obligations, current period

Debtor Tax ID	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
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.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	580	629	630	654	655	655	712	713	713	778	778
Series	BAGUA-J	BAGUA-K	BAGUA-M	BAGUA-N	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W
Final maturity	01-12-2018	01-10-2016	01-04-2031	01-04-2016	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Repayment period	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity
Effective rate	4.16%	3.06%	4.15%	3.26%	3.82%	3.94%	3.61%	3.93%	3.81%	3.50%	3.18%
Nominal rate	4.00%	2.90%	4.20%	3.17%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%
<b>Nominal values</b>											
To 1 year	84,593	9,292,885	466,091	32,288,265	367,463	139,579	5,858,471	569,221	482,416	444,639	160,788
To 90 days	84,593	66,413	466,091	251,902	367,463	139,579	163,118	569,221	482,416	444,639	160,788
Over 90 days to 1 year	0	9,226,472	0	32,036,363	0	0	5,695,353	0	0	0	0
Over 1 year to 3 years	25,629,090	0	0	0	0	0	11,390,706	0	0	0	0
Over 1 year to 2 years	0	0	0	0	0	0	5,695,353	0	0	0	0
Over 2 years to 3 years	25,629,090	0	0	0	0	0	5,695,353	0	0	0	0
Over 3 years to 5 years	0	0	44,850,908	0	38,443,635	42,287,999	2,847,677	58,946,907	51,258,180	51,258,180	58,946,907
Over 3 years to 4 years	0	0	0	0	0	0	2,847,677	0	0	0	0
Over 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	0
Over 5 years	0	0	44,850,908	0	38,443,635	42,287,999	0	58,946,907	51,258,180	51,258,180	58,946,907
Total nominal value	25,713,683	9,292,885	45,316,999	32,288,265	38,811,098	42,427,578	20,096,854	59,516,128	51,740,596	51,702,819	59,107,695
<b>Book values</b>											
Current public obligations	47,477	9,303,656	477,506	32,274,465	376,183	152,093	5,809,662	561,921	479,777	444,639	195,542
Up to 90 days	47,477	77,185	477,506	238,102	376,183	152,093	114,309	561,921	479,777	444,639	195,542
Over 90 days to 1 year	0	9,226,471	0	32,036,363	0	0	5,695,353	0	0	0	0
Non-current public obligations	25,554,748	0	45,075,809	0	38,650,570	42,554,239	14,186,402	58,761,139	51,167,882	51,258,180	59,936,076
More than 1 year to 3 years	25,554,748	0	0	0	0	0	11,356,052	0	0	0	0
More than 1 year to 2 years	0	0	0	0	0	0	5,678,026	0	0	0	0
More than 2 years to 3 years	25,554,748	0	0	0	0	0	5,678,026	0	0	0	0
More than 3 years to 5 years	0	0	45,075,809	0	38,650,570	42,554,239	2,830,350	58,761,139	51,167,882	51,258,180	59,936,076
Más de 3 años hasta 4 años	0	0	0	0	0	0	2,830,350	0	0	0	0
More than 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	0
More than 5 years	0	0	45,075,809	0	38,650,570	42,554,239	0	58,761,139	51,167,882	51,258,180	59,936,076
Total public obligations	25,602,225	9,303,656	45,553,315	32,274,465	39,026,753	42,706,332	19,996,064	59,323,060	51,647,659	51,702,819	60,131,618



## Total public obligations, previous period [BCV5]

Debtor Tax ID	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	580	629	630	654	655	655	712	713	713	778	778	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	01-06-2016	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 period	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	4.02%	4.15%	3.07%	4.15%	3.35%	3.81%	3.94%	3.59%	3.94%	3.81%	3.50%	3.15%	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%	6.00%
<b>Nominal values</b>													
To 1 year	17,785,688		81,286	4,032,515	447,868	242,054							
To 90 days	0		0	0	0	0							
Over 90 days to 1 year	17,785,688		81,286	4,032,515	447,868	242,054							
Over 1 year to 3 years	0		0	8,865,756	0	30,783,875							
Over 1 year to 2 years	0		0	8,865,756	0	30,783,875							
Over 2 years to 3 years	0		0	0	0	0							
Over 3 years to 5 years	0		24,627,100	0	43,097,425	0							
Over 3 years to 4 years	0		24,627,100	0	0	0							
Over 4 years to 5 years	0		0	0	0	0							
Over 5 years	0		0	0	43,097,425	0							
Total nominal value	17,785,688		24,708,386	12,898,271	43,545,293	31,025,929							
<b>Accounting values</b>													
Current public obligations	17,749,996	49,871		4,015,190	458,370	190,005							
Up to 90 days	0	0		0	0	0							
Over 90 days to 1 year	17,749,996	49,871		4,015,190	458,370	190,005							
Non-current public obligations	0	24,509,817		8,858,638	43,333,829	30,770,796							
More than 1 year to 3 years	0	0		8,858,638	0	30,770,796							
More than 1 year to 2 years	0	0		8,858,638	0	30,770,796							
More than 2 years to 3 years	0	0		0	0	0							
More than 3 years to 5 years	0	24,509,817		0	43,333,829	0							
More than 3 years to 4 years	0	24,509,817		0	0	0							
More than 4 years to 5 years	0	0		0	0	0							
More than 5 years	0	0		0	43,333,829	0							
Total public obligations	17,749,996	24,559,688		12,873,828	43,792,199	30,960,801							



## 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. To achieve the objectives, financial risk management is 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 Company's 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 cut the service. The method for analysis is based on historic data on customer accounts receivable and other debtors.

Credit risk	12-31-2015 Th\$	12-31-2014 Th\$
Gross exposure per balance sheet for risks of accounts receivable	134,850,893	133,672,049
Gross exposure per estimates of risks of accounts receivable	-32,700,730	-36,915,040
<b>Net exposure, risk concentration</b>	<b>102,150,163</b>	<b>96,757,009</b>

Movement of credit risk, accounts receivable	12-31-2015 Th\$	12-31-2014 Th\$
<b>Initial balance at 01-01</b>	<b>-36,915,040</b>	<b>-31,975,327</b>
Increase in existing provisions	-2,896,739	-5,189,375
Reductions	-7,111,049	-249,662
<b>Changes, total</b>	<b>4,214,310</b>	<b>-4,939,713</b>
<b>Closing balance at 12-31</b>	<b>-32,700,730</b>	<b>-36,915,040</b>





The following shows the composition of gross debt by age:

<b>Aging of debt</b>	<b>12-31-2015 Th\$</b>	<b>12-31-2014 Th\$</b>
Less than three months	92,200,462	93,967,289
Three to six months	1,451,053	1,267,420
Six to eight months	643,501	654,829
More than eight months	40,555,877	37,782,511
<b>Total</b>	<b>134,850,893</b>	<b>133,672,049</b>

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

<b>Past-due debt</b>	<b>12-31-2015 Th\$</b>	<b>12-31-2014 Th\$</b>
Less than three months	10,440,702	9,035,546
Three to six months	1,156,948	993,925
Six to eight months	562,643	570,545
<b>Total</b>	<b>12,160,293</b>	<b>10,600,016</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, such as long-term investments and working capital needs at reasonable market prices.

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

Preventive measures taken to manage liquidity risk include the following:

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



## Maturity structure (non-discounted flows)

Maturity profile	Up to 90 days		91 days to 1 year		13 months to 3 years		3 to 5 years		More than 5 years	
	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate
Bank loans	3,239,475	4.20%	11,331,235	4.19%	19,473,562	4.19%	67,231,990	4.17%	12,419,888	4.15%
Bonds	0	0.00%	67,822,452	3.64%	81,045,756	3.69%	36,799,035	3.69%	639,605,055	3.69%
AFR	1,505,842	3.21%	8,435,515	4.99%	41,771,461	4.11%	21,117,415	3.76%	148,854,854	3.45%
Trade debt and other accounts payable	79,923,675	-	12,614,651	-	1,276,454	-	144,108	-	409,424	-
<b>Total</b>	<b>84,668,992</b>		<b>100,203,853</b>		<b>143,567,233</b>		<b>125,292,548</b>		<b>801,289,221</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	12.50%
Bonds	Fixed	64.93%
AFR	Fixed	22.57%
<b>Total</b>		<b>100.00%</b>

### Interest rate sensitivity analysis

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

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

Company	Nominal amount of debt (Th\$)	Variable rate	Points (+/-)	Impact on Result (Th\$) (+/-)
Aguas Andinas at a Consolidated Level	99,758,548	TAB 180 días	70	694,490

For loans based on 180-day TAB, the positive or negative change in nominal TAB of 70 basis points, calculated annually, would have an impact on results of +/- M \$694,490.



## 8.6 Cash equivalents

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

Company	Instruments	12-31-2015 Th\$	12-31-2014 Th\$
Aguas Andinas S.A.	Term deposit	18,074,577	8,604,476
Aguas Cordillera S.A.	Term deposit	8,074,280	7,017,959
Aguas Manquehue S.A.	Term deposit	400,040	1,101,512
Aguas del Maipo S.A.	Term deposit	1,000,103	2,051,485
Análisis Ambientales S.A.	Term deposit	0	1,855,815
Gestión y Servicios S.A.	Term deposit	430,043	0
Eco-Riles S.A.	Term deposit	1,250,225	800,508
Essal S.A.	Term deposit	1,326,000	2,039,906
<b>Total</b>		<b>30,555,268</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 time deposits, 10% of the bank's equity.



