



Consolidated Financial Statements

**For the financial years ended
December 31, 2017 and December 31, 2016**

AGUAS ANDINAS S.A. AND SUBSIDIARIES



EY Chile
Avda. Presidente
Riesco 5435, piso 4,
Santiago

Tel: +56 (2) 2676 1000
www.eychile.cl

Independent Auditor's Report (Translation of the report originally issued in Spanish)

Shareholders and Directors
Aguas Andinas S.A.

We have audited the accompanying consolidated financial statements of Aguas Andinas S.A., and its subsidiaries ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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



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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aguas Andinas S.A., and its subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.



Gastón Villarroel O.

EY Audit SpA

Santiago, March 28, 2018

CONSOLIDATED FINANCIAL STATEMENTS AGUAS ANDINAS S.A. AND SUBSIDIARIES

This document includes:

Consolidated Financial Position Statements
Consolidated Statements of Comprehensive Income according to their Nature
Consolidated Statements of Direct Cash Flows
Consolidated Statements of Changes in Net Equity
Explanatory Notes to the Consolidated Financial Statements

Consolidated Financial Position Statements
As at December 31, 2017 and December 31, 2016
(Thousands of Pesos - Th\$)

ASSETS	Note	31-12-2017 Th\$	31-12-2016 Th\$
CURRENT ASSETS			
Cash and cash equivalent	7	18,808,340	64,876,443
Other non-financial assets		1,359,205	334,293
Commercial debtors and other accounts receivable	8	113,515,790	106,288,544
Accounts receivable from related entities	9	560,633	1,275,867
Inventories	10	3,925,378	3,309,945
Tax assets		12,449,415	5,986,263
Total current assets other than the assets or groups of available assets classified as being retained for sale or being retained to be distributed among holders		150,618,761	182,071,355
TOTAL CURRENT ASSETS		150,618,761	182,071,355
NON-CURRENT ASSETS			
Other financial assets	8	7,807,734	7,792,445
Other non-financial assets		895,341	886,496
Receivables	8	2,276,380	2,082,334
Intangible assets other than goodwill	11	227,084,499	227,951,484
Goodwill	12	36,233,012	36,233,012
Properties, plant and equipment	13	1,351,763,816	1,294,570,086
Deferred tax assets	24	20,200,593	20,231,924
TOTAL NON-CURRENT ASSETS		1,646,261,375	1,589,747,781
TOTAL ASSETS		1,796,880,136	1,771,819,136

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

Consolidated Financial Position Statements
As of December 31, 2017 and December 31, 2016
(Thousands of Pesos - Th\$)

EQUITY AND LIABILITIES	Note	31-12-2017 Th\$	31-12-2016 Th\$
CURRENT LIABILITIES			
Other financial liabilities	8	63,045,352	43,629,749
Trade debts and other accounts payable	8	106,129,106	101,917,169
Accounts payable from related entities	9	43,591,633	38,225,005
Other provisions	15	2,603,819	2,628,225
Tax liabilities		12,639	2,857,217
Provisions for employee benefits	19	5,473,412	5,378,546
Other non-financial liabilities		16,255,942	17,295,140
Total current liabilities other than the liabilities included in available liability groups classified as being retained for sale		237,111,903	211,931,051
TOTAL CURRENT LIABILITIES		237,111,903	211,931,051
NON-CURRENT LIABILITIES			
Other financial liabilities	8	802,978,167	808,003,406
Other accounts payable	8	982,075	949,408
Other provisions	15	1,301,105	1,277,574
Deferred tax liabilities	24	37,820,849	38,150,441
Provisions for employee benefits	19	15,328,801	16,032,827
Other non-financial liabilities	8	8,057,759	8,592,004
TOTAL NON-CURRENT LIABILITIES		866,468,756	873,005,660
TOTAL LIABILITIES		1,103,580,659	1,084,936,711
EQUITY			
Issued capital	3	155,567,354	155,567,354
Accumulated earnings	3	328,964,934	320,491,338
Share premium	3	164,064,038	164,064,038
Other equity interests	3	-5,965,550	-5,965,550
Equity attributable to owners of the controller		642,630,776	634,157,180
Non-controlling interests	4	50,668,701	52,725,245
TOTAL EQUITY		693,299,477	686,882,425
TOTAL EQUITY AND LIABILITIES		1,796,880,136	1,771,819,136

