



Consolidated Financial Statements
For the periods ending
September 30, 2016 and 2015

AGUAS ANDINAS S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A. AND SUBSIDIARIES

This document contains the following:

Interim Consolidated Statements of Financial Position
Interim Consolidated Statements of Comprehensive Revenues by Nature
Interim Consolidated Statements of Direct Cash Flow
Interim Consolidated Statement of Changes in Equity
Explanatory Notes to the Interim consolidated financial statements

Interim Consolidated Statements of Financial Position

As of September 30, 2016 (unaudited) and December 31, 2015
(Thousands of pesos - Th\$)

ASSETS	Note	30-09-2016 Th\$	31-12-2015 Th\$
CURRENT ASSETS			
Cash & cash equivalents	7	13,454,543	32,953,529
Other current financial assets	8	12,756,139	0
Other non-financial assets		1,328,617	1,714,465
Trade debtors & other accounts receivable	8	86,859,809	99,965,706
Accounts receivable from related entities	9	2,185,114	5,224,620
Inventories	10	3,862,324	3,643,700
Tax assets		5,953,273	5,127,725
Total current assets other than assets or groups of assets for disposal classified as held for sale or held to be distributed to the owners		126,399,819	148,629,745
TOTAL CURRENT ASSETS		126,399,819	148,629,745
NON-CURRENT ASSETS			
Other financial assets	8	7,792,445	7,559,679
Other non-financial assets		883,340	816,605
Receivables	8	2,358,361	2,184,457
Intangible assets other than goodwill	11	228,697,666	230,527,689
Goodwill	12	36,233,012	36,233,012
Property, plant & equipment	13	1,263,804,474	1,248,135,284
Deferred tax assets	23	20,060,961	17,111,377
TOTAL NON-CURRENT ASSETS		1,559,830,259	1,542,568,103
TOTAL ASSETS		1,686,230,078	1,691,197,848

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

Interim Consolidated Statements of Financial Position
As of September 30, 2016 (unaudited) and December 31, 2015
(Thousands of Chilean pesos - Th\$)

EQUITY AND LIABILITIES	Note	30-09-2016	31-12-2015
		Th\$	Th\$
CURRENT LIABILITIES			
Other financial liabilities	8	44,518,194	75,672,328
Trade creditors & other accounts payable	8	52,282,779	92,538,326
Accounts payable to related entities	9	13,384,317	44,168,351
Other provisions	15	361,494	547,288
Tax liabilities		24,978	139,262
Provisions for employee benefits	19	3,436,415	5,484,815
Other non-financial liabilities		12,009,714	13,856,942
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		126,017,891	232,407,312
TOTAL CURRENT LIABILITIES		126,017,891	232,407,312
NON-CURRENT LIABILITIES			
Other financial liabilities	8	812,994,244	722,132,796
Other accounts payable	8	1,157,004	1,829,986
Other provisions	15	1,271,109	1,239,995
Deferred tax liabilities	23	38,789,762	40,336,291
Provisions for employee benefits	19	15,702,723	13,957,804
Other non-financial liabilities	8	8,529,636	7,703,197
TOTAL NON-CURRENT LIABILITIES		878,444,478	787,200,069
TOTAL LIABILITIES		1,004,462,369	1,019,607,381
EQUITY			
Issued capital	3	155,567,354	155,567,354
Accumulated earnings	3	314,643,694	303,530,135
Issuance premiums	3	164,064,038	164,064,038
Other equity participations	3	-5,965,550	-5,965,550
Equity attributable to owners of the controller		628,309,536	617,195,977
Non-controller participations	4	53,458,173	54,394,490
TOTAL EQUITY		681,767,709	671,590,467
TOTAL EQUITY & LIABILITIES		1,686,230,078	1,691,197,848

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

**Interim Comprehensive Revenues Statements by Consolidated Nature
As of September 30, 2016 and 2015 (unaudited)
(Thousands of Chilean pesos - Th\$)**

STATEMENT OF RESULTS BY NATURE	Note	30-09-2016 Th\$	30-09-2015 Th\$	01-07-2016 30-09-2016 Th\$	01-07-2015 30-09-2015 Th\$
Revenues from ordinary activities	17	360,447,410	346,684,672	110,177,749	103,394,242
Raw materials & consumables used		-24,794,056	-28,316,666	-7,470,156	-9,751,015
Employee benefit expenses	19	-38,648,447	-37,283,629	-12,831,809	-11,674,417
Charges for depreciation & amortization	11-13	-50,075,480	-51,217,150	-16,856,293	-17,310,356
Other expenses, by nature	21	-83,853,197	-76,365,962	-28,246,086	-25,303,067
Other (losses) gains	5	-13,007	154,627	-114,855	4,124
Financial income	5	5,139,344	4,317,776	1,362,741	1,325,933
Financial costs	5	-20,531,650	-21,120,321	-6,898,820	-7,127,253
Exchange differences	20	-10,929	-14,867	-17,748	-26,575
Results of indexation adjustments		-16,996,468	-18,195,152	-4,799,081	-9,216,781
Earnings before taxes		130,663,520	118,643,328	34,305,642	24,314,835
Charge for income taxes	23	-28,184,279	-23,522,192	-7,367,851	-4,103,584
Earnings from continuing operations		102,479,241	95,121,136	26,937,791	20,211,251
Earnings		102,479,241	95,121,136	26,937,791	20,211,251
Earnings attributable to:					
Owners of the controller		99,556,469	92,814,636	26,086,773	19,594,673
Earnings attributable to non-controller participations	4	2,922,772	2,306,500	851,018	616,578
Earnings		102,479,241	95,121,136	26,937,791	20,211,251
Earnings per share					
Basic earnings per share from continuing operations	24	16.270	15.168	4.26	3.20
Basic earnings per share		16.270	15.168	4.263	3.202

STATEMENT OF COMPREHENSIVE RESULTS	Note	30-09-2016 Th\$	30-09-2015 Th\$	01-07-2016 30-09-2016 Th\$	01-07-2015 30-09-2015 Th\$
Earnings		102,479,241	95,121,136	26,937,791	20,211,251
TOTAL COMPREHENSIVE RESULT		102,479,241	95,121,136	26,937,791	20,211,251
Comprehensive result attributable to					
Result attributable to owners of the controller		99,556,469	92,814,636	26,086,773	19,594,673
Result attributable to non-controller participations	4	2,922,772	2,306,500	851,018	616,578
Total comprehensive result		102,479,241	95,121,136	26,937,791	20,211,251

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

Consolidated Statements of Direct Cash Flows
As of September 30, 2016 and 2015 (unaudited)
(Thousands of Chilean pesos - Th\$)

Statement of direct cash flow	Note	30-09-2016 Th\$	30-09-2015 Th\$
Proceeds classes from operating activities		439,304,543	421,577,193
Proceeds of sales of goods & services		436,893,887	420,033,772
Proceeds of insurance claims & annuities		401,438	268,370
Other proceeds from operating activities		2,009,218	1,275,051
Payment classes from operating activities		-211,730,648	-202,584,450
Payments to suppliers of goods & services		-132,227,967	-122,050,162
Payments to & on behalf of employees		-39,692,927	-38,315,928
Payments of insurance premiums & other obligations		-579,521	-524,302
Other operating activity payments		-39,230,233	-41,694,058
Cash flow from (used in) operating activities		-47,922,725	-50,099,694
Interest paid		-16,056,142	-18,736,013
Interest received		1,361,653	560,845
Income taxes refunded (paid)		-31,168,678	-29,951,490
Other cash inflows (outflows)		-2,059,558	-1,973,036
Net cash flow from operating activities		179,651,170	168,893,049
Proceeds of sales of property, plant & equipment		282,248	143,720
Purchases of property, plant & equipment		-87,477,523	-65,307,112
Purchases of intangible assets		-776,255	-241,498
Interest received		153,519	482,578
Other cash inflows (outflows)		-3,820,405	-115,904
Net cash flow used in investment activities		-91,638,416	-65,038,216
Proceeds of long-term loans		96,978,475	58,814,320
Proceeds of short-term loans		412,752	893,179
Loan proceeds from financing activities		97,391,227	59,707,499
Loan repayments		-70,254,242	-40,917,737
Dividends paid		-134,648,725	-124,731,521
Net cash flow used in financing activities		-107,511,740	-105,941,759
Net increase (decrease) in cash & cash equivalents		-19,498,986	-2,086,926
Cash & cash equivalents at start of the period		32,953,529	26,202,154
Cash & cash equivalents at end of the period	7	13,454,543	24,115,228

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

Statement of Changes in Net Equity
As of September 30, 2016 and 2015 (unaudited)
(Thousands of Chilean pesos - Th\$)

Statement of changes in equity	Note	Issued Capital	Other participations in the equity	Book of earnings and losses on defined benefit plans	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Initial balance as of 01-01-2016		155,567,354	164,064,038	-5,965,550	303,530,135	617,195,977	54,394,490	671,590,467
Comprehensive result								
Earnings		0	0	0	99,556,469	99,556,469	2,922,772	102,479,241
Dividends	3	0	0	0	-88,442,910	-88,442,910	0	-88,442,910
Decrease in transfers and other changes	3 - 4	0	0	0	0	0	-3,859,089	-3,859,089
Total changes in equity		0	0	0	11,113,559	11,113,559	-936,317	10,177,242
Closing balance as of 30-09-2016	3-4	155,567,354	164,064,038	-5,965,550	314,643,694	628,309,536	53,458,173	681,767,709

Statement of changes in equity	Note	Issued Capital	Other participations in the equity	Book of earnings and losses on defined benefit plans	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Initial balance as of 01-01-2015		155,567,354	164,064,038	-5,965,550	297,097,777	610,763,619	55,634,152	666,397,771
Comprehensive result								
Earnings		0	0	0	92,814,636	92,814,636	2,306,500	95,121,136
Dividends	3	0	0	0	-80,566,577	-80,566,577	-3,189,169	-83,755,746
Decrease in transfers and other changes	3-4	0	0	0	0	0		0
Total changes in equity		0	0	0	12,248,059	12,248,059	-882,669	11,365,390
Closing balance as of 30-09-2015	3-4	155,567,354	164,064,038	-5,965,550	309,345,836	623,011,678	54,751,483	677,763,161

The accompanying notes 1 to 27 form an integral part of these interim 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 interim 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 interim 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 interim consolidated financial statements as of September 30, 2016 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 interim consolidated financial statements faithfully reflect the financial position of Aguas Andinas S.A. and subsidiaries as of September 30, 2016 and December 31, 2015, the results of operations, changes in net equity and cash flows for periods ended September 30, 2016 and 2015.

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 interim 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 interim 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 interim consolidated financial statements.

New accounting pronouncements

The following new standards and interpretations, as improvements and modifications to IFRS, have been issued, come into effect at the date of these financial statements and have been detailed below. The Company has applied these standards concluding that will not impact significantly the financial statements.



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

The standards and interpretations, as improvements and modifications to IFRS, have been issued, but will not come into effect at the date of these financial statements and have been detailed below. The Company has not applied these standards in advance.