## 8.7 Trade accounts and other current and noncurrent accounts payable

The principal concepts included in this account are the following:

Trade creditors and other accounts payable, current	Currency or indexation unit	12-31-2015 Th\$	12-31-2014 Th\$
Dividends	CLP	22,048,535	21,627,533
Suppliers for investment in progress (investment)	CLP	31,670,805	17,252,171
Personnel	CLP	2,913,315	2,795,596
Suppliers (expense)	CLP	13,776,639	10,846,749
Suppliers (expense)	USD	99,358	102,359
Suppliers (expense)	EUR	30,231	40,355
Suppliers (investment)	CLP	6,346,511	2,331,895
Accrued services	CLP	14,209,541	13,787,482
AFR (expense)	CLP	706,829	591,800
Others (expense)	CLP	735,915	594,349
Others (investment)	CLP	647	27,844
<b>Sub-total current</b>		<b>92,538,326</b>	<b>69,998,133</b>
AFR potable water	CLP	703,187	531,838
Suppliers for investments in progress	CLP	1,056,404	1,082,200
Various creditors	CLP	70,395	70,395
<b>Sub-total non-current</b>		<b>1,829,986</b>	<b>1,684,433</b>
<b>Total current and noncurrent</b>		<b>94,368,312</b>	<b>71,682,566</b>



Information regarding the trade accounts according to maturity date is provided below:

## Trade Accounts

### Current Period

Current trade accounts according to term	12-31-2015			
	Goods	Services	Others	Total
To 30 days	2,809,208	8,202,770	55,699	11,067,677
From 31 to 60 days	235,353	36,490	0	271,843
From 61 to 90 days	45	275	0	320
From 91 to 120 days	0	18,073	0	18,073
<b>Total</b>	<b>3,044,606</b>	<b>8,257,608</b>	<b>55,699</b>	<b>11,357,913</b>

Overdue trade accounts according to term	12-31-2015			
	Goods	Services	Others	Total
To 30 days	118,874	260,582	108	379,564
From 31 to 60 days	1,389,843	186,844	5,995	1,582,682
From 61 to 90 days	141,142	47,134	21	188,297
From 91 to 120 days	12,106	8,664	0	20,770
From 121 to 365 days	24,104	86,260	553	110,917
More than 365 days	12,956	37,380	100	50,436
<b>Total</b>	<b>1,699,025</b>	<b>626,864</b>	<b>6,777</b>	<b>2,332,666</b>

### Previous Period

Current trade accounts according to term	12-31-2014			
	Goods	Services	Others	Total
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 according to term	12-31-2014			
	Goods	Services	Others	Total
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:

	12-31-2015	
	Amortized cost Th\$	Fair value Th\$
<b>Cash equivalents</b>		
<b>Investments booked at fair value</b>	<b>30,555,267</b>	<b>30,555,267</b>
Term deposits, level 1	30,555,267	30,555,267
<b>Other financial liabilities</b>		
<b>Financial liabilities booked at amortized cost</b>	<b>797,805,125</b>	<b>823,140,754</b>
Bank debt, level 2	99,758,558	99,635,600
Bonds, level 1	517,992,090	543,450,677
AFR, level 3	180,054,477	180,054,477

### Methodology and assumptions used in the calculation of fair value

The fair values of financial assets and liabilities were determined using the following methodology:

- The amortized cost of deposits is a good approximation of fair value as they are very short-term operations.
- 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 N° 70).
- 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.
- The fair value of bank debt was determined through the updating of the cash flows of each loan (principal and interest disbursements), applying the discount curves corresponding to the remaining term. This term corresponds to the number of days between the closing date of the financial statements and the date of the cash disbursement.

### Booking hierarchy of fair value measurements in the Consolidated Financial Information Statements

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

### Other noncurrent financial assets

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of M \$7,395,680 as of December 31, 2015 and December 31, 2014 (see Note 2.2, letter h, ii), over which the Group has no control or significant influence. The balance of Th\$163,999 and Th\$17,517, respectively, relates to other financial investments.



Related to this acquisition is an obligation with the Asociación Sociedad de Canalistas del Maipo not to move the location of current water rights, for M \$7,294,709 as of December 31, 2015 and December 31, 2014.

## Note 9. INFORMATION ON RELATED ENTITIES

### Balances and transactions with related entities

Transactions between the Company 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

Accounts receivable from related entities are originated in Chile, the currency of the transactions is pesos, and the maturity dates are 30 days.

Tax ID Related Party	Name of related party	Relations hip	Nature of transaction with related parties	Security	12-31- 2015 Th\$	12-31- 2014 Th\$
93.713.610-7	Agbar Chile S.A.	Related to the Controller	Laboratory and sampling services	Unsecured	0	2,275
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebai Ltda.	Related to the Controller	Laboratory and sampling services	Unsecured	3,993	6,729
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebai Ltda.	Related to the Controller	Collector Cleaning contract	Unsecured	631	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Laboratory and sampling services	Unsecured	12,447	59,825
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Cleaning of units	Unsecured	0	1,800
No Tax ID	Degremont S.A.	Related to the Controller	Supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant	Security full compliance with contract for UF 218,320	5,101,953	0
76.432.328-9	Gestion Hidrica Minera Ltda.	Related to the Controller	Collector Cleaning contract	Unsecured	1,285	0
76.080.553-K	Aqualogy Solutions Chile Ltda.	Related to the Controller	Sale of materials	Unsecured	104,311	0
<b>Total</b>					<b>5,224,620</b>	<b>70,629</b>



## Accounts payable to related entities

Accounts receivable to related entities are originated in Chile and the currency of the transactions is pesos.

Tax ID Related Party	Name of related party	Relationship	Nature of transaction with related parties	Period	Security	12-31- 2015 Th\$	12-31- 2014 Th\$
76.148.998 -4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Hydraulic Efficiency Project	30 days	Guaranteed fulfillment of contract for UF: 14.992	2,098,422	1,086,207
76.148.998 -4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Change of Method of Absorption of arsenic to Quilicura plant	30 days	Guaranteed fulfillment of contract for UF: 867	0	31,932
76.148.998 -4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Ice-Pigging network cleaning service contract	30 days	Guaranteed fulfillment of contract for Th\$26.600	125,398	103,211
76.148.998 -4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Lo Pinto Project	30 days	Guaranteed fulfillment of contract for UF 22.470	0	2,357,458
76.148.998 -4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Design, construction & start-up contract of La Union percolated filter	30 days	Guaranteed fulfillment of contract for UF 6.915	0	93,112
76.148.998 -4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Construction and expansion of La Union sludge line	30 days	Guaranteed fulfillment of contract for Th\$47.110	33,156	74,355
76.148.998 -4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Update service of operation and security of Pudeo and Gamboa tanks	30 days	Guaranteed fulfillment of contract for Th\$705	109,157	54,828
76.148.998 -4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Modeling of odor panels	30 days	Unsecured	46,367	18,523
76.080.553 -K	Aqualogy Solutions Chile Ltda.	Related to the Controller	Purchase of materials	60 days	Guaranteed fulfillment of contract for Th\$279.298	413,111	553,550
76.080.553 -K	Aqualogy Solutions Chile Ltda.	Related to the Controller	Implementation of geographic information systema Essal S.A.	30 days	Guaranteed fulfillment of contract for UF887	188,030	102,652
76.046.628 -K	Asterión S.A.	Related to the Controller	Reengineering service contract for implementation of our customer service information systems	30 days	Guaranteed faithful fulfillment of contract for Th\$845.149	404,277	395,343
76.078.231 -9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	La Farfana Wastewater Treatment Plant operation and maintenance services	30 days	Bail strict compliance with the obligations from the contract. Amount UF194.249,62	3,068,251	3,000,770
76.078.231 -9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Biogás Plant operation services	30 days	Unsecured	152,930	37,161
76.078.231 -9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	El Trebal Wastewater Treatment Plant services of operation and maintenance and construction, operation and maintenance of Mapocho Wastewater Treatment Plant	90 days	Guaranteed faithful fulfillment of contract for UF357.863	2,246,174	2,063,596
Sin Rut	Aqua Development Network S.A.	Related to the Controller	Integrated talent management contract	30 days	Unsecured	11,705	43,671
77.274.820 -5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends payable	30 days	Unsecured	20,324,047	19,467,478
96.817.230 -1	EPSA Electrica Puntilla S.A.	Common Board Member	Recalculation of energy supply	30 days	Unsecured	18,182	0
70.009.410 -3	Asociación canalistas sociedad del canal del Maipo	Common Board Member	Exceptional transfer of water	30 days	Unsecured	32,901	0
No Tax ID	Degremont S.A.	Related to the Controller	Payment statement for expansion of third plant	30 days	Guaranteed faithful fulfillment of contract for UF 408.029	14,896,243	0
<b>Total</b>						<b>44,168,351</b>	<b>29,483,847</b>





## Transactions with related entities

Transactions with related entities are originated in Chile and the currency of the transactions is pesos.

Tax ID Related Party	Name of related party	Relationship	Nature of transaction with related parties	31-12-2015		31-12-2014	
				M\$		M\$	
				Amount	Effects on Results (Charge) / Credit	Amount	Effects on Results (Charge) / Credit
79.046.628-K	Asterión S.A.	Related to the Controller	Reengineering service contract for implementation of our customer service information systems	1,046,759	-1,039,536	-2,143,238	-403,884
76.080.553-K	Aqualogy Solutions Chile Ltda	Related to the Controller	Purchase of materials	2,647,760	-2,541,821	2,363,783	-2,363,783
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Ice-Pigging network cleaning service contract	361,832	-361,832	194,074	-194,074
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Lo Pinto Project	574,570	0	3,778,331	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Hydraulic Efficiency Project	1,677,359	-3,914	1,000,215	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Design, construction & start-up contract of La Union percolated filter	39,520	0	381,247	0
76.148.998-4	Aqualogy Medioambiente Chile S.A.	Related to the Controller	Cocule Plant	24,916	0	392,736	0
Sin Rut	Degremont S.A.	Related to the Controller	Payment statement for expansion of third plant	21,582,632	0	0	0
Sin Rut	Aqua Development Network S.A.	Related to the Controller	Integrated talent management contract	245,183	-245,183	0	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the Controller	El Trebal Wastewater Treatment Plant services of operation and maintenance and construction, operation and maintenance of Mapocho Wastewater Treatment Plant	11,668,999	-10,347,928	13,608,263	-11,939,580
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the Controller	La Farfana Wastewater Treatment Plant operation and maintenance services	16,402,789	-13,092,834	13,091,050	-10,394,397
96.817.230-1	EPSA Electrica Puntilla S.A.	Director in Common	Compensation for lower flow	746,295	-746,295	611,987	-611,987
96.817.230-1	EPSA Electrica Puntilla S.A.	Director in Common	Dividends received	157,771	0	431,549	0
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends paid	20,324,047	0	19,467,478	0

The criteria of materiality for reporting transactions with related entities are accumulated amounts of over M \$100,000.