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

Comprehensive consolidated income statements by nature
For financial years ended on December 31 2017 and 2016
(Thousands of Chilean Pesos - Th\$)

INCOME STATEMENT BY NATURE	Note	31-12-2017 Th\$	31-12-2016 Th\$
Revenues for regular activities	17	509,540,577	492,249,645
Used raw materials and expendables		-34,924,849	-33,442,760
Provisions for employee benefits	19	-55,548,304	-53,621,906
Expenses related to depreciation and amortization	11-13	-74,394,154	-67,009,703
Other expenses by nature	21	-120,462,471	-113,671,600
Other (losses) earnings	5	2,608,255	14,597,521
Financial income	5	6,052,997	6,473,964
Financial costs	5	-31,112,258	-27,117,541
Exchange differences	20	8,988	-17,987
Results of indexation adjustments	22	-11,945,903	-20,159,712
Earnings before taxes		189,822,878	198,279,921
Expenses for earning taxes	24	-46,340,625	-43,442,462
Earnings from continuous operations		143,482,253	154,837,459
Earnings		143,482,253	154,837,459
Earnings due to			
Earnings attributable to owners of the controller		139,620,280	150,575,666
Earnings attributable to non-controlling shares	4	3,861,973	4,261,793
Earnings		143,482,253	154,837,459
Earnings per share			
Earnings per basic shares in continuous operations	24	22.818	24.608
Earnings per basic shares		22.818	24.608

The attached notes from 1 to 28 are a comprehensive part of these consolidated financial statements.

Comprehensive consolidated income statements by nature
For financial years ended on December 31 2017 and 2016
(Thousands of Chilean Pesos - Th\$)

COMPREHENSIVE INCOME STATEMENT	Note	31-12-2017 Th\$	31-12-2016 Th\$
Earnings		143,482,253	154,837,459
OTHER COMPREHENSIVE INCOME STATEMENT			
Components of other comprehensive income statement that will not be regraded to the result of the financial year, before taxes			
Actuarial surplus (losses) for defined profit plans		1,340,799	58,684
Other Comprehensive income statement that will not be regraded to the result of the financial year, before taxes		1,340,799	58,684
Taxes on incomes related to components of other comprehensive income statement that will not be regraded to the result of the financial year			
Tax on incomes related to defined profit plans		-362,016	-15,844
Taxes on earnings related to the components of other comprehensive income statement that will not be regraded to the result of the period		-362,016	-15,844
Total other comprehensive income statement		978,783	42,840
TOTAL COMPREHENSIVE INCOME STATEMENT		144,461,036	154,880,299
Comprehensive income statement attributable to			
Comprehensive income statement attributable to the owners of the controller		140,601,412	150,602,686
Comprehensive income statement attributable to non-controlling shares	4	3,859,624	4,277,614
Total comprehensive income statement		144,461,036	154,880,300

The attached notes from 1 to 28 are a comprehensive part of these consolidated financial statements.

Consolidated direct cash flow statements
For financial years ended on December 31 2017 and 2016
(Thousands of Chilean Pesos - Th\$)

Direct cash flow statement	Note	31-12-2017 Th\$	31-12-2016 Th\$
Types of collections from operation activities		597,048,972	578,173,427
Collections from the sales of assets and services		592,919,710	575,262,317
Collections from premiums and benefits, annualities and other policies' profits		2,532,452	609,395
Other collections from operation activities		1,596,810	2,301,715
Types of payments in cash from operation activities		-311,191,522	-282,898,400
Vendors payment for goods and services		-196,301,864	-177,641,589
Payments to and on behalf of the employees		-56,738,355	-52,713,455
Payments of premiums and services, annualities and other liabilities arising from the contracted policies		-3,463,921	-579,521
Other payments for operation activities		-54,687,382	-51,963,835
Cash flow accruing (used in) operations		-72,388,282	-61,176,176
Interests paid		-20,265,514	-18,427,738
Interests accrued		345,631	1,591,617
Taxes paid on earnings (reimbursed)		-50,273,620	-41,193,369
Other cash in-flow (out-flow)		-2,194,779	-3,146,686
Cash flow from (used in) operation activities		213,469,168	234,098,851
Amounts from the sale of properties, plant and equipment		622,475	24,548,806
Purchase of properties, plant and equipment		-112,299,077	-113,173,475
Purchase of intangible assets		-678,500	-889,173
Interests accrued		402,982	153,645
Other cash in-flow (out-flow)		-1,876,838	-3,820,405
Cash flow from (used in) investment activities		-113,828,958	-93,180,602
Amounts from long-term loans		43,604,119	99,531,219
Amounts from short-term loans		67,841,887	1,573,312
Amounts from loans, classified as financing activities		111,446,006	101,104,531
Amortization of loans		-115,692,132	-75,455,795
Dividends paid		-141,462,187	-134,644,071
Cash flows from (used in) financing activities		-145,708,313	-108,995,335
Net cash increase (decrease) and equivalent to the cash		-46,068,103	31,922,914
Cash and cash equivalents at the beginning of the financial year		64,876,443	32,953,529
Cash and equivalent cash at the end of the financial year	7	18,808,340	64,876,443