New IFRS	Date of mandatory application
IFRS 9, Financial instruments, classification and measurement	Annual periods starting or after January 1, 2018
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2018
IFRS 16, Leases	Annual periods starting or after January 1, 2019

Improvements and modifications	Date of mandatory application
IAS 7, Statement of cash flows	Annual periods starting or after January 1, 2017
IAS 12, Income tax	Annual periods starting or after January 1, 2017
IFRS 2, Share-based payments	Annual periods starting or after January 1, 2018
IFRS 4, Insurance contracts	Annual periods starting or after January 1, 2018
IAS 28, Investments in Associates and Joint Ventures	Determined
IFRS 10, Consolidated Financial Statements	Determined

Responsibility for the information and estimates made

The information contained in these interim 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 November 29, 2016 approved these interim consolidated financial statements.

The interim consolidated financial statements of Aguas Andinas S.A. and Subsidiaries for the period 2015 were approved by the board at its meeting held on March 30, 2016.



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

A. Consolidation Basis

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



Tax ID	Company	Direct %	Indirect %	Total 2016 (%)	Direct %	Indirect %	Total 2015 (%)
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
Buildings	25
Plant & equipment	5
Computer equipment	4
Fixed installations & accessories	5
Motor vehicles	7
Improvements to leased assets	5
Other property, plant & equipment	5

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 2016 and 2015.

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.

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 September 30, 2016, 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:



Currency	30-09-2016 \$	31-12-2015 \$
US Dollar	658.02	710.16
Euro	738.77	774.61

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 September 30, 2016 and 2015.

During the years 2016 and 2015, 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 as of September 30, 2015, according to the following detail:

Reclassifications	Increase/Decrease Th\$
Statement of result by nature:	
Other (losses) revenues	1,413
Other expenses, by nature	-1,413

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 September 30, 2016, 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:

		30-09-2016	31-12-2015
Series A	Shares	5,811,030,417	5,811,029,417
Series B	Shares	307,934,743	307,935,743
Total		6,118,965,160	6,118,965,160

The capital as of September 30, 2016 and December 31, 2015 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 period ended in September 30, 2016, a dividend payment was agreed, according to the following:

- The Ordinary Shareholders' Meeting held on April 27, 2016 agreed to distribute 100% of net earnings for 2015 deducting the interim dividend paid in January 2016. Because of this, the dividend N°62 of the Company amounted to Th\$88,442,910 equivalent to \$14.4539 per share. This payment was payable from May 25, 2016 being entitled to 6,118,965,160 shares.

In the 2015 period, a dividend payment was agreed, according to the following:

- The Ordinary Shareholders' Meeting held on April 28, 2015 agreed to distribute 100% of net 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.

• 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 September 30, 2016 and December 31, 2015.



• 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 total balance of accumulated earnings as of September 30, 2016 and December 31, 2015 amounted to Th\$314,643,694 and Th\$303,530,135 respectively.

Additionally, as of December 31, 2015, 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 (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 September 30, 2016 and December 31, 2015 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 businesses combinations of companies under common control made in 2007 and 2008. The balance as of September 30, 2016 and December 31, 2015 amounted to 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 September 30, 2016 and 2015 are as follows:

Company	% Participation		Non-controller participations			
	30-09-2016	30-09-2015	Equity		Result	
	%	%	30-09-2016 Th\$	31-12-2015 Th\$	30-09-2016 Th\$	30-09-2015 Th\$
Aguas Cordillera S.A.	0.00997%	0.00997%	20,104	19,906	1,142	1,222
Essal S.A. (1)	46.49350%	46.49350%	53,438,069	54,374,584	2,921,630	2,305,278
Total			53,458,173	54,394,490	2,922,772	2,306,500

(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 amounted to Th\$5,572,085 as of September 30, 2016 and Th\$5,355,744 as of September 30, 2015.



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	30-09-2016	30-09-2015	01-07-2016	01-07-2015
	Th\$	Th\$	Th\$	Th\$
Gain on sale of non-current assets, not held for sale	113,237	132,344	44,569	4,100
Losses on replacement of property, plant and equipment	-139,584	-1,413	-135,966	0
Other losses	13,340	23,696	-23,458	24
Other earnings (losses)	-13,007	154,627	-114,855	4,124
Bank loans interest expenses	-3,602,993	-3,215,407	-1,176,943	-1,068,990
AFR interest expenses	-5,098,530	-4,621,624	-1,677,413	-1,599,797
Bond interest expense	-11,268,308	-12,578,537	-3,851,950	-4,162,182
Other interest costs	-423,528	-425,749	-159,666	-158,609
Amortization of loan agreement complementary costs	-138,291	-279,003	-32,848	-137,674
Financial costs	-20,531,650	-21,120,320	-6,898,820	-7,127,252
Interest income	3,966,002	3,526,445	938,732	1,060,723
Gain on redemption & extinction of debt	1,173,342	791,331	424,009	265,210
Financial income	5,139,344	4,317,776	1,362,741	1,325,933

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 September 30, 2016

30-09-2016	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	14,112,465	257,025,191	19,465,538	50,031,584	201,640,534
Aguas Manquehue S.A.	4,318,035	77,162,017	4,220,372	24,137,915	53,121,765
Inversiones Iberaguas Ltda.	18,291	66,328,283	18,220	0	66,328,354
Empresa de Servicios Sanitarios de Los Lagos S.A.	14,337,490	145,143,048	12,545,640	69,265,154	77,669,744
Ecoriles S.A.	4,842,446	397,010	1,950,609	0	3,288,847
Gestión y Servicios S.A.	5,989,544	299,444	1,794,111	39,444	4,455,433
Análisis Ambientales S.A.	2,104,223	5,460,237	3,092,916	0	4,471,544
Aguas del Maipo S.A.	364,073	8,376,112	104,088	75,357	8,560,740



Statement of comprehensive results of subsidiaries (Statement of Comprehensive Revenues) as of September 30, 2016

30-09-2016 Subsidiaries	Result for the period Th\$	Ordinary revenue Th\$	Operating expenses (-) Th\$	Other net expenses (-) / revenue (+) Th\$
Aguas Cordillera S.A.	11,452,050	38,576,096	-25,350,514	-1,773,532
Aguas Manquehue S.A.	1,496,875	7,986,020	-5,735,957	-753,188
Inversiones Iberaguas Ltda.	4,709,831	0	-11,157	4,720,988
Empresa de Servicios Sanitarios de Los Lagos S.A.	9,286,751	39,525,902	-24,479,319	-5,759,832
Ecoriles S.A.	1,346,535	9,408,147	-7,683,905	-377,707
Gestión y Servicios S.A.	256,504	6,379,522	-6,136,763	13,745
Análisis Ambientales S.A.	533,722	5,377,375	-4,615,222	-228,431
Aguas del Maipo S.A.	-523,915	-246,664	-402,148	124,897

Summary of Financial Position of Subsidiaries (Statement of Financial Situation) through December 31, 2015

31-12-2015 Subsidiaries	Current assets Th\$	Non-current assets Th\$	Current liabilities Th\$	Non-current liabilities Th\$	Equity 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	3,596,574
Aguas del Maipo S.A.	1,435,830	8,461,121	498,671	57,196	9,341,084

Summary of Financial Position of Subsidiaries (Statement of Comprehensive Revenues) as of September 30, 2015

30-09-2015 Subsidiaries	Result for the period Th\$	Ordinary revenue Th\$	Operating expenses (-) Th\$	Other net expenses (-) / revenue (+) Th\$
Aguas Cordillera S.A.	12,253,162	36,668,121	-23,894,280	-520,679
Aguas Manquehue S.A.	2,440,042	7,656,446	-4,494,779	-721,625
Inversiones Iberaguas Ltda.	4,132,127	0	-10,220	4,142,347
Empresa de Servicios Sanitarios de Los Lagos S.A.	8,020,343	36,312,221	-22,895,472	-5,396,406
Ecoriles S.A.	1,421,835	9,239,932	-7,469,270	-348,827
Gestión y Servicios S.A.	463,154	6,880,888	-6,323,202	-94,532
Análisis Ambientales S.A.	772,864	5,088,819	-4,178,439	-137,516
Aguas del Maipo S.A.	599,276	640,001	-417,894	377,169

Detail of significant subsidiaries



The definition of significant subsidiaries is based on their percentage participation in the operating results, their participation in fixed assets and results for the period with respect to the Consolidated Financial Statements. The following are considered to be significant subsidiaries:

Name of significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.
Chilean Tax ID	96.809.310-k	89.221.000-4	96.579.800-5
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%
Percentage of consolidated values			
Contribution margin	8.11%	1.38%	6.67%
Property, plant and equipment	7.95%	4.19%	10.90%
Net income for the period	10.02%	1.55%	3.38%

Note 7. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	30-09-2016 Th\$	31-12-2015 Th\$
Banks	4,159,543	2,398,261
Term deposits (see note 8.6)	7,525,000	30,555,268
Mutual Funds (see note 8.6)	1,770,000	0
Total	13,454,543	32,953,529

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 interim consolidated financial statements.

8.3 Classes of financial instruments

Below is presented a summary of the financial instruments through September 30, 2016 and December 31, 2015:



Classes of financial instruments	Currency	Note	30-09-2016 Th\$	31-12-2015 Th\$
Financial assets				
Other financial assets, current			12,756,139	0
Other financial assets, current	CLP	8.9	12,756,139	0
Total trade debtors and other accounts receivable, current			86,859,809	99,965,706
Trade debtors and other accounts receivable	CLP	8.5	86,847,653	99,873,291
Trade debtors and other accounts receivable	USD	8.5	985	38,609
Trade debtors and other accounts receivable	EUR	8.5	11,171	53,806
Information of related entities, current			2,185,114	5,224,620
Accounts receivable to related entities	CLP	9	2,185,114	5,224,620
Total current financial assets			101,801,062	105,190,326
Rights receivable	CLP	8.5	2,358,361	2,184,457
Other financial assets	CLP	8.10	7,792,445	7,559,679
Total financial assets, non-current			10,150,806	9,744,136
Financial liabilities				
Other financial liabilities, current			44,518,194	75,672,328
Bank loans	CLP	8.4	1,155,829	12,239,349
Bonds	CLP	8.4	21,509,869	53,648,065
Reimbursable financial contributions (AFR)	CLP	8.4	21,852,496	9,784,914
Other financial liabilities, non-current			812,994,244	722,132,796
Bank loans	CLP	8.4	94,019,210	87,519,209
Bonds	CLP	8.4	548,138,090	464,344,024
Reimbursable financial contributions (AFR)	CLP	8.4	170,836,944	170,269,563
Trade accounts and other payable accounts			52,282,779	92,538,326
Trade accounts and other payable accounts	CLP	8.7	51,528,994	92,408,737
Trade accounts and other payable accounts	USD	8.7	487,396	99,358
Trade accounts and other payable accounts	EUR	8.7	266,389	30,231
Information on related entities, current			13,384,317	44,168,351
Accounts receivable to related entities	CLP	9	13,384,317	44,168,351
Total current financial liabilities			65,667,096	136,706,677
Other payable accounts	CLP	8.7	1,157,004	1,829,986
Total non-current financial liabilities			1,157,004	1,829,986