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

	12-31-2015 Th\$	12-31-2014 Th\$
Board of Directors	388,414	370,883
Board Members' Committee	26,574	30,298
<b>Total</b>	<b>414,988</b>	<b>401,181</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.

At the end of 2015, Aguas Andinas' senior management and key executives payroll was composed of 78 professionals. Total remuneration paid during the year was \$6,371 million and compensation for years of service of key executives amounted to \$373 million.

### Detail of related parties and transactions with related parties by Board Members and Executives.

The Company's management is unaware of any transactions between related parties and directors and/or executives, other than their fees and compensation.

### Note 10. INVENTORIES

The detail by class of inventories through December 31, 2015 and December 31, 2014 is the following:

Inventory Class	12-31-2015 Th\$	12-31-2014 Th\$
Commodities	2,853,623	3,210,332
Supplies for production	676,780	591,598
Other inventories	113,297	101,013
<b>Total</b>	<b>3,643,700</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 Th\$10,588,122 and Th\$10,341,300 respectively.



## Note 11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	12-31-2015	12-31-2014
	Th\$	Th\$
<b>Intangible assets, net</b>	<b>230,527,689</b>	<b>232,174,750</b>
Trademarks, net	13,000	13,000
Computer programs, net	11,875,731	15,439,243
Other intangible assets, net*	218,638,958	216,722,507
<b>Intangible assets, gross</b>	<b>272,921,827</b>	<b>267,732,735</b>
Trademarks, gross	13,000	13,000
Computer programs, gross	41,889,777	38,804,351
Other intangible assets, gross	231,019,050	228,915,384
<b>Intangible assets, accumulated amortization</b>	<b>42,394,138</b>	<b>35,557,985</b>
Trademarks, accumulated amortization	0	0
Computer programs, accumulated amortization	30,014,046	23,365,108
Other intangible assets, accumulated amortization	12,380,092	12,192,877

\*Corresponds to water rights, easements and others.

### Movement of intangible assets as of December 31, 2015

Intangible asset movements	Trademarks, net	Computer programs, net	Other Intangible Assets, Net	Total
	Th\$	Th\$	Th\$	Th\$
<b>Initial balance on 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	-6,650,309	-187,215	<b>-6,837,524</b>
Increases (reductions) for transfers	0	885,153	-32,591	<b>852,562</b>
Increases (reductions) for other changes	0	2,201,644	2,137,636	<b>4,339,280</b>
Disposals and withdrawals from service	0	0	-1,379	<b>-1,379</b>
<b>Changes, total</b>	<b>0</b>	<b>-3,563,512</b>	<b>1,916,451</b>	<b>-1,647,061</b>
<b>Closing balance on 12-31-2015</b>	<b>13,000</b>	<b>11,875,731</b>	<b>218,638,958</b>	<b>230,527,689</b>



## Movement of intangible assets as of December 31, 2014

Intangible asset movements	Trademarks, net Th\$	Computer programs, net Th\$	Other Intangible Assets, Net Th\$	Total Th\$
<b>Initial Balance on 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	<b>-5,571,526</b>
Increases (reductions) for transfers	0	3,828,805	-123,156	<b>3,705,649</b>
Increases (reductions) for other changes	0	6,078,398	616,934	<b>6,695,332</b>
Disposals and withdrawals from service	0	0	-1,974	<b>-1,974</b>
<b>Changes, Total</b>	<b>0</b>	<b>4,522,900</b>	<b>304,581</b>	<b>4,827,481</b>
<b>Closing balance on 12-31-2014</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 12-31-2015

Intangible asset movements	Trademarks, Gross Th\$	Computer programs, Gross Th\$	Other Intangible Assets, Gross Th\$	Total Th\$
<b>Initial Balance on 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	885,153	-32,591	<b>852,562</b>
Increases (reductions) for other changes	0	2,200,273	2,137,636	<b>4,337,909</b>
Disposals and withdrawals from service	0	0	-1,379	<b>-1,379</b>
<b>Changes, total</b>	<b>0</b>	<b>3,085,426</b>	<b>2,103,666</b>	<b>5,189,092</b>
<b>Closing balance on 12-31-2015</b>	<b>13,000</b>	<b>41,889,777</b>	<b>231,019,050</b>	<b>272,921,827</b>

### Previous Period 12-31-2014<sup>[BCV6]</sup>

Intangible asset movements	Trademarks, net Th\$	Computer programs, net Th\$	Other Intangible Assets, Net Th\$	Total Th\$
<b>Initial Balance on 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	<b>3,705,649</b>
Increases (reductions) for other changes	0	6,078,398	616,934	<b>6,695,332</b>
Disposals and withdrawals from service	0	-1,819,573	-1,974	<b>-1,821,547</b>
<b>Changes, total</b>	<b>0</b>	<b>8,087,630</b>	<b>491,804</b>	<b>8,579,434</b>
<b>Closing balance on 12-31-2014</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 12-31-2015

Intangible asset movements	Trademarks, accumulated amortization	Computer programs, accumulated amortization	Other Intangible Assets, accumulated amortization	Total
	Th\$	Th\$	Th\$	Th\$
<b>Initial Balance on 01-01-2015</b>	<b>0</b>	<b>23,365,108</b>	<b>12,192,877</b>	<b>35,557,985</b>
Amortization	0	6,650,309	187,215	<b>6,837,524</b>
Increases (reductions) for transfers	0	0	0	<b>0</b>
Increases (reductions) for other changes	0	-1,371	0	<b>-1,371</b>
Disposals and withdrawals from service	0	0	0	<b>0</b>
<b>Changes, total</b>	<b>0</b>	<b>6,648,938</b>	<b>187,215</b>	<b>6,836,153</b>
<b>Closing balance on 12-31-2015</b>	<b>0</b>	<b>30,014,046</b>	<b>12,380,092</b>	<b>42,394,138</b>

### Previous period 12-31-2014<sup>[BCV7]</sup>

Intangible asset movements	Trademarks, accumulated amortization	Computer programs, accumulated amortization	Other Intangible Assets, accumulated amortization	Total
	Th\$	Th\$	Th\$	Th\$
<b>Initial Balance on 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	<b>5,571,526</b>
Disposals and withdrawals from service	0	-1,819,573	0	<b>-1,819,573</b>
<b>Changes, total</b>	<b>0</b>	<b>3,564,730</b>	<b>187,223</b>	<b>3,751,953</b>
<b>Closing balance on 12-31-2014</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 (others):

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



Company	12-31-2015			12-31-2014		
	Water rights	Easement	Others	Water rights	Easement	Others
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Andinas S.A.	75,950,169	8,062,219	5,135,351	73,945,526	8,031,096	5,322,126
Aguas Cordillera S.A.	92,684,130	7,866,530	0	92,671,535	7,866,530	0
Aguas Manquehue S.A.	21,490,797	857,614	0	21,625,505	900,294	0
Essal S.A.	5,450,043	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>195,629,939</b>	<b>17,873,668</b>	<b>5,135,351</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 Company 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 2016 period relate to water rights, easements and computer programs necessary for the normal operation of the Group's companies, and in particular for new works under development or in preliminary study stages, plus the expansion of concession zones, shown as follows:

Company	Th\$
Aguas Andinas S.A.	1,801,705
Aguas Cordillera S.A.	40,500
Aguas Manquehue S.A.	88,000
Essal S.A.	245,094
Análisis Ambientales S.A.	0
<b>Total</b>	<b>2,175,299</b>

## Note 12. GOODWILL

The detail of goodwill follows for the different Cash Generating Units (CGUs) or groups to which they are assigned, through December 31, 2015 and December 31, 2014:

Tax ID	Company	12-31-2015	12-31-2014
		Th\$	Th\$
96.809.310-k	Aguas Cordillera S.A.	33,823,049	33,823,049
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	343,332	343,332
96.897.320-7	Inversiones Iberaguas Ltda.	2,066,631	2,066,631
<b>Total</b>		<b>36,233,012</b>	<b>36,233,012</b>



### Note 13. PROPERTY, PLANT AND EQUIPMENT

	12-31-2015	12-31-2014
	Th\$	Th\$
<b>Property, plant and equipment, net</b>	<b>1,248,135,284</b>	<b>1,188,402,068</b>
Land	160,423,927	158,072,457
Buildings	74,367,058	74,015,778
Machinery	103,872,419	112,453,483
Transport vehicles	2,132,247	2,441,287
Fixed installations & accessories	683,380	591,523
Computer equipment	2,486,497	2,349,503
Improvements to leased assets	83,068	77,977
Construction in progress	144,232,818	72,421,357
Other property, plant and equipment *	759,853,870	765,978,703
<b>Property, plant and equipment, gross</b>	<b>2,342,181,341</b>	<b>2,222,113,886</b>
Land	160,423,927	158,072,457
Buildings	101,522,741	99,239,758
Machinery	303,870,719	291,343,330
Transport vehicles	6,430,584	6,291,303
Fixed installations & accessories	5,133,162	4,949,375
Computer equipment	10,179,797	8,770,905
Improvements to leased assets	605,304	573,520
Construction in progress	144,232,818	72,421,357
Other property, plant and equipment	1,609,782,289	1,580,451,881
<b>Accumulated depreciation</b>	<b>1,094,046,057</b>	<b>1,033,711,818</b>
Buildings	27,155,683	25,223,980
Machinery	199,998,300	178,889,847
Transport vehicles	4,298,337	3,850,016
Fixed installations & accessories	4,449,782	4,357,852
Computer equipment	7,693,300	6,421,402
Improvements to leased assets	522,236	495,543
Other property, plant and equipment	849,928,419	814,473,178

\*Mainly relate to potable water and wastewater.