The attached notes from 1 to 28 are a comprehensive part of these consolidated financial statements.

Status of Changes in the Consolidated Net Equity
For financial years ended on December 31 2017 and 2016
(Thousands of Chilean Pesos - Th\$)

Status of changes in the equity	Note	Issued shared capital	Share premiums	Other equity shares	Reserve of actuarial earnings or losses in defined profit plans	Accumulated earnings (losses)	Equity attributable to the owners of the controller	Non-controlling shares	Total equity
		Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Initial balance as at 01-01-2017		155,567,354	164,064,038	-5,965,550	0	320,491,338	634,157,180	52,725,245	686,882,425
Comprehensive result									
Earnings		0	0	0	0	139,620,280	139,620,280	3,861,973	143,482,253
Other comprehensive result		0	0	0	981,132	0	981,132	-2,349	978,783
Dividends	3	0	0	0	0	-132,127,816	-132,127,816	0	-132,127,816
Reduction due to transfers and other changes	3 - 4	0	0	0	-981,132	981,132	0	-5,916,168	-5,916,168
Total of changes in the equity		0	0	0	0	8,473,596	8,473,596	-2,056,544	6,417,052
Final balance as at 31-12-2017	3-4	155,567,354	164,064,038	-5,965,550	0	328,964,934	642,630,776	50,668,701	693,299,477

Status of changes in the equity	Note	Issued shared capital	Share premiums	Other equity shares	Reserve of actuarial earnings or losses in defined profit plans	Accumulated earnings (losses)	Equity attributable to the owners of the controller	Non-controlling shares	Total equity
		Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Initial balance as at 01-01-2016		155,567,354	164,064,038	-5,965,550	0	303,530,135	617,195,977	54,394,490	671,590,467
Comprehensive result									
Earnings		0		0	0	150,575,666	150,575,666	4,261,793	154,837,459
Other comprehensive result					27,020		27,020	15,820	42,840
Dividends	3	0		0	0	-133,641,483	-133,641,483		-133,641,483
Reduction due to transfers and other changes	3-4	0		0	-27,020	27,020	0	-5,946,858	-5,946,858
Total of changes in the equity		0	0	0	0	16,961,203	16,961,203	-1,669,245	15,291,958
Final balance as at 31-12-2016	3-4	155,567,354	164,064,038	-5,965,550	0	320,491,338	634,157,180	52,725,245	686,882,425

The attached notes from 1 to 28 are a comprehensive part of these consolidated financial statements.

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Note 1. OVERVIEW

Aguas Andinas S.A. (hereinafter the "Company") and its Subsidiaries are part of the Aguas Andinas Group (hereinafter the "Group"). Its legal address is 1398 Avenida Presidente Balmaceda, Santiago, Chile and its Taxpayer Identification Number is 61.808.000-5.

Aguas Andinas S.A. was incorporated as an open joint stock company by public deed on May 31, 1989 in Santiago, before Notary Public Mr. Raúl Undurraga Laso. An excerpt of the by-laws was published in the Official gazette on June 10, 1989, being recorded in the Register of Commerce on page 13.981, No. 7.040 of 1989 of the Registrar of Land, Mines and Industrial Property of Santiago.

The Company's corporate purpose as stated in article two of its bylaws is the rendering of water utility services, which considers the building and operation of public services aimed at producing and distributing potable water as well as collecting and disposing wastewater. Its current concession area is Greater Santiago and peripheral locations.