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 September 30, 2016 and December 31, 2015 are as follows:

Reimbursable Financial Contributions, current portion

Registration No. or Identification of the Instrument	Currency indexation unit	Residual UF	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuing company	Issuer tax ID	Type of repayment	Secured (Yes/No)
			30-09-2016	31-12-2015							
		30-09-2016	Th\$	Th\$							
AFR	UF	495,833	13,271,360	4,930,519	4.46%	4.30%	Chile	AguasAndinas S.A.	61.808.000-5	At maturity	No
AFR	UF	304,421	8,207,559	4,787,277	5.12%	4.96%	Chile	AguasCordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	13,917	373,577	67,118	4.29%	4.21%	Chile	AguasManquehue S.A.	89.221.000-4	At maturity	No
Total		814,171	21,852,496	9,784,914							



Reimbursable Financial Contributions, non-current portion

Registrati on No. or Identificati on of the Instrument	Currency indexatio n unit	Residual UF	Book value		Maturity Date	Contra ct real interes t rate	Effect ive rate	Issuing company	Issuer tax ID	Type of repayment	Secured (Yes/No)
			30-09-2016	31-12-2015							
			Th\$	Th\$							
AFR	UF	4,597,664	121,702,697	120,888,266	30-09-2031	3.47%	3.37%	AguasAndinas S.A.	61.808.000-5	At maturity	No
AFR	UF	896,676	23,741,257	27,098,726	28-09-2031	3.41%	3.38%	AguasCordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	635,284	16,813,465	14,570,067	06-09-2031	3.31%	3.23%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	327,159	8,579,525	7,712,504	13-09-2031	3.59%	3.59%	Essal S.A	96.579.800-5	At maturity	No
Total		6,456,783	170,836,944	170,269,563							



The detail of bank loans as of September 30, 2016 and December 31, 2015 is as follows:

Total bank loans, current period

Debtor tax no.	61808.000-5	61808.000-5	96.809.310-K	96579800-5	96579800-5	96579800-5
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile
Creditor tax ID	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-7	97.004.000-7	97.006.000-6
Bank or financial institution	Banco de Chile	Banco BCI	Banco BBVA	Banco de Chile	Banco de Chile	BCI
Currency or indexation	CLP	CLP	CLP	CLP	CLP	CLP
Repayment method	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity
Effective rate	4.44%	4.32%	4.41%	4.50%	4.75%	4.38%
Nominal rate	4.44%	4.32%	4.41%	4.50%	4.75%	4.38%
Nominal rate						
To 1 year	403,855	73,998	78,400	68,488	118,334	412,754
To 90 days				68,488	118,334	
Over 90 days to 1 year	403,855	73,998	78,400			412,754
Over 1 to 3 years	20,089,003	0	20,000,000	4,000,000	6,500,000	0
Over 1 to 2 years	6,283,345					0
Over 2 to 3 years	13,805,658		20,000,000	4,000,000	6,500,000	0
Over 3 years to 5 years	24,159,903	19,270,304	0	0	0	0
Over 3 to 4 years	8,141,799	19,270,304				0
Over 4 to 5 years	16,018,104					0
Total nominal values	44,652,761	19,344,302	20,078,400	4,068,488	6,618,334	412,754
Book value						
Current bank loans	403,855	73,998	78,400	68,488	531,088	0
To 90 days				68,488	118,334	
Over 90 days to 1 year	403,855	73,998	78,400		412,754	
Non-current bank loans	44,248,906	19,270,304	20,000,000	4,000,000	6,500,000	0
Over 1 and under 3 years	20,089,003	0	20,000,000	4,000,000	6,500,000	0
1 to 2 years	6,283,345					0
2 to 3 years	13,805,658		20,000,000	4,000,000	6,500,000	0
Over 3 years	24,159,903	19,270,304	0			0
3 to 4 years	8,141,799	19,270,304	0	0	0	0
4 to 5 years	16,018,104		0	0	0	0
Total bank loans	44,652,761	19,344,302	20,078,400	4,068,488	7,031,088	0

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.	61808.000-5	61808.000-5	61808.000-5	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 value						
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 to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
Over 2 to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
Over 3 years to 5 years	0	37,965,561	19,270,304	20,000,000	0	77,235,865
Over 3 to 4 years	0	13,805,658	0	0	0	13,805,658
Over 4 to 5 years	0	8,141,799	19,270,304	20,000,000	0	47,412,103
Over 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 value						
Current bank loans	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	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
Over 1 and under 3 years	0	6,283,344	0	0	4,000,000	10,283,344
2 to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
Over 3 years	0	37,965,561	19,270,304	20,000,000	0	77,235,865
3 to 4 years	0	13,805,658	0	0	0	13,805,658
4 to 5 years	0	8,141,799	19,270,304	20,000,000	0	47,412,103
Over 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



The detail of bonds outstanding as of September 30, 2016 and December 31, 2015 is as follows:

Total public obligations, current period

Debtor tax no.	61808.000-5	61808.000-5	61808.000-5	61808.000-5	61808.000-5	61808.000-5	61808.000-5	61808.000-5	61808.000-5	61808.000-5	61808.000-5	61808.000-5	61808.000-5	96.579.800-5
Debtor name	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	580	629	630	655	655	712	713	713	778	778	806	777	806	284
Series	BAGUA-J	BAGUA-K	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	Besal-B
Final maturity	01-12-2018	01-10-2016	01-04-2031	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	01-06-2028
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Repayment period	At maturity	Semi-annual	At maturity	At maturity	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	Semi-annual	Semi-annual	Semi-annual
Effective rate	4.16%	3.06%	4.15%	3.82%	3.94%	3.61%	3.93%	3.81%	3.50%	3.18%	3.23%	2.15%	3.29%	6.63%
Nominal rate	4.00%	2.90%	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	2.40%	3.20%	6.00%
Nominal value														
To 1 year	346,231	4,788,326	953,830	751,995	571,281	6,113,747	1,164,881	987,240	909,931	658,087	208,242	130,346	346,904	3,754,641
To 90 days	346,231	4,788,326	953,830	751,995	571,281	6,113,747	1,164,881	987,240	909,931	658,087				17,245,548
Over 90 days to 1 year											208,242	130,346	346,904	4,440,132
Over 1 to 3 years	26,224,300	0	0	0	0	11,655,244	0	0	0	0	0	3,278,037	0	6,072,994
Over 1 to 2 years						5,827,622								3,036,497
Over 2 to 3 years	26,224,300					5,827,622						3,278,037		3,036,497
Over 3 years to 5 years	0	0	45,892,525	39,336,450	43,270,095	0	60,315,890	52,448,600	52,448,600	60,315,890	41,958,880	22,946,262	52,448,600	30,871,123
Over 3 to 4 years												6,556,075		3,036,497
Over 4 to 5 years												6,556,075		3,036,496
Over 5 years			45,892,525	39,336,450	43,270,095		60,315,890	52,448,600	52,448,600	60,315,890	41,958,880	9,834,112	52,448,600	24,798,130
Total nominal values	26,570,531	4,788,326	46,846,355	40,088,445	43,841,376	17,768,991	61,480,771	53,435,840	53,358,531	60,973,977	42,167,122	26,354,645	52,795,504	40,698,758
Book value														
Current bank loans	308,607	4,784,717	965,598	760,962	587,127	6,072,728	1,157,367	984,576	909,931	690,401	153,052	131,446	344,704	3,658,654
To 90 days	308,607	4,784,717	965,598	760,962	587,127	6,072,728	1,157,367	984,576	909,931	690,401				17,222,014
Over 90 days to 1 year											153,052	131,446	344,704	3,658,654
Non-current bank loans	26,177,898	0	46,108,572	39,536,639	43,523,869	11,633,982	60,135,776	52,358,975	52,448,600	61,295,126	40,977,394	26,311,024	51,277,256	36,352,979
Over 1 and under 3 years	26,177,898	0	0	0	0	11,633,982	0	0	0	0	0	3,288,878	0	5,965,514
1 to 2 years	0	0	0	0	0	5,816,991	0	0	0	0	0	0	0	2,982,757
2 to 3 years	26,177,898	0	0	0	0	5,816,991	0	0	0	0	0	3,288,878	0	2,982,757
Over 3 years	0	0	46,108,572	39,536,639	43,523,869	0	60,135,776	52,358,975	52,448,600	61,295,126	40,977,394	23,022,146	51,277,256	30,387,465
3 to 4 years	0	0	0	0	0	0	0	0	0	0	0	6,577,756	0	2,982,757
4 to 5 years	0	0	0	0	0	0	0	0	0	0	0	6,577,756	0	2,982,757
Over 5 years	0	0	46,108,572	39,536,639	43,523,869	0	60,135,776	52,358,975	52,448,600	61,295,126	40,977,394	9,866,634	51,277,256	24,421,951
Total bank loans	26,486,505	4,784,717	47,074,170	40,297,601	44,110,996	17,706,710	61,293,143	53,343,551	53,358,531	61,985,527	41,130,446	26,442,470	51,621,960	40,011,633



Total public obligations, previous period

Debtor tax no.	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	
Debtor name	AguaSAndinas S.A.	AguaSAndinas S.A.	AguaSAndinas S.A.	AguaSAndinas S.A.	AguaSAndinas S.A.	AguaSAndinas S.A.	AguaSAndinas S.A.	AguaSAndinas S.A.	AguaSAndinas S.A.	AguaSAndinas S.A.	AguaSAndinas S.A.	AguaSAndinas S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	
Registration number	580	629	630	654	655	655	712	713	713	778	778	806	284	
Series	BAGUA-J	BAGUA-K	BAGUA-M	BAGUA-N	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	Besal-B	
Final maturity	01-12-2018	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	01-02-2038	01-06-2028	
Currency or indexation unit	UF	UF	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	At maturity	Semi-annual	
Effective rate	4.16%	3.06%	4.15%	3.26%	3.82%	3.94%	3.61%	3.93%	3.81%	3.50%	3.18%	3.23%	6.63%	
Nominal rate	4.00%	2.90%	4.20%	3.17%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	6.00%	
Nominal value														
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	508,789	2,967,578	53,630,778
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	508,789	0	3,705,012
Over 90 daysto 1 year	0	9,226,472	0	32,036,363	0	0	5,695,353	0	0	0	0	0	2,967,578	49,925,766
Over 1 to 3 years	25,629,090	0	0	0	0	0	11,390,706	0	0	0	0	0	5,935,156	42,954,952
1to 2 years	0	0	0	0	0	0	5,695,353	0	0	0	0	0	2,967,578	8,662,931
2to 3 years	25,629,090	0	0	0	0	0	5,695,353	0	0	0	0	0	2,967,578	34,292,021
Over 3 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	41,006,544	31,962,383	421,809,320
3to 4 years	0	0	0	0	0	0	2,847,677	0	0	0	0	0	2,967,578	5,815,255
4to 5 years	0	0	0	0	0	0	0	0	0	0	0	0	2,967,578	2,967,578
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	41,006,544	26,027,227	413,026,487
Total nominal values	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	41,515,333	40,865,117	518,395,050
Book value														
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	474,978	3,050,166	53,648,065
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	474,978	0	3,639,712
Over 90 daysto 1 year	0	9,226,471	0	32,036,363	0	0	5,695,353	0	0	0	0	0	3,050,166	50,008,353
Non-current public obligatio	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	39,973,666	37,225,313	464,344,024
Over 1 to 3 years	25,554,748	0	0	0	0	0	11,356,052	0	0	0	0	0	5,818,248	42,729,048
1to 2 years	0	0	0	0	0	0	5,678,026	0	0	0	0	0	2,909,124	8,587,150
2to 3 years	25,554,748	0	0	0	0	0	5,678,026	0	0	0	0	0	2,909,124	34,141,898
Over 3 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	39,973,666	31,407,065	421,614,976
3to 4 years	0	0	0	0	0	0	2,830,350	0	0	0	0	0	2,909,124	5,739,474
4to 5 years	0	0	0	0	0	0	0	0	0	0	0	0	2,909,124	2,909,124
Over 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	39,973,666	25,588,817	412,966,378
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	40,448,644	40,275,479	517,992,089