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

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



### Movements in property, plant and equipment through December 31, 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	42,834	2,346,709	-38,073	2,351,470	160,423,927
Buildings	74,015,778	-1,959,251	5,015,753	-968,061	-1,737,161	351,280	74,367,058
Machinery	112,453,483	-21,461,135	5,952,997	7,595,414	-668,340	-8,581,064	103,872,419
Transport vehicles	2,441,287	-512,296	326,337	-104,188	-18,893	-309,040	2,132,247
Fixed installations & accessories	591,523	-124,775	70,162	337,998	-191,528	91,857	683,380
Computer equipment	2,349,503	-1,290,812	562,101	866,244	-539	136,994	2,486,497
Improvements to leased assets	77,977	-26,693	1,940	29,844	0	5,091	83,068
Construction in progress	72,421,357	0	-24,476,822	96,326,853	-38,570	71,811,461	144,232,818
Other property, plant & equipment	765,978,703	-36,179,596	11,652,137	18,744,755	-342,129	-6,124,833	759,853,870
Total property, plant & equipment, net	1,188,402,068	-61,554,558	-852,561	125,175,568	-3,035,233	59,733,216	1,248,135,284

### Movements in property, plant and equipment through December 31, 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 12-31-2015

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	42,834	2,346,709	-38,073	2,351,470	160,423,927
Buildings	99,239,758	5,015,753	-968,061	-1,764,709	2,282,983	101,522,741
Machinery	291,343,330	5,952,997	7,595,471	-1,021,079	12,527,389	303,870,719
Transport vehicles	6,291,303	326,337	-104,188	-82,868	139,281	6,430,584
Fixed installations & accessories	4,949,375	70,162	338,007	-224,382	183,787	5,133,162
Computer equipment	8,770,905	562,101	866,244	-19,453	1,408,892	10,179,797
Improvements to leased assets	573,520	1,940	29,844	0	31,784	605,304
Construction in progress	72,421,357	-24,476,822	96,326,853	-38,570	71,811,461	144,232,818
Other property, plant & equipment	1,580,451,881	11,652,137	18,744,690	-1,066,419	29,330,408	1,609,782,289
Total property, plant & equipment, gross	2,222,113,886	-852,561	125,175,569	-4,255,553	120,067,455	2,342,181,341

### Previous period 12-31-2014

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 12-31-2015

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	1,959,251	0	-27,548	1,931,703	27,155,683
Machinery	178,889,847	21,461,135	57	-352,739	21,108,453	199,998,300
Transport vehicles	3,850,016	512,296	0	-63,975	448,321	4,298,337
Fixed installations & accessories	4,357,852	124,775	9	-32,854	91,930	4,449,782
Computer equipment	6,421,402	1,290,812	0	-18,914	1,271,898	7,693,300
Improvements to leased assets	495,543	26,693	0	0	26,693	522,236
Other property, plant & equipment	814,473,178	36,179,596	-65	-724,290	35,455,241	849,928,419
Total property, plant & equipment, accumulated depreciation	1,033,711,818	61,554,558	1	-1,220,320	60,334,239	1,094,046,057

### Previous Period 12-31-2014

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 Company of the Group, for the amount of future commitments for acquisitions of property, plant and equipment for the period 2015, is as follows:

Company	Th\$
Aguas Andinas S.A.	76,070,477
Aguas Cordillera S.A.	8,433,338
Aguas Manquehue S.A.	7,937,176
Essal S.A.	9,254,906
Ecoriles S.A.	115,490
Gestión y Servicios S.A.	62,000
Análisis Ambientales S.A.	346,000
<b>Total</b>	<b>102,219,387</b>

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

Company	Gross Value Th\$	Accumulated Depreciation Th\$	Net Value Th\$
Aguas Andinas S.A.	1,905,669	-1,824,794	<b>80,875</b>
Aguas Cordillera S.A.	274,332	-114,008	<b>160,324</b>
<b>Total</b>	<b>2,180,001</b>	<b>-1,938,802</b>	<b>241,199</b>

#### Note 14. **IMPAIRMENT OF VALUE OF ASSETS**

##### **Disclosure information on asset impairment by cash generating unit:**

Each company as a whole is defined as a Cash Generating Unit (CGU), 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 Company will evaluate, at the close of each financial position statement, whether there is any sign of impairment of value of any asset. If there is, the Company will estimate the amount recoverable for the asset. For assets with an indefinite useful life and for goodwill, the impairment test will at a minimum be made at the close of the period or when there are signs.

For intangible assets with indefinite useful life, e.g. water rights, a study was carried out to determine the values at market price, which are compared to the values assigned to them as costs at the date of adoption of the IFRS rules.

For lesser values, the calculation was made as to their useful value, considering the different companies as CGUs, using recent estimates of budgets over the medium term, determining the different parameters for according to models widely used in the market. The parameters are set via the current information for benchmark risk free rates in the market, the useful life for each company and growth rates for regular income of the companies, looking at growth in the population and changes in consumption through the years.



The Company and subsidiaries make annual impairment tests of their intangible assets of indefinite useful life, and lesser investment value.

The respective tests for impairment were made at the end of the period 2015 based on the Group's estimates and projections. These estimates indicated that the benefits attributable to the participations with lower associated values individually exceed their consolidated book values in all cases. Additionally, the intangible assets with indefinite useful lives were evaluated, resulting in a higher value registered on the books.

No impairment of assets has been booked as of December, 2015 and 2014 and there are no indications of impairment at the end of those periods.



## Note 15. PROVISIONS AND CONTINGENT LIABILITIES

### A. Provisions

The detail of these as of December 31, 2015 and December 31, 2014 is as follows:

Classes of provisions	12-31-2015 Th\$	12-31-2014 Th\$
Provision for legal claims	547,288	591,098
<b>Other provisions, current</b>	<b>547,288</b>	<b>591,098</b>
Other provisions, non-current	1,239,995	1,187,618
<b>Provisions, non-current</b>	<b>1,239,995</b>	<b>1,187,618</b>

The movement in current provisions for the periods was:

Legal claims	12-31-2015 Th\$	12-31-2014 Th\$
<b>Initial balance provisions</b>	<b>591,098</b>	<b>918,556</b>
Increase in existing provisions	252,620	246,666
Provision used	-237,035	-446,174
Other increases (decreases)	-59,395	-127,950
<b>Changes in provisions, Total</b>	<b>-43,810</b>	<b>-327,458</b>
<b>Total</b>	<b>547,288</b>	<b>591,098</b>

The provisions under this heading are described as follows:

#### 1.- Legal claims

The Company 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 Company and subsidiaries.

The following are the provisions for legal claims that might affect the Company:

- a) Nature of class of provision:** The Superintendence of Sanitation Services (SISS) has levied fines against 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 Company. The total of the demands presented amount to Th\$ 499,540.-, of which Th\$ 347,952 were paid before the demand procedures began.

**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 Company did not commit the breach and therefore that its appeals will be accepted.

- b) Nature of class of provision:** The Superintendence of Sanitation Services initiated proceedings to sanction Aguas Andinas S.A. with respect to overflows of waste waters due to an obstruction of Aguas Andinas' 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.

- c) **Nature of class of provision:** The Superintendence of Sanitation Services initiated two sanction proceedings against Aguas Andinas S.A. concerning alleged breaches of Law 18,902, article 11, letters a) b) & c), as a result of water cuts produced by ruptures in the water main in the districts of Puente Alto and Macul.

**Timetable foreseen for release of class of provision:** Undetermined.

**Uncertainties about the timing and amount of a class of provision:** The fine proceeding initiated against Aguas Andinas S.A. determines an amount of 101 UTA adjusted. The fine was paid prior to claim. A sentence was issued reducing the fine to 81 UTA, with both parties appealing the case, which resolution is pending. In accordance to the status of the case, is not possible to estimate the result.

- d) **Nature of class of provision:** The Metropolitan COREMA (regional environmental authority) applied a fine of 500 UTM through Resolution N° 177/2004 of May 28, 2004 for the alleged infringement of the Resolution of Environmental Qualification for the La Farfana Wastewater 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.

- e) **Nature of class of provision:** CONAMA (formerly the national environmental authority) applied a fine of 300 UTM through Resolution N°069/2005 of February 17, 2005, for alleged infringement caused by foul odors originating from the La Farfana Wastewater Treatment Plant for the removal of sludge from the drying field.

**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. Currently, notification of the sentence in the first instance is pending, rejecting the appeal made by the company.

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

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

**Uncertainties about the timing and amount of a class of provision:** 10% of the fine has been paid in order to bring a challenge to the courts. A final sentence was given rejecting the challenge, and an appeal was 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.