The Company is parent company of three utility companies, two in Greater Santiago (Aguas Cordillera S.A. and Aguas Manquehue S.A.) and one in the De los Ríos y De Los Lagos Region (Empresa de Servicios Sanitarios de Los Lagos S.A., ESSAL). To provide a comprehensive service within its line of business, the Company has non-sanitation subsidiaries rendering services such as liquid industrial waste treatment (EcoRiles S.A.), laboratory analysis (Análisis Ambientales S.A.), trade of materials and other services related to the utility business (Gestión y Servicios S.A.) and other activities related to the water rights and energy projects arising from facilities and goods owned by utility companies (Aguas del Maipo S.A.).

The Company and its subsidiary Essal are registered in the Register of the Superintendence of Securities and Insurance (S.V.S., in Spanish) under No. 346 and No. 524, respectively. The subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A., are recorded in the special Register of informing entities of the Register of the Superintendence of Securities and Insurance under No. 170 and No. 2, respectively. As sanitation companies, they are regulated by the Superintendence of Water Services, in accordance with Act No. 18.902 of 1989 and Decrees with Force of Law No. 382 and No. 70, both enacted in 1988.

To prepare these consolidated financial statements, it is understood that a group exists when there is a parent company with one or more subsidiaries directly or indirectly controlled by the parent company. The accounting policies applied to prepare these Group consolidated financial statements are detailed in Note 2.2.

The direct controlling entity is Inversiones Aguas Metropolitanas S.A. ("IAM"), a joint stock corporation controlled by Sociedad General Aguas de Barcelona S.A. ("Agbar"), based in Spain and one of the largest worldwide sanitation services operator, which in turn is controlled by Suez (France), being ENGIE (France) its main shareholder.

Note 2. PREPARATION BASIS AND ACCOUNTING POLICIES

2.1 Preparation basis

These consolidated financial statements are the consolidated financial position statements as of December 31, 2017 and December 31, 2016 and the consolidated comprehensive statements of changes in net equity and cash flows for financial years ended on December 31, 2017 and December 31, 2016. They have been prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the comprehensive, explicit adoption of the referred IFRS without reservations.

The Group complies with the legal conditions of its operations' environment, particularly the sanitation Subsidiaries regarding the sanitation regulations. Group companies show normal operation conditions in each scope in which they develop their activities; their projections show a profitable operation and they are capable of using the finance system for their operations. In the opinion of the management this determines their capability of continuing as an on-going company, as established by the accounting norms under which these consolidated financial statements are issued.



Functional and presentation currency

The financial statements of each Company in the Group are presented in the currency of the main economic environment in which those companies operate (Functional Currency). For consolidated financial statements, the results and the financial position of each Company in the Group are expressed in Chilean Pesos (rounded to thousands of Pesos), which is the Company's functional currency and its subsidiaries, and the presentation currency for consolidated financial statements.

New accounting pronouncements

The rules and interpretations, as well as the improvements and changes to IFRS, which have been issued to enter into effect the date of issue of these financial statements, are summarized below. The Company has applied these rules and concluded that they did not have an impact on the financial statements.

Amendments and/or Modifications	Date of enforcement
IFRS 12, Disclosure of interest in other entities	Annual periods beginning on or after January 1 2017
IAS 7, Statement of cash flows	Annual periods beginning on or after January 1 2017
IAS 12, Income taxes	Annual periods beginning on or after January 1 2017

The standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued but not entered into effect the date of issue of these financial statements, are summarized below. The Company has not applied these standards before their enforcement.

New standards	Date of enforcement
IFRS 9, Financial instruments, recognition and measurement	Annual periods beginning on or after January 1 2018
IFRS 15, Revenue from contact with customers	Annual periods beginning on or after January 1 2018
IFRIC 22, Foreign currency transactions and advance consideration	Annual periods beginning on or after January 1 2018
IFRS 16, Leases	Annual periods beginning on or after January 1 2019
IFRIC 23, Uncertainty over Income Tax Treatment	Annual periods beginning on or after January 1 2019
IFRS 17, Insurance contracts	Annual periods beginning on or after January 1 2021



Upgrades and modifications	Date of enforcement
IFRS 1, First-time Adoption of IFRS	Annual periods beginning on or after January 1 2018
IFRS 2, Share-based payments	Annual periods beginning on or after January 1 2018
IFRS 4, Insurance contracts	Annual periods beginning on or after January 1 2018
IAS 28, Investment in associates and joint ventures	Annual periods beginning on or after January 1 2018
IAS 40, Investment property	Annual periods beginning on or after January 1 2018
IFRS 3, Business combinations	Annual periods beginning on or after January 1 2019
IFRS 9, Financial instruments	Annual periods beginning on or after January 1 2019
IFRS 11, Joint arrangements	Annual periods beginning on or after January 1 2019
IAS 12, Income taxes	Annual periods beginning on or after January 1 2019
IAS 23, Borrowing costs	Annual periods beginning on or after January 1 2019
IAS 28, Investment in associates and joint ventures	Annual periods beginning on or after January 1 2019
IFRS 10, Consolidated financial statements	Pending

The Company's Management has been analyzing the eventual impact of these standards and amendments to the financial statements. However, those to enter into effect in annual periods starting on January 1, 2018 have been analyzed and they are not expected to have a significant impact on the preparation and presentation of future financial statements.