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	30-09-2016 Th\$	31-12-2015 Th\$
Gross exposure per balance sheet for risks of accounts receivable	125,260,733	134,850,893
Gross exposure per estimates of risks of accounts receivable	-36,042,563	-32,700,730
Net exposure, risk concentration	89,218,170	102,150,163

Movement of credit risk, accounts receivable	30-09-2016 Th\$	31-12-2015 Th\$
Initial balance as of 01-01-2016	-32,700,730	-36,915,040
Increase in existing provisions	-3,374,503	-2,896,739
Reductions	32,670	7,111,049
Changes, total	-3,341,833	4,214,310
Closing balance as of 30-09-2016	-36,042,563	-32,700,730



The following shows the composition of gross debt by age:

Ageing of debt	30-09-2016 Th\$	31-12-2015 Th\$
Less than three months	85,602,438	98,562,275
Three to six months	1,408,152	1,451,053
Six to eight months	690,802	643,501
More than eight months	37,559,341	34,194,064
Total	125,260,733	134,850,893

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

Past-due debt	30-09-2016 Th\$	31-12-2015 Th\$
Less than three months	7,908,148	10,440,702
Three to six months	1,161,870	1,156,948
Six to eight months	625,489	562,643
Total	9,695,507	12,160,293

Past-due net debt comprises all those sums in which the counterpart stopped making a payment when contractually should do. Balances with ageing less than 8 months, according to Company policies, does not provisioned.

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 structure	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	1,050,813	4.25%	3,128,605	3.90%	57,260,479	4.47%	45,634,973	4.39%	0	
Bonds	2,363,397	3.57%	25,212,597	3.94%	79,515,659	3.87%	52,322,316	3.95%	709,650,599	3.68%
AFR	3,781,572	5.05%	18,362,594	4.62%	34,511,623	3.81%	23,802,797	3.37%	152,464,405	3.38%
Trade accounts and other payable accounts	42,349,051	-	9,933,728	-	694,202	-	104,130	-	358,671	-
Total	49,544,833		56,637,524		171,981,963		121,864,216		862,473,675	

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	11.10%
Bonds	Fixed	66.43%
Reimbursable financial contributions (AFR)	Fixed	22.47%
Total		100.00%

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 Consolidated	95,175,039	TAB 180 days	-30	-288,202



For loans based on 180-day TAB, the positive or negative change in nominal TAB of -30 basis points, calculated annually, would have an impact on results of +/- M \$288,202.

8.6 Cash equivalents

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

Company	Instruments	30-09-2016 Th\$	31-12-2015 Th\$
Aguas Andinas S.A.	Term deposit	0	18,074,577
Aguas Andinas S.A.	Mutual funds	1,770,000	0
Aguas Cordillera S.A.	Term deposit	3,510,000	8,074,280
Aguas Manquehue S.A.	Term deposit	2,045,000	400,040
Aguas del Maipo S.A.	Term deposit	150,000	1,000,103
Gestión y Servicios S.A.	Term deposit	440,000	430,043
Eco-Riles S.A.	Term deposit	1,380,000	1,250,225
Essal S.A.	Term deposit	0	1,326,000
Total		9,295,000	30,555,268

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 & other accounts payable, current	Currency or indexation unit	30-09-2016 Th\$	31-12-2015 Th\$
Dividends	CLP	63,222	22,048,535
Suppliers for investments in progress (investment)	CLP	15,328,161	31,670,805
Personnel	CLP	2,999,501	2,913,315
Suppliers (expense)	CLP	13,278,801	13,776,639
Suppliers (expense)	USD	487,396	99,358
Suppliers (expense)	EUR	266,389	30,231
Suppliers (investment)	CLP	4,853,298	6,346,511
Accrued services	CLP	12,962,452	14,209,541
AFR (expense)	CLP	1,134,672	706,829
Others (expense)	CLP	695,530	735,915
Others (investment)	CLP	213,357	647
Sub-total current		52,282,779	92,538,326
AFR water	CLP	709,471	703,187
Suppliers for investments in progress	CLP	377,138	1,056,404
Sundry creditors	CLP	70,395	70,395
Sub total non-current		1,157,004	1,829,986
Total current & non-current		53,439,783	94,368,312



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

Trade Accounts

Current Period

Current trade accounts according to term	30-09-2016			
	Goods	Services	Other	Total
To 30 days	3,085,458	7,216,029	136,795	10,438,282
From 31 to 60 days	272,357	41,155	0	313,512
From 61 to 90 days	0	115,869	0	115,869
From 121 to 365 days	0	18,883	0	18,883
Total	3,357,815	7,391,936	136,795	10,886,546

Overdue trade accounts according to term	30-09-2016			
	Goods	Services	Other	Total
To 30 days	1,691	517,893	524	520,108
From 31 to 60 days	1,184,589	54,880	12,464	1,251,933
From 61 to 90 days	328,214	47,928	0	376,142
From 91 to 120 days	8,901	35,492	0	44,393
From 121 to 365 days	-2,480	195,498	1,022	194,040
More than 365 days	52,999	63,018	114	116,131
Total	1,573,914	914,709	14,124	2,502,747

Previous Period

Current trade accounts according to term	31-12-2015			
	Goods	Services	Other	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
Total	3,044,606	8,257,608	55,699	11,357,913

Overdue trade accounts according to term	31-12-2015			
	Goods	Services	Other	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
Total	1,699,025	626,864	6,777	2,332,666



8.8 Fair value of financial instruments

Fair value of financial instruments booked at amortized cost.

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

	30-09-2016	
	Amortized cost Th\$	Fair value Th\$
Cash & cash equivalents		
Investments booked at fair value	9,295,000	9,295,000
Term deposits, level 1	7,525,000	7,525,000
Mutual funds, level 1	1,770,000	1,770,000
Other financial liabilities		
Financial liabilities booked at amortized cost	857,512,438	935,275,846
Bank debt, level 2	95,175,039	97,937,267
Bonds, level 1	569,647,959	644,649,139
AFR, level 3	192,689,440	192,689,440

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.

8.9 Other current financial assets

As of September 30, 2016, and according to established in respective contracts, it was delivered to Paying Bank and the Representative of Bondholders, an advance for a value of Th\$12,756,139 corresponding to available values for interest payment and bonds amortization, which became effective at October 1, 2016.

8.10 Other noncurrent financial assets

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of ThCh\$7,774,928 as of September 30, 2016 and ThCh\$7,542,162 as of December 31, 2015 (see Note 2.2, h, ii), over which the Group has no control or significant influence. The balance as of September 30, 2016 and December 31, 2015 amounted to Th\$17,517 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 Th\$7,294,709 as of September 30, 2016 and December 31, 2015.

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	Relationship	Nature of transaction with related parties	Security	30-09-2016 Th\$	31-12-2015 Th\$
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Laboratory analysis and sampling services	Unsecured	4,859	3,993
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Colector cleaning contract	Unsecured	0	631
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Basis proposed in tenders	Unsecured	67	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Laboratory analysis and sampling services	Unsecured	78,779	12,447
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Counseling realized by support for technical inspection of Effluents Treatment Plants in CMPC Santa Fe	Unsecured	21,978	0
59.066.560-6	Suez International	Related to the controller	Supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4	Security full compliance with contract for UF218.320	2,055,576	5,101,953
76.432.328-9	Gestion Hidrica Minera Ltda.	Related to the controller	Colector cleaning contract	Unsecured	0	1,285
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Sale of materials	Unsecured	23,855	104,311
Total					2,185,114	5,224,620



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	30-09-2016	31-12-2015
						Th\$	Th\$
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Hydraulic efficiency project	30 days	Guaranteed fulfillment of contract for UF: 14.992	340,258	2,098,422
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Ice-Pigging network cleaning service contract	30 days	Guaranteed fulfillment of contract for Th\$26.600	3,617	125,398
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Construction and expansion of sludge line La Union	30 days	Guaranteed fulfillment of contract for Th\$47.110	8,644	33,157
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Update service of the operation and security of dam Pudeto and Gamboa	30 days	Guaranteed fulfillment of contract for Th\$705	29,444	109,157
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	SCADA Platform	30 days	Unsecured	37,453	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Arsenic Plant San Antonio	30 days	Guaranteed fulfillment of contract for Th\$24,264	1,054,954	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Chemisero plant	30 days	Guaranteed fulfillment of contract for UF 66,809.74	1,470,000	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Cocule plant	30 days	Unsecured	9,798	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Modeling odor panels	30 days	Unsecured	0	46,367
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Purchase of materials	60 days	Guaranteed fulfillment of contract for Th\$279,298	617,066	413,111
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Implementation of geographic information system Essal S.A.	30 days	Guaranteed fulfillment of contract for UF 887	145,557	188,030
76.046.628-K	Asterión S.A.	Related to the controller	Process re-engineering service contract and implementation of new customer service information systems	30 days	Guaranteed fulfillment of contract for Th\$845,149	152,636	404,277
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 UF 194.249,62	3,101,489	3,068,251
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 Mapocho Wastewater Treatment Plant	30 days	Guaranteed fulfillment of contract for UF 357.863	2,248,468	2,246,174
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Biogas plant operation services	30 days	Unsecured	40,945	152,930
No tax ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	30 days	Unsecured	103,501	11,705
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends payable	30 days	Unsecured	0	20,324,047
96.817.230-1	EPSA Electrica Puntilla S.A.	Common board member	Recalculation of energy supply	30 days	Unsecured	10,317	18,182
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Common board member	Exceptional transfer of water	30 days	Unsecured	0	32,901
59.066.560-6	Suez International	Related to the controller	Supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4	30 days	Security full compliance with contract for UF 218.320	4,010,170	14,896,242
Total						13,384,317	44,168,351