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



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

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

## **2.- Other provisions, non-current**

These relate basically to a transaction on July 10, 2007, signed before the Notary of Mrs. María Gloria Acharan Toledo, between Aguas Cordillera S.A. and property developers by which, should Aguas Cordillera S.A. abandon and sell the land transferred to it in the future, 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, which claims that the Company breached the supply contract and the terms of the water production and distribution concession, by delivering bad quality water, not providing water and not informing them of supply cuts in a timely manner, on January 21 and 22, and on 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 Andinas appealed against the "in fact" appeal by CONADECUS. Subsequently, on January 2 of the current year, the trial court annulled the resolution that declared the appeal untimely, declaring it inadmissible. Aguas Andinas appealed in fact against this decision, which the Santiago Court of Appeals rejected and accepted the appeal of CONADECUS, declaring the application admissible and ordered the process to continue. Interlocutory judgment was delivered, but notification has not been sent.
- 2.- There is a demand for compensation for damages against Aguas Andinas S.A. with respect to bad odors from the El Trebal Wastewater Treatment Plant. The lawyer Bertolone, representing 314 residents of the district of El Trebal, which adjoins the sewage plant, alleges moral damages produced by odors coming from the plant, plus other environmental damages. The demands amount to a total of Th\$10,990,000, plus interest, adjustments and costs. The claim was rejected in its entirety by judgment of the trial court level, which the applicant appealed to the Santiago Court of Appeals. On appeal the judgment of the first sentence was confirmed, accrediting there was no existence of a harm that signifies Aguas Andinas is responsible, denying the action in its entirety. The applicant filed an appeal on the merits against the judgment of the second court, which is pending.
- 3.- 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 Th\$1,093,564.- Currently the parties have been called to a conciliation hearing, which has yet to issue a verdict.

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



## 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 to other institutions, for Th\$36,252,092 as of December 31, 2015 and Th\$35,051,026 as of December 31, 2014 respectively.





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

Creditor of the Guarantee	Name Debtor	Type of Guarantee	12-31-2015 Th\$	12-31-2014 Th\$
Asociación Canal Sociedad Maipo	Aguas Andinas S.A.	Performance Bond	7,270,918	6,962,028
Aguas del Valle S.A.	Aguas Andinas S.A.	Performance Bond	51,258	0
Constructora San Francisco	Aguas Andinas S.A.	Performance Bond	15,377	190,860
Dirección de Obras Hidráulica	Aguas Andinas S.A.	Performance Bond	607,007	439,132
Eskal S.A.	Aguas Andinas S.A.	Performance Bond	102,516	0
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance Bond	16,915	376,745
Ministerio de Obras Públicas - Dirección General de Aguas	Aguas Andinas S.A.	Performance Bond	0	369,628
Municipalidad de Calera de Tango	Aguas Andinas S.A.	Performance Bond	12,702	25,403
Municipalidad de La Florida	Aguas Andinas S.A.	Performance Bond	432,510	412,430
Municipalidad de La Pintana	Aguas Andinas S.A.	Performance Bond	20,678	57,903
Municipalidad de Las Condes	Aguas Andinas S.A.	Performance Bond	10,000	10,000
Municipalidad de Macul	Aguas Andinas S.A.	Performance Bond	8,996	17,288
Municipalidad de Melipilla	Aguas Andinas S.A.	Performance Bond	0	63,363
Municipalidad de Peñalolen	Aguas Andinas S.A.	Performance Bond	41,617	0
Municipalidad de Providencia	Aguas Andinas S.A.	Performance Bond	52,745	101,365
Municipalidad de San Joaquín	Aguas Andinas S.A.	Performance Bond	9,534	11,304
Municipalidad de Santiago	Aguas Andinas S.A.	Performance Bond	23,835	22,903
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Andinas S.A.	Performance Bond	6,088,905	6,374,779
Superintendencia de Servicios Sanitarios	Aguas Andinas S.A.	Performance Bond	6,906,937	6,663,724
Tesorero Municipalidad de La Pintana	Aguas Andinas S.A.	Performance Bond	31,440	0
Asociación Canal de Maipo	Aguas Cordillera S.A.	Performance Bond	884,960	850,362
Superintendencia de Servicios Sanitarios	Aguas Cordillera S.A.	Performance Bond	2,304,773	535,713
Ministerio de Obras Públicas - Dirección General de Aguas	Aguas Cordillera S.A.	Performance Bond	381,412	366,501
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Cordillera S.A.	Performance Bond	845,760	406,347
Municipalidad de Vitacura	Aguas Cordillera S.A.	Performance Bond	51,258	49,254
Municipalidad de Las Condes	Aguas Cordillera S.A.	Performance Bond	173,000	30,000
Municipalidad Lo Barnechea	Aguas Cordillera S.A.	Performance Bond	12,815	12,314
Asociación Canal de Maipo	Aguas Manquehue S.A.	Performance Bond	1,160,877	956,587
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Manquehue S.A.	Performance Bond	0	701,899
Superintendencia de Servicios Sanitarios	Aguas Manquehue S.A.	Performance Bond	1,075,063	689,189
Municipalidad de Vitacura	Aguas Manquehue S.A.	Performance Bond	10,252	9,851
Servicio de Vivienda y Urbanismo	Gestión y Servicios S.A.	Performance Bond	2,408,203	2,314,053
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance Bond	33,222	18,470
Municipalidad de Vitacura	Gestión y Servicios S.A.	Performance Bond	0	535,713
Corporación Nacional del Cobre	Anam S.A.	Performance Bond	16,646	0
Empresa Servicios Sanitarios del BioBio S.A.	Anam S.A.	Performance Bond	34,599	279,827
Siderúrgica Huachipato	Anam S.A.	Performance Bond	51,258	49,254
Compañía Cervecerías Unidas S.A.	Anam S.A.	Performance Bond	0	37,662
Compañía Minera Doña Inés de Collahuasi	Anam S.A.	Performance Bond	14,598	14,598
Director de Obras Hidráulicas	Essal S.A.	Performance Bond	1,491,677	901,552
Servicio de Vivienda y Urbanismo	Essal S.A.	Performance Bond	150,239	21,230
Director General del Territorio Marítimo y de Marina Mercante	Essal S.A.	Performance Bond	11,281	13,350
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance Bond	166,503	147,681
Director de Vialidad	Essal S.A.	Performance Bond	80,845	24,627
Superintendencia de Servicios Sanitarios	Essal S.A.	Insurance Policy	2,399,825	3,779,890

## b) Bond issue restrictions

### i) Aguas Andinas S.A.

The Company maintains restrictions and obligations related to bond issues made on the national market, as follows:

1.- Send a copy of the consolidated financial statements to the representative of the Bondholders, and send both the quarterly and the audited annual statements to the Company Subsidiaries registered with the SVS, within the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.

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



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

4.- The Company is obligated 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 in the Issuer's Financial Statements, 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. For all, the aforementioned limit will be adjusted up to a maximum of 2 times.

For these purposes the Debt Ratio is defined as the ratio of Total Liabilities to Total Equity. Total Liabilities are defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities in the Issuer's Financial Statements.

For purposes of determining the aforementioned index, Liabilities include the amount of all joint or several guarantees, simple or joint bonds, joint assumption of debt or other guarantees, personal or real, 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 sanitation 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 Issuer's Financial Statements.

As of December 31, 2015, the abovementioned accounts are as follows (Th\$):

Total current liabilities	232,407,312
Total non-current liabilities	787,200,069
<b>Total IFRS liabilities</b>	<b>1,019,607,381</b>
Guarantees with Third Parties (*)	250,275
<b>Total liabilities</b>	<b>1,019,857,656</b>
Total assets	1,691,197,848
Total current liabilities	-232,407,312
Total non-current liabilities	-787,200,069
<b>Patrimonio neto total</b>	<b>671,590,467</b>

The debt ratio was 1.52 times, as of December 31, 2014.

\* The amount of all joint or several guarantees, simple or joint bonds, joint assumption of debt or other guarantees, personal or real, 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 sanitation legislation and execution of works in public spaces.

The variation in the Debt Level as of December 31, 2015 was the following:

IPC Base 2009			Covenant	
31-12-2009	12-31-2015	Accumulated inflation	Base	Limit
90.28	110.87	22.80%	1.5	1.84



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

The Company is in compliance with all the covenants established in the bond indentures as of December 31, 2015 and December 31, 2014.

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

The company has restrictions and obligations relating to bond issues made on the national 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.- Register in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements.

3.- Maintain insurance to reasonably protect its assets in line with usual practices for industries of the Company'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 December 31, 2015, the debt ratio was 1.03:1.

6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5:1. As of December 31, 2015, the ratio was 8.79:1.

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

The Company is in compliance with all obligations established in the bond indentures as of December 31, 2015 and December 31, 2014.

## **c) Bank loan restrictions**

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

The Company has covenants and restrictions for obtaining loan agreements with various national banks, as follows:

1.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and unconsolidated balance sheets. Notwithstanding the above, the previous limit shall be adjusted according to the ratio between the Consumer Price Index for the month in which the debt level and the consumer price index in December 2009 is calculated. In any case the limit shall be adjusted up to a maximum level of 2.0:1. To this end, the level of indebtedness shall be defined as the ratio of total debt to assets. As of December 31, 2015 the debt level amounted to 1.52 times.