Note of IFRS 9 and IFRS 15 accounting policy in the Financial Statements as of December 31, 2017

IFRS 9, "Financial Instruments" of which the final version was issued in July 2014. Establishes the principles for financial reporting of financial assets and also financial liabilities in such a way, that useful and relevant information for assessing the amounts, timing and uncertainty of an entity's future cash flows is displayed to users of financial statements.

It introduces a "more prospective" model of expected credit losses for impairment accounting and a substantially reformed approach to hedge accounting. Companies shall also have the option to apply the accounting for gains and losses from changes in fair value related to "own credit risk" for financial liabilities designated at fair value through profit or loss in advance, without applying the IFRS 9 other requirements. Its application has been mandatory since 1 January 2018 and its early adoption was allowed.

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade debtors, either on a 12-month or lifetime basis.

As of December 31, 2017, the Company evaluated the credit loss policy of its commercial debtors (described in Note 1 letter H), concluding that this policy implicitly considers an expected loss model, as this standard requires. This assessment is based on available and sustainable credit risk information.

In accordance with the aforementioned, the model for determining impairment losses associated with credit risk will not be modified, and there will be no effects on the preparation and submission of the Company's financial statements.

IFRS 15 "Revenue from Client Contracts", issued in May 2014, sets out the principles that a company applies to display useful information to the users of the financial statements about the nature, amount, timing and uncertainty of the revenue coming from ordinary activities and cash flows arising from a contract with a client. This new standard aims to improve the inconsistencies and weaknesses of IAS 18 and to provide a model that will facilitate comparability of companies from different industries and regions. Provides a new model for revenue recognition and more detailed requirements for contracts with multiple elements. Its application has been mandatory since January 1, 2018 and its early adoption was allowed.



The Company measures its sales income at fair value. Invoicing is based on actual consumption or work performed on the service receivable, net of returns, trade discounts and rebates, so that revenue is recognized when transferred to the customer and recovery is considered probable, associated costs and possible discounts for erroneous collections can be estimated reliably.

The Company considers that the entry into force of this Standard has no effect on the recognition of revenues from customer contracts.

Responsibility for the information and calculations

The corporate Director's Committee is responsible for the information contained in these consolidated financial statements, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. The Director's Committee approved the following consolidated financial statements in the meeting held on March 28, 2017.

The financial statements of Aguas Andinas S.A. and Subsidiaries for the financial year 2016 were approved by their Director's Committee in the Meeting held on March 29, 2017.

The following estimations have been used in the preparation of consolidated financial statements:

- Useful life of intangible fixed assets
- Asset appraisal and purchased goodwill (goodwill or decreased investment value)
- Loss due to depreciation
- Hypotheses used in the actuarial calculation of benefits for termination of contracts of employment
- Hypotheses used in the calculation of the reasonable value of financial instruments
- Income from supplies to be billed
- Provisions due to third-party commitments
- Risks resulting from current disputes

Although these estimates and judgments were made subject to the best information available as of the date of issue of the current consolidated financial statements, some events may happen in the future, which may force a variation (upward or downward) in coming periods. This should be recorded prospectively upon acknowledging the variation, registering the effects of said changes in the relevant future consolidated financial statements.



2.2 Accounting policies

Below is a description of the main accounting policies implemented in the preparation of these consolidated financial statements.

A. Bases for consolidation

Consolidated financial statements include the financial statements of the Company and the organizations controlled by the Company (its Subsidiaries). Subsidiaries are those organizations over which the Group has the power to control important activities, has the right to review variable share yields and the capacity to use that power to have an influence on investor yield amounts. Subsidiaries merge as from the date control is transferred to the Group and are excluded from the merge the date the Group ceases to exist.

All transactions, balances, losses and profits of the Group companies will be eliminated during the merge process.

The Company and its Subsidiaries have policies similar to those used by the Group.