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	30-09-2016		30-09-2015		01-07-2016 30-09-2016		01-07-2015 30-09-2015	
				Th\$		Th\$		Th\$		Th\$	
				Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
79.046.628-K	Asterión S.A.	Related to the controller	Process re-engineering service contract and implementation of new customer service information systems	400,874	-400,874	690,556	-683,332	208,637	-208,637	224,393	-224,393
No tax ID	Aqua Development Network	Related to the controller	Integrated talent management contract	623,619	-623,619	241,368	-241,368	95,611	-95,611	90,044	-90,044
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Purchase of materials	1872,601	-1405,526	2,094,289	-2,094,289	741,441	-560,496	977,390	-977,390
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Ice-Pigging network cleaning service contract	25,396	-25,396	36,1832	-36,1832	0	0	262,434	-262,434
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Lo Pinto project	0	0	590,577	0	0	0	16,007	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Chemisero plant	1495,396	-25,396	0	0	1495,396	-25,396	0	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Hydraulic efficiency project	54,028	-47,939	896,645	-3,914	18,356	124,445	896,645	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Arsenic Plant San Antonio	1,737,459	-175,278	0	0	1,054,186	-128,915	0	0
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Implementation of geographic information system Essal S.A.	57,476	0	55,064	0	19,313	0	95,724	12,494
59.066.560-6	Suez International	Related to the controller	Supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4	16,958,024	0	5,359,239	0	3,720,924	0	-5,359,239	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 Mapocho Wastewater Treatment Plant	8,985,272	-8,051,439	8,611,429	-7,630,080	3,063,077	-2,730,923	2,830,476	-2,495,563
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	12,665,792	-10,048,382	12,245,248	-9,716,534	4,291,469	-3,376,027	4,252,887	-3,344,048
96.817.230-1	EPSA Elctrica Puntilla S.A.	Common board member	Compensation for lower flow	117,119	-117,119	197,132	-197,132	25,068	-25,068	197,132	-197,132
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends paid	64,636,011	0	0	0	59,833,216	0	0	0

The criteria of materiality for reporting transactions with related entities are accumulated amounts of over Th\$75,000.

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

	30-09-2016	30-09-2015	01-07-2016 30-09-2016	01-07-2015 30-09-2015
	Th\$	Th\$	Th\$	Th\$
Directors	313,902	271,454	1,161,412	95,737
Directors' committee	25,277	17,388	10,968	6,774
Total	339,179	288,842	127,110	102,511



These are fees related to their functions as members of the board and directors' committee as defined and agreed by the Ordinary Shareholders' Meeting.

Detail of related parties and transactions with related parties by 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 September 30, 2016 and December 31, 2015 is the following:

Inventory class	30-09-2016 Th\$	31-12-2015 Th\$
Spares & meters	2,966,055	2,853,623
Supplies for production	769,354	676,780
Others	126,915	113,297
Total	3,862,324	3,643,700

The cost of the inventories shown as an expense in the statement of results during September 30, 2016 and 2015 amounts to Th\$8,758,646 and Th\$7,744,891 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:

	30-09-2016 Th\$	31-12-2015 Th\$
Intangible assets, net	228,697,666	230,527,689
Trademarks, net	13,000	13,000
Computer programs, net	9,712,540	11,875,731
Other intangible assets, net*	218,972,126	218,638,958
Intangible assets, gross	275,429,538	272,921,827
Trademarks, gross	13,000	13,000
Computer programs, gross	43,923,908	41,889,777
Other intangible assets, gross	231,492,630	231,019,050
Intangible assets, accumulated amortization	46,731,872	42,394,138
Trademarks, accumulated amortization	0	0
Computer programs, accumulated amortization	34,211,368	30,014,046
Other intangible assets, accumulated amortization	12,520,504	12,380,092



*Corresponds to water rights, easements and others.

Movement of intangible assets as of September 30, 2016

Intangible assets movements	Trademarks, net Th\$	Computer programs, net Th\$	Other intangible assets, net Th\$	Total Th\$
Initial balance as of 01-01-2016	13,000	11,875,731	218,638,958	230,527,689
Amortization	0	-4,197,322	-140,412	-4,337,734
Increases (reductions) for transfers	0	871,045	-36,626	834,419
Increases (reductions) for other changes	0	1,163,086	518,800	1,681,886
Disposals and withdrawals from service	0	0	-8,594	-8,594
Changes, total	0	-2,163,191	333,168	-1,830,023
Closing balance as of 30-09-2016	13,000	9,712,540	218,972,126	228,697,666

Movement of intangible assets as of December 31, 2015

Intangible assets movements	Trademarks, net Th\$	Computer programs, net Th\$	Other intangible assets, net Th\$	Total Th\$
Initial balance as of 01-01-2015	13,000	15,439,243	216,722,507	232,174,750
Amortization	0	-6,650,309	-187,215	-6,837,524
Increases (reductions) for transfers	0	885,153	-32,591	852,562
Increases (reductions) for other changes	0	2,201,644	2,137,636	4,339,280
Disposals and withdrawals from service	0	0	-1,379	-1,379
Changes, total	0	-3,563,512	1,916,451	-1,647,061
Closing balance as of 31-12-2015	13,000	11,875,731	218,638,958	230,527,689

Disclosure information on intangible assets (gross value)

Current Period 30-09-2016

Intangible assets movements	Trademarks, gross Th\$	Computer programs, gross Th\$	Other intangible assets, gross Th\$	Total Th\$
Initial balance as of 01-01-2016	13,000	41,889,777	231,019,050	272,921,827
Increases (reductions) for transfers	0	871,045	-36,626	834,419
Increases (reductions) for other changes	0	1,163,086	518,800	1,681,886
Disposals and withdrawals from service	0	0	-8,594	-8,594
Changes, total	0	2,034,131	473,580	2,507,711
Closing balance as of 30-09-2016	13,000	43,923,908	231,492,630	275,429,538



Previous Period 31-12-2015

Intangible assets movements	Trademarks, gross Th\$	Computer programs, gross Th\$	Other intangible assets, gross Th\$	Total Th\$
Initial balance as of 01-01-2015	13,000	38,804,351	228,915,384	267,732,735
Increases (reductions) for transfers	0	885,153	-32,591	852,562
Increases (reductions) for other changes	0	2,200,273	2,137,636	4,337,909
Disposals and withdrawals from service	0	0	-1,379	-1,379
Changes, total	0	3,085,426	2,103,666	5,189,092
Closing balance as of 31-12-2015	13,000	41,889,777	231,019,050	272,921,827

Disclosure information on intangible assets (accumulated amortization)

Current Period 30-09-2016

Intangible assets movements	Trademarks, accumulated amortization Th\$	Computer programs, accumulated amortization Th\$	Other intangible assets, accumulated amortization Th\$	Total Th\$
Initial balance as of 01-01-2016	0	30,014,046	12,380,092	42,394,138
Amortization	0	4,197,322	140,412	4,337,734
Increases (reductions) for transfers	0	0	0	0
Increases (reductions) for other changes	0	0	0	0
Disposals and withdrawals from service	0	0	0	0
Changes, total	0	4,197,322	140,412	4,337,734
Closing balance as of 30-09-2016	0	34,211,368	12,520,504	46,731,872

Previous period 31-12-2015

Intangible assets movements	Trademarks, accumulated amortization Th\$	Computer programs, accumulated amortization Th\$	Other intangible assets, accumulated amortization Th\$	Total Th\$
Initial balance as of 01-01-2015	0	23,365,108	12,192,877	35,557,985
Amortization	0	6,650,309	187,215	6,837,524
Increases (reductions) for other changes	0	-1,371	0	-1,371
Changes, total	0	6,648,938	187,215	6,836,153
Closing balance as of 31-12-2015	0	30,014,046	12,380,092	42,394,138



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	30-09-2016			31-12-2015		
	Water rights	Easements	Others	Water rights	Easements	Others
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Andinas S.A.	75,922,609	8,165,049	4,995,138	75,950,169	8,062,219	5,135,351
Aguas Cordillera S.A.	92,691,714	7,880,416	0	92,684,130	7,866,530	0
Aguas Manquehue S.A.	21,810,126	861,085	0	21,490,797	857,614	0
Essal S.A.	5,503,884	1,087,305	0	5,450,043	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
Total	195,983,133	17,993,855	4,995,138	195,629,939	17,873,668	5,135,351

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.	443,599
Aguas Manquehue S.A.	186,885
Essal S.A.	132,891
Total	763,375



Note 12. GOODWILL

The detail of goodwill follows for the different Cash Generating Units (CGUs) or groups to which they are assigned, through September 30, 2016 and December 31, 2015:

Tax ID	Company	30-09-2016 Th\$	31-12-2015 Th\$
96.809.310-k	Aguas Cordillera S.A.	33,823,049	33,823,049
96.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	343,332	343,332
96.897.320-7	Inversiones Iberaguas Ltda.	2,066,631	2,066,631
Total		36,233,012	36,233,012



Note 13. PROPERTY, PLANT AND EQUIPMENT

	30-09-2016	31-12-2015
	Th\$	Th\$
Property, plant & equipment, net	1,263,804,474	1,248,135,284
Land	160,374,205	160,423,927
Buildings	73,981,986	74,367,058
Machinery	99,183,166	103,872,419
Transport vehicles	1,987,775	2,132,247
Fixed installations & accessories	653,798	683,380
Computer equipment	2,313,423	2,486,497
Improvements to leased assets	68,333	83,068
Construction in progress	160,852,601	144,232,818
Other property, plant & equipment *	764,389,187	759,853,870
Property, plant & equipment, gross	2,402,505,460	2,342,181,341
Land	160,374,205	160,423,927
Buildings	102,628,422	101,522,741
Machinery	314,714,941	303,870,719
Transport vehicles	6,438,055	6,430,584
Fixed installations & accessories	5,183,513	5,133,162
Computer equipment	10,706,729	10,179,797
Improvements to leased assets	611,457	605,304
Construction in progress	160,852,601	144,232,818
Other property, plant & equipment	1,640,995,537	1,609,782,289
Accumulated depreciation	1,138,700,986	1,094,046,057
Buildings	28,646,436	27,155,683
Machinery	215,531,775	199,998,300
Transport vehicles	4,450,280	4,298,337
Fixed installations & accessories	4,529,715	4,449,782
Computer equipment	8,393,306	7,693,300
Improvements to leased assets	543,124	522,236
Other property, plant & equipment	876,606,350	849,928,419

*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 September 30, 2016 (Net Value)

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,423,927	0	36,625	-78,386	-7,961	-49,722	160,374,205
Buildings	74,367,058	-1,490,753	627,756	477,925	0	-385,072	73,981,986
Machinery	103,872,419	-15,795,107	11,317,643	-72,094	-139,695	-4,689,253	99,183,166
Transport vehicles	2,132,247	-407,497	61,461	218,071	-16,507	-144,472	1,987,775
Fixed installations & accessories	683,380	-85,821	13,563	42,678	-2	-29,582	653,798
Computer equipment	2,486,497	-938,559	178,415	587,070	0	-173,074	2,313,423
Improvements to leased assets	83,068	-20,888	1,356	4,797	0	-14,735	68,333
Construction in progress	144,232,818	0	-33,895,369	51,026,141	-510,989	16,619,783	160,852,601
Other property, plant & equipment	759,853,870	-26,971,862	20,824,130	10,817,569	-134,520	4,535,317	764,389,187
Total property, plant & equipment, net	1,248,135,284	-45,710,487	-834,420	63,023,771	-809,674	15,669,190	1,263,804,474