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



- 3.- Send a copy of the individual and consolidated financial statements and both the quarterly and the audited annual statements to the different banks with which the Company has loans, within no more than five days of their presentation to the SVS.
- 4.- Record in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements.
- 5.- Maintain insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the Company's kind.
- 6.- Send a certificate signed by the Company's Chief Executive Officer [P8]declaring compliance with the obligations under the loan agreement.
- 7.- Prohibition on distribution of dividends, except for the obligatory minimum if there is a situation of default or delay in the payment of any loan installment.
- 8.- Maintain a financial expense coverage ratio of at least 3:1, measured on the figures in its consolidated and unconsolidated statements of financial position, defined as the ratio between operating income plus depreciation for the period and amortization of intangible assets divided by financial expenses.
- 9.- Prohibition on liquidating or dissolving the Company, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present subsidiaries.
- 10.- Ensure that transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

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

The Company has covenants and restrictions for obtaining loan agreements with a national bank, as follows:

- 1.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and unconsolidated balance sheets. Notwithstanding the above, the previous limit shall be adjusted according to the ratio between the Consumer Price Index for the month in which the debt level and the consumer price index in December 2009 is calculated. In any case the limit shall be adjusted up to a maximum level of 2.0:1. To this end, the level of indebtedness shall be defined as the ratio of total debt to assets. As of December 31, 2015 the debt level amounted to 0.50 times.
- 2.- Maintain a coverage ratio of financial expenses equal to or more than 3.0:1, measured on its annual consolidated balance sheet, defined as the ratio between operating income plus depreciation and amortization of intangibles divided by financial expenses. As of December 31, 2015, the coverage of financial expenses amounted to 17.99 times.
- 3.- Send the bank a copy of the debtor's annual consolidated financial statements, within no more than thirty days of their presentation to the Superintendence of Securities and Insurance.
- 4.- Send a certificate signed by the Company's Chief Executive Officer [P9]declaring compliance with the obligations under the loan agreement.
- 5.- Maintain in full force all rights, licenses, permits, trademarks, franchises, concessions or relevant parts thereof.
- 6.- Maintain insurance coverage to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the Company's kind.



7.- Undertake to ensure that its transactions with its subsidiary or other related parties are made on equitable conditions similar to those normally prevailing in the market.

### iii) Essal S.A.

The Subsidiary has obligations arising from the obtaining of a loan with a national bank, which does not have commitments of financial indices or associated restrictions.

As of December 31, 2015, the Company and its sanitation subsidiaries are in compliance with all requirements established in the loan agreements with accrediting Banks, as well as with all the provisions of DFL. N° 382 of the General Sanitation Services Law of 1988, and its Regulations (D.S. MOP N°1199/2004 published in November 2005).

### d) Guarantees received from third parties

As of December 31, 2015 and December 31, 2014, the Company has received documents in guarantee for Th\$60.160.786 and Th\$45,423,369 respectively, arising mainly from work 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 December 31, 2015 is summarized below:

Contractor or Supplier	12-31-2015 Th\$	Maturity Date
Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	13,297,501	07-30-18
Degremont S.A. Agencia en Chile	6,702,494	03-01-17
Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	4,978,441	12-31-17
Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	4,342,747	06-01-17
Degremont S.A. Agencia en Chile	3,754,918	01-30-17
Ingeniería y Construcción Sigdo Koppers S.A.	2,472,343	11-30-16
Sociedad Concesionaria Costanera Norte S.A.	640,727	06-30-16
Compañía de Petróleos de Chile S.A.	430,949	03-15-16
Bapa S.A.	429,774	01-25-16
Sociedad Concesionaria Costanera Norte S.A.	384,436	11-02-16
Aqualogy Medioambiente Chile S.A.	384,231	09-01-16
Inmobiliaria y Comercial Quilicura Ltda.	358,807	10-28-20
Inmobiliaria La Reserva Ltda.	301,449	08-31-16
Costanera Center S.A.	273,642	05-10-16
Aqualogy Development Network S.A.	272,232	07-30-16
KDM S.A.	256,291	07-01-16
Ingeniería y Construcción Sigdo Koppers S.A.	256,291	12-31-16
Ingeniería y Construcción Sigdo Koppers S.A.	256,291	12-31-16
Ingeniería y Construcción Sigdo Koppers S.A.	256,291	12-31-16
Ingeniería y Construcción Sigdo Koppers S.A.	256,291	12-31-16
Ingeniería y Construcción Sigdo Koppers S.A.	256,291	12-31-16
Ingeniería y Construcción Sigdo Koppers S.A.	256,291	12-31-16
Ingeniería y Construcción Sigdo Koppers S.A.	256,291	12-31-16
Ingeniería y Construcción Sigdo Koppers S.A.	256,291	12-31-16
Ingeniería y Construcción Sigdo Koppers S.A.	256,291	12-31-16
Chilectra S.A.	256,291	08-01-16
Chilectra S.A.	256,291	07-14-16
Constructora Salfa S.A.	230,662	11-02-16
Inmobiliaria Nueva Tarapacá S.A.	230,662	09-01-16
Constructora Pérez y Gómez Ltda.	217,386	04-30-17
Inmobiliaria Monte Aconcagua S.A.	205,033	11-16-16
Sociedad Concesionaria Costanera Norte S.A.	256,291	02-18-16
Dalco Ingeniería Ltda.	200,599	12-26-16
Aqualogy Medioambiente Chile S.A.	239,965	11-21-16
Ingeniería y Construcción Caiquen Ltda.	104,177	05-29-17
<b>Total</b>	<b>43,784,958</b>	



## Note 17. ORDINARY REVENUE

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

Classes of ordinary revenue	12-31-2015 Th\$	12-31-2014 Th\$
<b>Ordinary revenues</b>		
Sales of goods	8,606,117	8,308,462
Provision of services	464,664,266	431,565,719
Reimbursement of insurance	126,322	859,991
<b>Totals</b>	<b>473,396,705</b>	<b>440,734,172</b>

## Note 18. LEASES

### Information to disclose about operational leases as lessor

Included under this heading are certain installations where mainly Commercial Agencies operate.

Future minimum payments of non-cancellable leases, lessees	12-31-2015 Th\$	12-31-2014 Th\$
Future minimum payments of non-cancellable leases, until one year, lessees	2,024,359	1,770,654
Future minimum payments of non-cancellable leases, 1 to 5 years, lessees	4,787,536	4,377,752
<b>Future minimum payments of non-cancellable leases, lessees, total</b>	<b>6,811,895</b>	<b>6,148,406</b>
Minimum lease payments under operative leases	4,170,731	3,450,029
<b>Lease &amp; Sub-lease installments booked in statement of results, total</b>	<b>4,170,731</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:

Agreements are automatically renewed for one year.



## Disclosures of operative leases as lessors:

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

Future minimum non-cancellable lease receivables, lessors	12-31-2015 Th\$	12-31-2014 Th\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	380,398	244,538
Amount of leases booked in statement of results	656,448	649,171
<b>Total</b>	<b>1,036,846</b>	<b>893,709</b>

## Significant operative lease agreements of the lessor

Revenues from these sources is immaterial for the Company.

## 19. EMPLOYEE BENEFITS

The Company, at the consolidated level, has a workforce of 1,949 employees, of whom 75 are Managers and senior executives. Employees who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,507 and 70 respectively, while 371 workers are covered by what is indicated in the Labor Code.

The collective agreement in effect for the employees and operatives Unions N° 1 and 2 was signed on July 31, 2014, for a four year term.

The collective agreement with the Professionals and Technicians Union No.3 was signed on September 24, 2015, and is in effect until July 31, 2018.

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 with Unions of the Essal S.A. subsidiary were signed on December 31, 2013 and expire on 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 consolidated financial statements, the actuarial valuation calculation is applied for years of service.



## 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 19R 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 Essal S.A. subsidiary, 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.: 891, Aguas Cordillera S.A.: 101, Aguas Manquehue S.A.: 17, and Essal S.A. 300.

**Mortality:** The RV-2009 mortality tables of the Superintendence of Securities and Insurance are used.

**Employee turnover and disability rates and early retirements:** Based on the Group's statistical experience, the turnover rate used is 5.5% (five point five percent) for the period 2015 and for the period ending December 31, 2014, 6.6% (six point six) for the objective workers. Disabled workers and early retirements have not been considered due to their infrequent nature.

**Discount rate:** During the 2015 period, 4.7% (four point seven percent) and during the 2014 period a rate of 5.2% was used, corresponding to the risk-free rate, plus the estimate of expected long-term inflation.

**Inflation rate:** For making long-term estimates for both the 2015 and 2014 periods, the forecast long-term inflation rate reported by the Central Bank of Chile was used, which amounts to 3.0%.

**Wage increase rate:** The rate uses for the 2015 and 2014 periods was 6.0%.

## General description of defined benefits plans

The following benefits are in addition to those indicated in Note 2.2, letter 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 an employee who retires from the Company in accordance with numbers 2, 4 or 5 of article 159, number 1 letter a or number 6 of article 160 of the Labor Code, the employee will be paid as an indemnity the accumulated amount for this concept through 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. In terms of the non-sanitation companies, that is Gestión y Servicios S.A., Ecoriles S.A., Anam S.A. and Aguas del Maipo S.A., the provisions of the Labor Code are applied, except for when individual contracts indicate otherwise.

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

**The following is the movement in actuarial provisions as of December 31, 2015 and December 31, 2014, which include movements in provisions:**



- (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 compatible with and in addition to any other legal or conventional compensation.

In the financial situation statement these balances can be found in the following areas:

Provisions for employee benefits	12-31-2015	12-31-2014
	Th\$	Th\$
Provisions for employee benefits, current	5,484,815	4,310,289
Provisions for employee benefits, non-current	13,957,804	11,982,471
<b>Total</b>	<b>19,442,619</b>	<b>16,292,760</b>

### Expected payment flows

The collective Contract of Aguas Andinas S.A. indicates, in its 15th clause, that for workers who resign voluntarily to be entitled to retirement, they 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 paid to workers who resign voluntarily on reaching the legal retirement age.

In 2015 the Company began a program that incentivizes voluntary retirement of our employees that are approaching the legal retirement age.

According to the mentioned benefits plans, the following are the flows for the following periods:

Company	Number of employees	Expected payment flow Th\$	Year
A.Andinas S.A.	10	678,603	2016
A.Cordillera S.A.	5	253,691	2016
A Manquehue S.A.	1	54,605	2016
ESSAL S.A.	3	18,094	2016
		<b>1,004,993</b>	

### Projected liabilities to December 31, 2016

To calculate the projected liabilities for indemnities at actuarial value to December 2016, as indicated in IAS 19, the actuarial assumptions at December 31, 2015 have been used, already commented in this note. Only the amount of the legal bonus has been increased, in line with the minimum wage established in July of 2015.