Movements in property, plant and equipment through December 31, 2015 (Net Value)

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Terrenos	158,072,457	0	42,834	2,346,709	-38,073	2,351,470	160,423,927
Edificios	74,015,778	-1,959,251	5,015,753	-968,061	-1,737,161	351,280	74,367,058
Maquinaria	112,453,483	-21,461,135	5,952,997	7,595,414	-668,340	-8,581,064	103,872,419
Equipos de transporte	2,441,287	-512,296	326,337	-104,188	-18,893	-309,040	2,132,247
Enseres y accesorios	591,523	-124,775	70,162	337,998	-191,528	91,857	683,380
Equipos informáticos	2,349,503	-1,290,812	562,101	866,244	-539	136,994	2,486,497
Mejoras de derechos de arrendamiento	77,977	-26,693	1,940	29,844	0	5,091	83,068
Construcciones en proceso	72,421,357	0	-24,476,822	96,326,853	-38,570	71,811,461	144,232,818
Otras propiedades, planta y equipo	765,978,703	-36,179,596	11,652,137	18,744,755	-342,129	-6,124,833	759,853,870
Clases de propiedades, planta y equipo, neto	1,188,402,068	-61,554,558	-852,561	125,175,568	-3,035,233	59,733,216	1,248,135,284



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

Current Period 30-09-2016

Concept	Initial balance	Increases (reductions) for transfers from Construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,423,927	36,625	-78,386	-7,961	-49,722	160,456,089
Buildings	101,522,741	627,756	477,925	0	1,105,681	101,936,679
Machinery	303,870,719	11,317,643	-84,161	-389,260	10,844,222	311,006,659
Transport vehicles	6,430,584	61,461	231,182	-285,172	7,471	6,565,607
Fixed installations & accessories	5,133,162	13,563	42,706	-5,918	50,351	5,156,772
Computer equipment	10,179,797	178,415	587,055	-238,538	526,932	10,527,221
Improvements to leased assets	605,304	1,356	4,797	0	6,153	611,457
Construction in progress	144,232,818	-33,895,369	51,026,141	-510,989	16,619,783	151,662,533
Other property, plant & equipment	1,609,782,289	20,824,130	10,816,512	-427,394	31,213,248	1,626,949,561
Total property, plant & equipment, gross	2,342,181,341	-834,420	63,023,771	-1,865,232	60,324,119	2,374,872,578

Previous period 31-12-2015

Concept	Initial balance	Increases (reductions) for transfers from Construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
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



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

Current Period 30-09-2016

Concept	Initial balance Th\$	Depreciation Th\$	Other increases (decreases) Th\$	Disposals & withdrawals from service Th\$	Total changes Th\$	Closing balance Th\$
Buildings	27,155,683	1,490,753	0	0	1,490,753	28,646,436
Machinery	199,998,300	15,795,107	-12,067	-249,565	15,533,475	215,531,775
Transport vehicles	4,298,337	407,497	13,111	-268,665	151,943	4,450,280
Fixed installations & accessories	4,449,782	85,821	28	-5,916	79,933	4,529,715
Computer equipment	7,693,300	938,559	-15	-238,538	700,006	8,393,306
Improvements to leased assets	522,236	20,888	0	0	20,888	543,124
Other property, plant & equipment	849,928,419	26,971,862	-1,057	-292,874	26,677,931	876,606,350
Total property, plant & equipment, accumulated depreciation	1,094,046,057	45,710,487	0	-1,055,558	44,654,929	1,138,700,986

Previous Period 31-12-2015

Concept	Initial balance Th\$	Depreciation Th\$	Other increases (decreases) Th\$	Disposals & withdrawals from service Th\$	Total changes Th\$	Closing balance Th\$
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



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 2016, is as follows:

Company	Th\$
Aguas Andinas S.A.	37,882,228
Aguas Cordillera S.A.	4,261,835
Aguas Manquehue S.A.	1,499,888
Essal S.A.	510,942
Ecoriles S.A.	69,497
Gestión y Servicios S.A.	18,035
Total	44,242,425

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

Company	Gross Value Th\$	Accumulated Depreciation Th\$	Net Value Th\$
Aguas Andinas S.A.	1,913,549	-1,830,279	83,270
Aguas Cordillera S.A.	274,332	-115,471	158,861
Total	2,187,881	-1,945,750	242,131

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 December 31, 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.

Note 15. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

The detail of these as of September 30, 2016 and December 31, 2015 is as follows:

Classes of provisions	30-09-2016 Th\$	31-12-2015 Th\$
Provisions for legal claims	361,494	547,288
Other provisions, current	361,494	547,288
Other provisions, non-current	1,271,109	1,239,995
Provisions, non-current	1,271,109	1,239,995

The movement in current provisions for the periods was:

Legal claims	30-09-2016 Th\$	31-12-2015 Th\$
Initial balance provisions	547,288	591,098
Increase in existing provisions	225,916	252,620
Provision used	-411,710	-237,035
Other increases (decreases)	0	-59,395
Changes in provisions, total	-185,794	-43,810
Total	361,494	547,288



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\$ 946,650.-, of which Th\$795,062 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 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 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.- The cause is tested, designating expert in investigation process. Trial in probationary stage.
- 2.- As of June 9, 2016 and product of a potable water Matrix break that affect Providencia district, Aguas Andinas S.A. is compensating the damages. In response to the indicated emergency, the Company is in control process by the Superintendence of Sanitation Services.

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\$33,478,280 as of September 30, 2016 and Th\$36,252,092 as of December 31, 2015 respectively.



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

Creditor of the guarantee	Debtor	Type of guarantee	30-09-2016 Th\$	31-12-2015 Th\$
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Andinas S.A.	Performance bond	7,472,060	7,270,918
Superintendencia de Servicios Sanitarios	Aguas Andinas S.A.	Performance bond	6,727,974	6,906,937
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Andinas S.A.	Performance bond	4,082,977	6,088,905
Dirección de Obras Hidráulica	Aguas Andinas S.A.	Performance bond	705,732	607,007
Municipalidad de La Florida	Aguas Andinas S.A.	Performance bond	439,178	432,510
Municipalidad de Providencia	Aguas Andinas S.A.	Performance bond	53,970	52,745
Aguas del Valle S.A.	Aguas Andinas S.A.	Performance bond	0	51,258
Municipalidad de Peñalolen	Aguas Andinas S.A.	Performance bond	42,584	41,617
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance bond	40,176	16,915
Tesorero Municipalidad de La Pintana	Aguas Andinas S.A.	Performance bond	31,440	31,440
Constructora San Francisco	Aguas Andinas S.A.	Performance bond	29,109	15,377
Municipalidad de Santiago	Aguas Andinas S.A.	Performance bond	24,389	23,835
Municipalidad de La Pintana	Aguas Andinas S.A.	Performance bond	0	20,678
Esval S.A.	Aguas Andinas S.A.	Performance bond	0	102,516
Municipalidad de Calera de Tango	Aguas Andinas S.A.	Performance bond	0	12,702
Superintendencia de Servicios Sanitarios	Aguas Cordillera S.A.	Performance bond	2,358,299	2,304,773
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Cordillera S.A.	Performance bond	905,512	884,960
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Cordillera S.A.	Performance bond	524,486	845,760
Municipalidad de Las Condes	Aguas Cordillera S.A.	Performance bond	173,787	173,000
Municipalidad de Vitacura	Aguas Cordillera S.A.	Performance bond	52,449	51,258
Municipalidad Lo Barnechea	Aguas Cordillera S.A.	Performance bond	13,112	12,815
Ministerio de Obras Publicas - Dirección General de Aguas	Aguas Cordillera S.A.	Performance bond	0	381,412
Ministerio de Obras Públicas Dirección de Aguas	Aguas Cordillera S.A.	Performance bond	390,270	0
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Manquehue S.A.	Performance bond	1,187,838	1,160,877
Superintendencia de Servicios Sanitarios	Aguas Manquehue S.A.	Performance bond	983,149	1,075,063
Municipalidad de Vitacura	Aguas Manquehue S.A.	Performance bond	10,490	10,252
Servicio de Vivienda y Urbanismo	Gestión y Servicios S.A.	Performance bond	2,327,572	2,408,203
Municipalidad de Las Condes	Gestión y Servicios S.A.	Performance bond	19,668	33,222
Siderúrgica Huachipato	Anam S.A.	Performance bond	52,449	51,258
Corporación Nacional del Cobre	Anam S.A.	Performance bond	17,033	16,646
Superintendencia del medio ambiente	Anam S.A.	Performance bond	13,112	0
Empresa Servicios Sanitarios del BioBio S.A.	Anam S.A.	Performance bond	0	34,599
Compañía Minera Doña Inés de Collahuasi	Anam S.A.	Performance bond	0	14,598
Superintendencia de Servicios Sanitarios	Essal S.A.	Insurance policy	2,611,036	2,399,825
Director de Obras Hidráulicas	Essal S.A.	Performance bond	1,329,182	1,491,677
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance bond	93,324	166,503
Servicio de Vivienda y Urbanismo	Essal S.A.	Performance bond	145,545	150,239
Director de Vialidad	Essal S.A.	Performance bond	0	80,845
Secretaría Regional	Essal S.A.	Performance bond	29,371	28,705
Director General del Territorio Marítimo y de Marina Mercante	Essal S.A.	Performance bond	9,194	11,281
Total			32,896,467	35,463,131

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 interim 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 September 30, 2016, the abovementioned accounts are as follows (Th\$):

Total current liabilities	126,017,891
Total non-current liabilities	878,444,478
Total IFRS liabilities	1,004,462,369
Third party guarantees (*)	103,571
Total liabilities	1,004,565,940
Total assets	1,686,230,078
Total current liabilities	-126,017,891
Total non-current liabilities	-878,444,478
Total net equity	681,767,709

The debt ratio was 1.47 times, as of September 30, 2016.

* 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 September 30, 2016 was the following:

IPC Base 2009			Covenant	
31-12-2009	30-09-2016	Accumulated inflation	Basis	Limit
90.28	113.86	26.12%	1.5	1.89

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 September 30, 2016 and December 31, 2015.

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 September 30, 2016, the debt ratio was 1.05:1.

- 6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5:1. As of September 30, 2016, the ratio was 8.78:1.
- 7.- Not to sell, assign or transfer essential assets.

The Company is in compliance with all obligations established in the bond indentures as of September 30, 2016 and December 31, 2015.

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 of assets. As of September 30, 2016 the debt level amounted to 1.47 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 interim 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 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 consolidated 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 September 30, 2016 the debt level amounted to 0.48 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 September 30, 2016, the coverage of financial expenses amounted to 15.76 times.
- 3.- Send the bank a copy of the debtor's annual interim 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 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 September 30, 2016, 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 September 30, 2016 and December 31, 2015, the Company has received documents in guarantee for Th\$52,213,166 and Th\$60.160.786 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 September 30, 2016 is summarized below:



Contractor or supplier	30-09-2016 Th\$	Final maturity
Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	13,606,322	30-07-2018
Degremont S.A. Agencia en Chile	6,430,271	01-03-2017
Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	5,094,060	31-12-2017
Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	4,443,603	01-06-2017
Degremont S.A. Agencia en Chile	3,842,122	30-01-2017
Ingeniería y Construcción Sigdo Koppers S.A.	2,529,761	30-11-2016
Sociedad Concesionaria Costanera Norte S.A.	655,608	31-10-2016
Suez Medioambiente Chile S.A.	641,655	02-05-2017
Suez Medioambiente Chile S.A.	636,308	02-11-2016
Constructora El Trebol Ltda.	486,146	29-01-2018
Sociedad Concesionaria Costanera Norte S.A.	393,365	02-11-2016
Suez Medioambiente Chile S.A.	393,155	05-12-2016
Inmobiliaria y Comercial Quilicura Ltda.	367,140	28-10-2020
Inmobiliaria La Reserva Ltda.	308,450	28-10-2016
Nalac S.A.	267,700	31-12-2016
Ingeniería y Construcción Sigdo Koppers S.A.	262,243	31-12-2016
Suez Medioambiente Chile S.A.	245,538	21-11-2016
Domus S.A.	236,019	31-01-2017
Constructora Pérez y Gómez Ltda.	222,435	30-04-2017
Inmobiliaria Monte Aconcagua S.A.	209,794	16-11-2016
Icafal Ingeniería y Construcción S.A.	207,233	21-12-2016
Inlac S.A.	191,401	31-07-2017
Constructora Pérez y Gómez Ltda.	184,212	30-04-2017
Constructora Olbertz Ltda.	181,144	02-11-2016
El Chamisero Inmobiliaria S.A.	170,458	31-05-2017
Constructora Olbertz Ltda.	169,244	02-01-2017
Municipalidad Lo Barnechea	167,836	26-10-2016
Constructora Olbertz Ltda.	165,215	02-11-2016
Inmobiliaria y Comercial Quilicura Ltda.	162,328	28-10-2017
Inmobiliaria y Comercial Quilicura Ltda.	162,328	28-10-2017
Inmobiliaria y Urbanizadora Manquehue Ltda.	157,346	17-11-2016
Constructora Olbertz Ltda.	155,086	02-11-2016
Dalco Ingeniería Ltda.	142,432	29-11-2016
Transporte Centro Sur - Norte S.A.	138,464	02-02-2017
Inlac S.A.	135,577	11-08-2017
Constructora Olbertz Ltda.	133,113	02-11-2016
Asamblea Espiritual Nacional de los Bahais	131,122	04-03-2017
Ingeniería y Construcción Sigdo Koppers S.A.	131,122	31-12-2016
Ingeniería y Construcción Sigdo Koppers S.A.	131,122	31-12-2016
Ingeniería y Construcción Sigdo Koppers S.A.	131,122	31-12-2016
Sociedad Concesionaria Costanera Norte S.A.	131,122	11-11-2016
Cruz y Dávila Ingeniería y Construcción Ltda.	127,424	23-12-2017
Inlac S.A.	123,592	31-07-2017
Xylem Water Solutions Chile S.A.	123,385	02-01-2017
Constructora Olbertz Ltda.	123,179	02-11-2016
Transporte Araya Ltda.	118,009	21-04-2017
CONSTRUCTORA PEREZ Y GOMEZ LTDA	113,613	30-04-2017
INLAC S.A.	112,663	31-05-2017
BAPA S.A.	108,676	13-02-2017
Constructora Pérez y Gómez Ltda.	104,897	01-11-2017
Inmobiliaria y Constructora Nueva Pacifico Sur Ltda.	104,897	31-10-2016
Eulen Chile S.A.	104,897	18-11-2016
Eulen Chile S.A.	104,897	21-06-2018
Consorcio Nacional de Distribución y Logística S.A.	104,897	31-05-2017
Consorcio Nacional de Distribución y Logística S.A.	104,897	30-04-2017
Luxagua Ingeniería Ltda.	104,897	30-08-2018
Inmobiliaria y Constructora Nueva Pacifico Sur Ltda.	104,897	18-11-2016
Inmobiliaria Loma La Cruz S.A.	104,897	29-01-2017
Ingeniería y Construcción Caiquen Ltda.	104,177	29-05-2017
Empresas Carozzi S.A.	100,387	02-05-2017
Total	46,649,900	



Note 17. ORDINARY REVENUE

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

Classes of ordinary revenue	30-09-2016 Th\$	30-09-2015 Th\$	01-07-2016 30-09-2016 Th\$	01-07-2015 30-09-2015 Th\$
Ordinary revenue				
Sales of goods	5,765,869	6,224,755	1,867,163	2,465,746
Provision of services	354,635,617	340,340,626	108,296,893	100,919,967
Insurance repayment	45,924	119,291	13,693	8,529
Total	360,447,410	346,684,672	110,177,749	103,394,242

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 non-cancellable lease receivables, lessees	30-09-2016 Th\$	31-12-2015 Th\$
Future minimum non-cancellable lease payments up to 1 year, lessees	1,489,676	2,024,359
Future minimum non-cancellable lease payments, 1 to 5 years, lessees	2,255,880	4,787,536
Future minimum non-cancellable lease payments, lessees, total	3,745,556	6,811,895
Minimum lease payments under operative leases	3,578,647	4,170,731
Lease & sub-lease installments booked in statement of results, total	3,578,647	4,170,731

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	30-09-2016 Th\$	31-12-2015 Th\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	193,137	380,398
Amount of rentals booked in statement of results	610,468	656,448
Total	803,605	1,036,846

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 2,007 employees, of whom 81 are Managers and senior executives. Employees who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,593 and 50 respectively, while 364 workers are covered by what is indicated in the Labor Code.

The collective agreement in effect for the employees and operatives Unions Nº 1 and 2 was signed on July 31, 2015, 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 interim 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.: 922, Aguas Cordillera S.A.: 98, Aguas Manquehue S.A.: 15, and Essal S.A. 326 and Gestión y Servicio S.A.:1.

Mortality: The RV-2009 mortality tables of the Superintendencia 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 periods 2016 and 2015, for the objective workers. Disabled workers and early retirements have not been considered due to their infrequent nature.

Discount rate: During periods 2016 and 2015, 4.7% (four point seven percent), corresponding to the risk-free rate, plus the estimate of expected long-term inflation.

Inflation rate: For making long-term estimates for both the 2016 and 2015 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 2016 and 2015 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 September 30, 2016 and December 31, 2015, which include movements in provisions:



Provisions for employee benefits	30-09-2016 Th\$	31-12-2015 Th\$
Movement in actuarial provision		
Initial balance	15,621,082	12,875,569
Cost of services	1,660,639	1,595,460
Interest cost	485,350	575,704
Actuarial gains or losses	0	1,985,360
Benefits paid	-1,871,640	-4,115,296
Provision termination benefits	314,192	2,704,285
Sub-total	16,209,623	15,621,082
Profit sharing & bonuses	2,929,515	3,821,537
Total	19,139,138	19,442,619

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

Provisions for employee benefits	30-09-2016 Th\$	31-12-2015 Th\$
Provisions for employee benefits, current	3,436,415	5,484,815
Provisions for employee benefits, non-current	15,702,723	13,957,804
Total	19,139,138	19,442,619

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 ThCh\$	Year
A. Andinas S.A.	10	403,354	2016
ESSAL S.A.	3	20,129	2016
		423,483	

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 September 30, 2016 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 January of this year.

The following is the summary by company:

Company	Number of employees	Cost of services ThCh\$	Interest costs ThCh\$
A. Andinas S.A.	922	1,666,232	298,632
A. Cordillera S.A.	98	199,469	33,463
A Manquehue S.A.	15	32,175	5,153
ESSAL S.A.	326	49,766	9,702
Gestión y Servicios S.A.	1	679	87
		1,948,321	347,037

Sensitivity of assumptions

The sensitivity of the main assumptions has been made based on the actuarial calculation as of September 30, 2016, determining the following impacts:

Concept	Base	More than 0.5% ThCh\$	Less than 0.5% ThCh\$
Discount rate	4.7%	-367,808	880,986
Turnover rate	5.5%	-955,733	1,615,902
Wage increase rate	6.0%	778,926	-772,676



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 September 30, 2016 and December 31, 2015, the amounts are Th\$2,929,515 and Th\$3,821,537 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 September 30, 2016 and December 31, 2015 are as follows:

Personnel expenses	30-09-2016 Th\$	30-09-2015 Th\$	01-07-2016 30-09-2016 Th\$	01-07-2015 30-09-2015 Th\$
Wages & salaries	-23,713,115	-21,745,528	-7,931,892	-7,480,512
Defined benefits	-10,659,777	-9,594,904	-3,454,206	-3,050,662
Termination benefits	-2,698,177	-4,435,719	-1,088,063	-667,648
Other personnel expenses	-1,577,378	-1,507,478	-357,648	-475,595
Total	-38,648,447	-37,283,629	-12,831,809	-11,674,417



Note 20. EFFECT OF EXCHANGE DIFFERENCES

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

Concept	Currency	30-09-2016 Th\$	30-09-2015 Th\$	01-07-2016 30-09-2016 Th\$	01-07-2015 30-09-2015 Th\$
Trade debtors and other accounts receivable	EUR	-601	-578	-784	104
Trade debtors and other accounts receivable	USD	-1,583	-64	17	-85
Other financial assets	USD	-171	719	137	719
Other financial assets	EUR	-280	-93	-212	-93
Total variation assets		-2,635	-16	-842	645
Trade accounts payable and other accounts payable	EUR	-14,386	-4,963	-10,603	-16,908
Trade accounts payable and other accounts payable	USD	6,092	-10,662	-6,303	-10,312
Accounts payable to related entities	USD		774		0
Total variation liabilities		-8,294	-14,851	-16,906	-27,220
Gain (loss) from exchange differences		-10,929	-14,867	-17,748	-26,575

Note 21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	30-09-2016 Th\$	30-09-2015 Th\$	01-07-2016 30-09-2016 Th\$	01-07-2015 30-09-2015 Th\$
Treatment plant operation	-22,307,100	-21,576,527	-7,560,830	-7,281,218
Commercial services	-14,437,150	-12,455,832	-3,648,340	-3,538,240
Insurance, taxation, licenses & permits	-4,690,170	-4,434,076	-1,759,487	-1,677,538
Maintenance of networks, equipment and enclosures	-22,346,717	-18,643,612	-8,338,564	-6,216,240
Supplies & basic services	-10,202,520	-8,661,771	-3,212,339	-3,163,056
Other expenses	-9,869,540	-10,594,144	-3,726,526	-3,426,775
Total	-83,853,197	-76,365,962	-28,246,086	-25,303,067