The following is the summary by company:

Company	Number of employees	Costs per services Th\$	Costs per interests Th\$
A.Andinas S.A.	891	1,521,825	562,874
A.Cordillera S.A.	101	183,789	65,563
A Manquehue S.A.	17	39,026	13,921
ESSAL S.A.	300	58,784	14,926
Gestión y Servicios S.A.	1	293	106
		<b>1,803,717</b>	<b>657,390</b>



## Sensitivity of assumptions

The sensitivity of the main assumptions has been made based on the actuarial calculation as of December 31, 2015, determining the following impacts:

Concept	Base	More than 0.5% Th\$	Less than 0.5% Th\$
Discount rate	4.7%	-877,098	285,427
Turnover rate	5.5%	-1,151,028	1,335,742
Rate of wage increases	6.0%	211,210	-814,241

## Disclosures on benefits on termination of the contractual relationship

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

## Profit sharing and bonuses

This relates to the Company's obligation with its personnel with respect to profit-sharing bonuses payable in February and March of the following year. The accrued participation payable to personnel, as stipulated in current contracts, is settled during February on the basis of the statement of financial position for the immediately-preceding year. In the 2015 and 2014 periods, the amounts are Th\$3,821,537 and Th\$3,417,191, respectively. In addition, advances are made against this bonus in the months of March, June, September and December of each calendar year.

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

## Personnel expenses

Personnel expenses through December 31, 2015 and December 31, 2014 are as follows:

Personnel expenses	12-31-2015 Th\$	12-31-2014 Th\$
Wages and salaries	-29,890,906	-27,767,623
Defined benefits	-13,182,332	-11,667,902
Termination benefits	-5,554,988	-3,669,581
Other personnel expenses	-2,060,723	-2,226,339
<b>Total</b>	<b>-50,688,949</b>	<b>-45,331,445</b>



## Note 20. EFFECT OF EXCHANGE DIFFERENCES

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

Category	Currency	12-31-2015 Th\$	12-31-2014 Th\$
Trade debts and other accounts receivable	EUR	-367	-600
Trade debts and other accounts receivable	USD	625	-8,703
Other financial assets	USD	-921	0
Other financial assets	EUR	0	0
<b>Total variation in assets</b>		<b>-663</b>	<b>-9,303</b>
Trade debts and other accounts payable	EUR	-3,847	-27,432
Trade debts and other accounts payable	USD	-9,666	2,835
Accounts payable related entities	EUR	672	-29
<b>Total variation in liabilities</b>		<b>-12,841</b>	<b>-24,626</b>
<b>Profits (losses) from exchange differences</b>		<b>-13,504</b>	<b>-33,929</b>

## Note 21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	12-31-2015 Th\$	12-31-2014 Th\$
Treatment plant operation	-29,030,858	-28,207,375
Commercial services	-16,526,101	-13,530,573
Insurance, taxation, licenses & permits	-5,628,232	-6,014,972
Maintenance of networks, equipment & enclosures	-25,341,863	-19,484,782
Supplies and basic services	-12,200,652	-10,055,313
Other expenses	-14,002,773	-14,181,314
<b>Total</b>	<b>-102,730,479</b>	<b>-91,474,329</b>



## Note 22. CAPITALIZED FINANCING COSTS

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

### Disclosures on capitalized interest costs:

Capitalized interest costs, property, plant and equipment		12-31-2015	12-31-2014
Rate of capitalization of interest costs, property, plant and equipment	%	8.11	7.23
Amount of capitalized interest, property, plant and equipment	Th\$	2,828,843	2,429,963

## Note 23. INCOME TAXES AND DEFERRED TAXES

As established in IAS 12, the following shows the net position of deferred tax assets and liabilities, determined by each individual Company and shown in the consolidated statement of financial position adding each position:

Statements of financial position	12-31-2015 Th\$	12-31-2014 Th\$
Deferred tax assets	17,111,377	12,254,100
Deferred tax liabilities	-40,336,291	-42,486,184
<b>Net position of deferred tax</b>	<b>-23,224,914</b>	<b>-30,232,084</b>

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

### Disclosures on deferred tax assets

Deferred tax assets	12-31-2015 Th\$	12-31-2014 Th\$
Water rights (amortization)	429,019	374,168
Provision for non-recoverable accounts	8,497,249	9,245,101
Provision for vacations	503,849	456,756
Litigation	181,956	740,986
Termination benefits	3,375,320	2,560,456
Other provisions	308,623	108,172
Revenue received in advance	18,587	9,188
Variation monetary correction & depreciation assets	66,207,361	59,936,509
Deferred income	1,969,571	1,969,571
La Dehesa Tank Transaction	361,724	347,582
Amortization	50,552	292,413
Others	813,495	708,622
<b>Deferred tax assets</b>	<b>82,717,306</b>	<b>76,749,524</b>



## Disclosures on deferred tax liabilities

Deferred tax liabilities	12-31-2015 Th\$	12-31-2014 Th\$
Fixed asset depreciation	22,479,474	22,310,547
Amortizations	448,077	463,889
Expense investment related companies	114,266	114,266
Reevaluations of land	22,669,870	22,669,870
Reevaluations of water rights	45,611,780	45,611,780
Fair value of assets for purchase of Essal S.A.	14,569,528	15,754,843
Others	49,225	56,413
<b>Deferred tax liabilities</b>	<b>105,942,220</b>	<b>106,981,608</b>

<b>Net position of deferred tax</b>	<b>-23,224,914</b>	<b>-30,232,084</b>
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On September 29, 2014 Law N° 20,780 was published, which establishes a permanent change to the 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 N°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 and in December 31, 2014 amounted to Th\$9,462,013 (including impacts on owners of the controller and minority owners), the main impact being on the revaluation of property, plant and equipment and intangibles.

## Movements in deferred tax liabilities

Movement in deferred tax liabilities	12-31-2015 Th\$	12-31-2014 Th\$
<b>Deferred tax liabilities, initial balance</b>	<b>106,981,608</b>	<b>81,924,286</b>
Increases (decreases) in deferred tax liabilities	145,927	22,618,349
Increases (decreases) in acquisitions through combinations of businesses	-1,185,315	2,438,973
<b>Changes in deferred tax liabilities</b>	<b>-1,039,388</b>	<b>25,057,322</b>
<b>Changes in deferred tax liabilities, total</b>	<b>105,942,220</b>	<b>106,981,608</b>



## Revenues tax expenses

Revenues (charges) for income taxes by current and deferred parts	12-31-2015 Th\$	12-31-2014 Th\$
Charge for current income taxes	-40,213,001	-37,554,308
Adjustment for tax charge previous period	58,154	64,288
<b>Charge for current taxes</b>	<b>-40,154,847</b>	<b>-37,490,020</b>
Lost tax benefits	0	0
Deferred income (expenses) for taxes related to creation & reversal of timing differences	6,552,900	12,620,511
Charge for sole tax (disallowed expenses)	-81,777	-175,665
<b>Earnings (charges) for other taxes</b>	<b>6,471,123</b>	<b>12,444,846</b>
<b>Charges for earnings taxes</b>	<b>-33,683,724</b>	<b>-25,045,174</b>

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

	12-31-2015 Th\$	12-31-2014 Th\$
<b>Charges for taxes using the statutory rate</b>	<b>-37,432,706</b>	<b>-31,102,193</b>
Permanent difference for monetary correction tax equity	0	5,009,142
Permanent differences for disallowed expenses	-81,777	-175,665
Permanent differences for previous years' income tax	58,154	64,288
Other permanent differences	23,612	1,159,254
<b>Adjustments to tax charge using the statutory rate</b>	<b>3,748,982</b>	<b>6,057,019</b>
<b>Tax charges using the effective rate</b>	<b>-33,683,724</b>	<b>-25,045,174</b>





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

	12-31-2015	12-31-2014
Statutory tax rate	22.50%	21.00%
Permanent difference for monetary correction of tax equity	-2.25%	-3.38%
Effect of rate change in deferred taxes	0.00%	0.00%
Permanent difference for disallowed expenses	0.05%	0.12%
Permanent difference for previous years' income tax	-0.03%	-0.04%
Other permanent differences	-0.02%	-0.79%
<b>Effective tax rate</b>	<b>20.25%</b>	<b>16.91%</b>

## Note 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.

Earnings per share		12-31-2015	12-31-2014
Earnings attributable to shareholders in equity of the controller	Th\$	129,008,145	119,422,474
Results available to common shareholders, basic	Th\$	129,008,145	119,422,474
Weighted average of number of shares, basic		6,118,965,160	6,118,965,160
<b>Earnings per share</b>	<b>\$</b>	<b>21.083</b>	<b>19.517</b>

## Information to report on diluted earnings (losses) per share

The Company has not carried out any type of transaction with a potential diluting effect that suggests diluted earnings per share would be different from basic earnings per share.

## Note 25. BUSINESS SEGMENTS

The Group discloses information by segment in accordance with IFRS N°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 making 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).



## Description of types of products and services that provide normal revenues of each segment reported.

The Water segment consists only of sanitation services that permit the provision of products and production services, water distribution, and sewage collection and treatment. 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 (Riles), 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, liabilities and equity.