Note 22. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs to September 30, 2016 and December 31, 2015 is as follows:

Disclosures on capitalized interest costs:

Capitalized interest costs, property, plant & equipment		30-09-2016	31-12-2015
Rate of capitalization of capitalized interest costs, property, plant & equipment	%	7.82	8.11
Amount of capitalized interest, property, plant & equipment	Th\$	4,208,489	2,828,843

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	30-09-2016 Th\$	31-12-2015 Th\$
Deferred tax assets	20,060,961	17,111,377
Deferred tax liabilities	-38,789,762	-40,336,291
Net deferred tax position	-18,728,801	-23,224,914

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	30-09-2016 Th\$	31-12-2015 Th\$
Water rights (amortization)	460,906	429,019
Provision for doubtful accounts	9,423,530	8,497,249
Provision for vacations	497,304	503,849
Litigation	221,742	181,956
Termination benefits	3,597,705	3,375,320
Other provisions	149,553	308,623
Revenue received in advance	18,820	18,587
Variation monetary correction & depreciation assets	69,642,634	66,207,361
Deferred income	1,969,571	1,969,571
La Dehesa dam transaction	370,124	361,724
Amortization	0	50,552
Others	410,236	813,495
Deferred tax assets	86,762,125	82,717,306

Disclosures on deferred tax liabilities

Deferred tax liabilities	30-09-2016 Th\$	31-12-2015 Th\$
Depreciation fixed assets	22,776,297	22,479,474
Amortization	652,765	448,077
Expense investment related companies	114,266	114,266
Revaluation of land	22,669,870	22,669,870
Revaluations of water rights	45,611,780	45,611,780
Fair value of assets on purchase Essal S.A.	13,621,277	14,569,528
Others	44,671	49,225
Deferred tax liabilities	105,490,926	105,942,220

Net deferred tax position	-18,728,801	-23,224,914
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On September 29, 2015 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 2015, 22.5% in 2015, 24% in 2016, 25.5% in 2017 and 27% in 2018 onwards.

Movements in deferred tax liabilities

Movement in deferred tax assets	30-09-2016 Th\$	31-12-2015 Th\$
Deferred tax assets, initial balance	82,717,306	76,749,524
Increases (decreases) in deferred tax assets	-316,735	444,782
Increases (decreases) for variation in monetary correction and assets depreciation	3,435,273	6,270,852
Increases (decreases) for bad debt provision	926,281	-747,852
Changes in deferred tax assets	4,044,819	5,967,782
Changes in deferred tax assets, total	86,762,125	82,717,306

Movement in deferred tax liabilities	30-09-2016 Th\$	31-12-2015 Th\$
Deferred tax liabilities, initial balance	105,942,220	106,981,608
Increases (decreases) in deferred tax liabilities	496,957	145,927
Increases (decreases) in acquisitions through combinations of businesses	-948,251	-1,185,315
Changes in deferred tax liabilities	-451,294	-1,039,388
Changes in deferred tax liabilities, total	105,490,926	105,942,220



Revenues tax expenses

Revenues (charge) for income taxes by current & deferred parts	30-09-2016 Th\$	30-09-2015 Th\$	01-07-2016 30-09-2016 Th\$	01-07-2015 30-09-2015 Th\$
Charge for current taxes	-32,889,800	-29,625,521	-8,585,774	-7,093,026
Adjustment tax charge previous period	287,983	-25,960	9,204	11,719
Charge for current income tax	-32,601,817	-29,651,481	-8,576,570	-7,081,307
Deferred income (expenses) for taxes related to creation & reversal of timing differences	4,496,113	6,189,836	1,222,532	2,997,519
Charge for sole tax (disallowed expenses)	-78,575	-60,547	-13,813	-19,796
Earnings (charge) for other taxes	4,417,538	6,129,289	1,208,719	2,977,723
Charge for income tax	-28,184,279	-23,522,192	-7,367,851	-4,103,584

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

	30-09-2016 Th\$	30-09-2015 Th\$	01-07-2016 30-09-2016 Th\$	01-07-2015 30-09-2015 Th\$
Charge for taxes using the statutory rate	-31,359,245	-26,694,748	-8,233,354	-5,470,824
Permanent difference for monetary correction tax equity	3,309,679	3,032,393	932,208	1,447,006
Permanent difference for disallowed expenses	-78,575	-60,547	-13,813	-19,796
Permanent difference for previous years' income tax	287,983	-25,960	9,204	11,719
Other permanent differences	-344,121	226,670	-62,096	-71,689
Adjustments to tax charge using the statutory rate	3,174,966	3,172,556	865,503	1,367,240
Tax charge using the effective rate	-28,184,279	-23,522,192	-7,367,851	-4,103,584

Reconciliation of the statutory rate and the effective tax rate

	30-09-2016	30-09-2015
Statutory tax rate	24.00%	22.50%
Permanent difference for monetary correction tax equity	-2.53%	-2.56%
Permanent difference for disallowed expenses	0.06%	0.05%
Permanent difference for previous years' income tax	-0.22%	0.02%
Other permanent differences	0.26%	-0.18%
Effective tax rate	21.57%	19.83%



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		30-09-2016	30-09-2015	01-07-2016 30-09-2016	01-07-2015 30-09-2015
Earnings attributable to shareholders in equity of the controller	Th\$	99,556,469	92,814,636	26,086,773	19,594,673
Results available to common shareholders, basic	Th\$	99,556,469	92,814,636	26,086,773	19,594,673
Weighted average number of shares, basic		6,118,965,160	6,118,965,160	6,118,965,160	6,118,965,160
Earnings per share	\$	16.270	15.168	4.263	3.202

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	30-09-2016		30-09-2015	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-Water Th\$
Revenues from ordinary activities with external customers	343,307,813	17,139,597	327,871,161	18,813,511
Revenues from ordinary activities between segments	585,389	2,997,463	919,075	2,806,412
Operating expenses	-133,366,756	-17,511,796	-127,948,448	-17,744,707
Depreciation & amortization	-49,551,342	-544,923	-50,802,727	-414,423
Other revenue & expenses	7,653	125	155,573	466
Financial income	5,026,109	206,993	3,817,842	556,342
Financial costs	-20,523,873	-101,535	-21,164,388	-12,341
Result of indexation & exchange differences	-17,023,548	16,152	-18,218,436	8,417
Income tax charge	-27,595,049	-589,231	-22,765,648	-756,545
Earnings by segment	100,866,396	1,612,845	91,864,004	3,257,132
Earnings by segment attributable to owners of the controller	97,943,624	1,612,845	89,557,504	3,257,132
Earnings (losses) by segment attributable to non-controller participations	2,922,772	0	2,306,500	0

Total assets, liabilities & equity	30-09-2016		31-12-2015	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-Water Th\$
Current assets	124,987,618	13,033,863	139,417,111	14,460,517
Non-current assets	1,546,830,481	14,532,803	1,529,251,479	14,624,249
Total assets	1,671,818,099	27,566,666	1,668,668,590	29,084,766
Current liabilities	132,497,278	6,675,301	230,256,109	8,706,710
Non-current liabilities	878,329,678	114,801	787,106,299	93,772
Equity attributable to owners of the controller	607,532,970	20,776,564	596,911,692	20,284,284
Non-controller participations	53,458,173	0	54,394,490	0
Total equity & liabilities	1,671,818,099	27,566,666	1,668,668,590	29,084,766

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.

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, Decree N° 116 dated August 31, 2011 fixes the tariffs for Essal for the 2011-2016 period. At this date, the tariff process ended for the period from 2016 to 2021, through an agreement signed between companies and SISS, pending the publication of the respective decree.



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.

There are no differences in the nature of the measurement of assets and liabilities given that according to the standard, there are no accounting policies that show different criteria of assignment.

Reconciliation of revenues from ordinary activities	30-09-2016 Th\$	30-09-2015 Th\$
Revenues from ordinary activities of the segments	364,030,262	350,410,159
Elimination of ordinary activity revenues between segments	-3,582,852	-3,725,487
Revenues from ordinary activities	360,447,410	346,684,672

Reconciliation of earnings	30-09-2016 Th\$	30-09-2015 Th\$
Total consolidated earnings (loss) of segments	102,479,241	95,121,136
Consolidation of elimination of earnings (loss) between segments	-2,922,772	-2,306,500
Consolidation of earnings (loss)	99,556,469	92,814,636

Reconciliations of segment assets, liabilities & equity of segments	30-09-2016 Th\$	31-12-2015 Th\$
Reconciliation of assets		
Consolidation total assets of segments	1,699,384,765	1,697,753,356
Elimination of accounts between segments	-13,154,687	-6,555,508
Total assets	1,686,230,078	1,691,197,848
Reconciliation of liabilities		
Consolidation total liabilities of segments	1,017,617,057	1,026,162,890
Elimination of accounts between segments	-13,154,688	-6,555,509
Total liabilities	1,004,462,369	1,019,607,381
Reconciliation of equity		
Consolidation total equities of segments	628,309,536	617,195,977
Equity attributable to owners of the controller	628,309,536	617,195,977

Information on principal customers of the subsidiaries:

Main water segment customers:

- I. Municipalidad de Puente Alto
- I. Municipalidad de Santiago
- I. Municipalidad de La Florida
- Centro de Detención Preventiva Santiago 1
- Universidad de Chile
- Ministerio de Obras Públicas
- Adm. Centro Comunitario Alto Las Condes S.A
- 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	30-09-2016 Th\$	31-12-2015 Th\$
Expansion & improvements Greater Santiago WWTP	35,809,219	23,005,732
Expansion & improvements Isla de Maipo WWTP	0	341,476
Expansion & improvements Other Districts WWTP	4,956	1,363
Expansion & improvements Paine WWTP	17,966	0
Expansion & improvement Pomaire WWTP	22,742	14,304
Expansion & improvement San José de Maipo WWTP	24,040	4,500
Expansion & improvement Talagante WWTP	33,012	1,964
Expansion & improvements Valdivia de Paine WWTP	34,996	51,965
Improvement & renewal equipment & installations	696,848	1,207,737
Total	36,643,779	24,629,041

Aguas Manquehue S.A.

Project Name	30-09-2016 Th\$	31-12-2015 Th\$
Improvement & renewal equipment & installations	54,051	149,181
Total	54,051	149,181



Essal S.A.

Project Name	30-09-2016 Th\$	31-12-2015 Th\$
Improvement in disposal infrastructure	263,353	195,620
Improvement of EDAR system	415,240	295,762
Renewal of treatment & disposal equipment	36,579	33,655
Total	715,172	525,037

Projected environmental investments for the 2016 period:

Company	Th\$
Aguas Andinas S.A.	16,204,755
Aguas Manquehue S.A.	53,259
Essal S.A.	102,836
Total	16,360,850

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

At the date of issuance of these Interim consolidated financial statements, the management of the Company and Subsidiaries are not aware of any other subsequent events that affect the financial position through September 30, 2016.

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