General information on results	12-31-2015		12-31-2014	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-Water Th\$
Revenues from ordinary activities with external customers	447,576,149	25,820,556	416,403,600	24,330,572
Revenues from ordinary activities between segments	263,415	3,763,794	1,084,802	3,471,186
Operating expenses	-171,413,136	-24,340,971	-148,454,180	-23,198,994
Depreciation & amortization	-67,805,175	-593,464	-65,708,495	-516,717
Other revenue & expenses	841,910	114,260	413,031	1,455
Financial income	6,070,710	590,052	4,799,254	588,118
Financial costs	-27,942,698	-40,650	-30,805,192	-17,103
Result of indexation & exchange differences	-26,552,974	15,803	-34,297,040	11,383
Revenues tax charges	-32,617,823	-1,065,900	-24,241,837	-803,335
<b>Earnings by segment</b>	<b>128,420,378</b>	<b>4,263,480</b>	<b>119,193,943</b>	<b>3,866,565</b>
<b>Earnings by segment attributable to owners of the controller</b>	<b>124,744,665</b>	<b>4,263,480</b>	<b>115,555,909</b>	<b>3,866,565</b>
Earnings (losses) by segment attributable to non-controller participations	3,675,713	0	3,638,034	0

Total on information about assets, liabilities & equity	12-31-2015		12-31-2014	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-Water Th\$
Current assets	139,417,111	14,460,517	113,014,717	16,881,894
Non-current assets	1,529,251,479	14,624,249	1,468,639,445	10,804,367
<b>Total assets</b>	<b>1,668,668,590</b>	<b>29,084,766</b>	<b>1,581,654,162</b>	<b>27,686,261</b>
Current liabilities	230,256,110	8,706,710	173,601,032	5,773,341
Non-current liabilities	787,106,299	93,772	763,457,626	110,653
Equity attributable to owners of the controller	596,911,692	20,284,284	588,961,352	21,802,267
Non-controller participations	54,394,490	0	55,634,152	0
<b>Total equity &amp; liabilities</b>	<b>1,668,668,591</b>	<b>29,084,766</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 relevant sums in relation to expenses for depreciation, personnel and other assorted expenses, including relevant expenditures from outsourced services.

#### **Revenue**

The Company's Revenue is mainly generated by the regulated services relating to the production and distribution of water, 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 potable water and sewage water business, that is, income from the sale of water, excess consumption, variable charge, fixed charge, sewage service, sewer use and wastewater 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 N°70 of 1988.

The tariff levels are reviewed every five years and, during that period, are subject to additional adjustments linked to polynomial 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.

In 2015 the tariff negotiation processes ended for the 2015-2020 period; the decrees fixing the tariffs during the referenced five-year period for Aguas Andinas S.A., Aguas Cordillera S.A and Aguas Manquehue S.A, correspond to numbers 152-2015; 83-2015; and 139 2015 respectively. Additionally, N° 116 dated August 31, 2011 fixes the tariffs for Essal for the 2011-2016 period.



## **Non-water segment**

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

## **Details of significant expense items**

### **Water segment**

The significant expense items are mainly those related to compensation, energy, Wastewater Treatment Plant Operation, depreciation of real and personal property, interest expenses, and income tax payments.

### **Non-water segment**

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

## **Detailed explanation of measurement of results, assets, liabilities and equity of each segment**

The measurement applicable to these segments 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 nature 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, given that according to the standard, there are no accounting policies that show different criteria of assignment of costs or similar.



<b>Reconciliation of revenues from ordinary activities</b>	<b>12-31-2015</b>	<b>12-31-2014</b>
	<b>Th\$</b>	<b>Th\$</b>
Revenues from ordinary activities of the segments	477,423,914	445,290,160
Elimination of ordinary activity revenues between segments	-4,027,209	-4,555,988
<b>Revenues from ordinary activities</b>	<b>473,396,705</b>	<b>440,734,172</b>

<b>Reconciliation of earnings</b>	<b>12-31-2015</b>	<b>12-31-2014</b>
	<b>Th\$</b>	<b>Th\$</b>
Total consolidated earnings (losses) of segments	132,683,858	123,060,508
Consolidation of earnings (losses) between segments	-3,675,713	-3,638,036
<b>Consolidation of earnings (loss)</b>	<b>129,008,145</b>	<b>119,422,472</b>

<b>Reconciliations of segment assets, liabilities &amp; equity of segments</b>	<b>12-31-2015</b>	<b>12-31-2014</b>
	<b>Th\$</b>	<b>Th\$</b>
<b>Reconciliation of assets</b>		
Consolidation total assets of segments	1,697,753,356	1,609,340,423
Elimination of accounts between segments	-6,555,508	-2,868,797
<b>Total assets</b>	<b>1,691,197,848</b>	<b>1,606,471,626</b>
<b>Reconciliation of liabilities</b>		
Consolidation total liabilities of segments	1,026,162,891	942,942,652
Elimination of accounts between segments	-6,555,510	-2,868,797
<b>Total liabilities</b>	<b>1,019,607,381</b>	<b>940,073,855</b>
<b>Consolidation of equity</b>		
Consolidation of total equities of segments	617,195,977	610,763,619
<b>Equity attributable to owners of the controller</b>	<b>617,195,977</b>	<b>610,763,619</b>



## Information on principal customers of the subsidiaries:

Main water segment customers:

- |   |   |
|---|---|
| - I. Municipalidad de Puente Alto           | - Universidad de Chile                        |
| - I. Municipalidad de Santiago              | - Ministerio de Obras Públicas                |
| - I. Municipalidad de La Florida            | - Adm. Centro Comunitario Alto Las Condes S.A |
| - Centro de Detención Preventiva Santiago 1 | - Embotelladoras Chilenas Unidas S.A.         |
| - I. Municipalidad de Peñalolen             | - Cervecera CCU Chile Ltda.                   |

Main non-water segment Customers:

- |                                       |                                  |
|---------------------------------------|----------------------------------|
| - CMPC Cordillera S.A.                | - Soprole S.A.                   |
| - Cobra Chile Servicios S.A.          | - Cervecera CCU Chile Ltda.      |
| - Inmobiliaria y Cont. Nueva Pacifico | - Constructora Pérez y Gómez     |
| - Cartulinas CMPC S.A.                | - Nestle Chile S.A.              |
| - Watt's S.A.                         | - Cooperativa Agrícola y Lechera |

## 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 treatment of excess organic loads (Ecoriles S.A. subsidiary).
- Physical, chemical and biological analysis of water, air and solids (Anam S.A. subsidiary).
- Comprehensive Engineering Services and sale of products including tubes, valves, taps and other related items (Gestión y Servicios S.A. subsidiary).
- Energy projects (Aguas del Maipo S.A. subsidiary).



## Note 26. ENVIRONMENT

### Information on disbursements related to the environment:

According to Circular N° 1901 of October 30, 2008 of the Superintendence of Securities and Insurance, information is revealed below concerning the disbursements related to the environment.

The details of the disbursements related to the environment are included below:

#### Aguas Andinas S.A.

Project Name	12-31-2015 Th\$	12-31-2014 Th\$
Expansion and Improvements Greater Santiago WWTP	22,953,502	7,116,274
Expansion and Improvements Isla de Maipo WWTP	341,476	2,702,673
Expansion and Improvements Melipilla WWTP	0	20,310
Expansion and Improvements Other Localities WWTP	17,631	19,279
Expansion and Improvements San José de Maipo WWTP	4,500	38,290
Expansion and Improvements Til Til WWTP	0	37,836
Expansion and Improvements Valdivia de Paine WWTP	51,965	3,097
Farfana - Trebal Interceptor	52,229	22,276
Improvement and renovation of equipment and installations	1,207,737	1,172,646
<b>Totals</b>	<b>24,629,040</b>	<b>11,132,681</b>

#### Aguas Manquehue S.A.

Project Name	12-31-2015 Th\$	12-31-2014 Th\$
Improvement and renovation of equipment and installations	149,181	140,446
<b>Totals</b>	<b>149,181</b>	<b>140,446</b>

#### Essal S.A.

Project Name	12-31-2015 Th\$	12-31-2014 Th\$
Improvement in disposal infrastructure	195,620	178,067
Improvement of EDAR system	295,762	29,284
Renovation of treatment and disposal equipment	33,655	204,600
<b>Totals</b>	<b>525,037</b>	<b>411,951</b>



### Projected environmental investments for the 2016 period:

Company	Th\$
Aguas Andinas S.A.	26,375,475
Aguas Manquehue S.A.	57,480
Essal S.A.	818,007
<b>Total</b>	<b>27,250,962</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 of the projects mentioned form part of the cost of construction of the respective works.

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

The projected disbursements are estimated to be made during the 2016 year.

The Company 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.

## Note 27. EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

### Aguas Andinas S.A.

In an ordinary board meeting held on January 20, 2016, the Board of Directors learned of the resignation of Mr. Jordi Valls Riera of the position of Chief Executive Officer of the Company, which will become effective starting on March 1 2016. Mr. Valls, from the date indicated, will assume other functions outside of Chile, within the Suez Group.

For its part, the Board of Directors of the Company at the same meeting, agreed to appoint as Chief Executive Officer of the Company Mr. Narciso Berberana Saenz, who will take office from March 1st this year.

On January 27, 2016, the company successfully concluded the placement of corporate bonds totaling UF 3.0 million, equivalent to US \$107.2 million, resources which will be used to finance investments and refinance financial liabilities, according to its 2015-2020 strategic plan.

The issuance was performed by placing two series. The Z Series bonds, for a total of UF 1.0 million, structured to 7 years with a 3-year grace period, were placed at a rate of 2.15%, with a total demand of UF 3.6 million, which represented a spread of 97 basis points over the benchmark of 5 years.

The AA Series bonds, for a total of UF 2.0 million, structured to 24 years with a 22-year grace period, were placed at a rate of 3.29%, with a total demand of UF 3.2 million, which represented a spread of 147 basis points above the reference rate.

At the date of issuance of these Consolidated Financial Statements, the management of the Company and Subsidiaries are not aware of any other subsequent events that affect the financial position through December 31, 2015.

\* \* \* \* \*