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

Tax Identification Number	Company name	Direct %	Indirect %	Total 2017 %	Direct %	Indirect %	Total 2016 %
96.809.310-K	Aguas Cordillera S.A.	99.990030	0.00000	99.990300	99.990030	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 operative segments and releasing products and services. Operative segments are defined as components of an entity for which separate financial information is allocated and 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:

- Sanitation business operations (Water).
- Non-sanitation business operations (Non-Water).



C. Intangible assets other than goodwill

The Company recognizes an intangible asset as being identifiable as long as it proves to be likely to bring about future economic benefits that will flow to the entity and its cost can be reliably 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 checked at the closing of each status statement, including the effect of any change in the estimate thereon.

ii. Amortization method for intangible assets:

Intangible assets with defined useful lives

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

Software

The estimated useful life of software is 4 years. For any other asset with a defined useful life, the useful life for amortization is the period defined in the contracts or copyrights.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are water rights and easements granted for an indefinite period, as established in the acquisition contracts and the rights granted by the Water Resources Department of the Ministry of Public Works.

Determination of useful life

Some of the factors that should be considered for the estimation of useful life are:

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

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

D. Goodwill

Goodwill (a decrease in the value of investments) generated in the merge represents the excess of acquisition cost over the Group's share in the fair value of assets and liabilities, including identifiable contingent liabilities of a Subsidiary as of the acquisition date.

The assets and liabilities acquired are temporarily appraised upon taking over the company and are then revised within one year from the acquisition date at the latest. Until the definite fair value of assets and liabilities is determined, the difference between the acquisition price and the book value of the acquired company is temporarily recorded as goodwill.



In the event the definitive goodwill is recorded in the financial statements for the year following the share acquisition, 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 share acquisition date.

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, whereas goodwill subsequently generated is registered using the acquisition method.

Goodwill is not amortized. Instead, any impairment reducing the recoverable value to below the net book cost is estimated at the end of each accounting period. In this case, an adjustment for impairment is in order, as required by IAS 36.

E. Property, plant and equipment

The Company uses the cost method for the valuation of Property, Plant and Equipment. Historical cost includes expenses that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the value of the initial asset or are considered as being a separate asset only when future economic benefits associated with fixed asset items are likely to flow to the Group and the cost of the element can be reliably determined. The value of the component substituted is deregistered. Other repairs and maintenance are included in the results for the financial year in which they are incurred.

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

The depreciation method applied by the Company reflects how the assets are expected to be used by the entity over the period in which they generate profit. The Company therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (specialized external companies). The residual value and useful life of assets are checked 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 it is immediately reduced to the amount recoverable (Note 14).

Useful lives

The useful lives considered in calculating the depreciation are based on technical studies prepared by specialized external companies. They are revised as new information arises to allow considering that the useful life of any asset has been modified.

The assignment to assets of the total useful life is based on several factors, including the nature of the equipment. These factors generally include:

1. Nature of the equipment or construction materials
2. Equipment operation environment
3. Intensity of use
4. Legal, regulatory or contractual restrictions.



The useful life period (in years) by type of asset is as follows:

Item	Minimum useful life (years)	Maximum useful life (years)
Buildings	25	80
Plant & equipment	5	50
Computer equipment	4	4
Fixed installations & accessories	5	80
Motor vehicles	7	10
Improvement of leased assets	5	5
Other property, plant & equipment	5	80

Policy for estimating the costs for dismantling, decommissioning or renovating property, plant and equipment:

Due to the nature of the assets constructed by the Company and given that there are no contractual obligations or construction requirements other than those mentioned in the IFRS, the concept of dismantling costs is not applicable as of the date of these consolidated financial statements.

Fixed asset sales policy

The results of fixed asset sales are calculated by comparing the income 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 with a defined useful life at each closing date of the Consolidated Statement of Financial Position to see whether there is 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 sustained. 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 sustained impairment before the end of the period.

The recoverable value is the greater amount of its fair value minus sale costs and value in use. To estimate the value in use, the estimated future cash flows are discounted from its current value using a pre-tax discount rate to reflect both the current conditions of the money market over time and the specific risks associated with the asset.

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

G. Leases

i. Financial leases

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



ii. Operative leases

Operative lease payments are recognized as a straight-line expense over the term of the lease, except when another systematic basis is more representative for reflecting the time pattern in which the economic benefits of the leased asset are consumed. Contingent leases are shown as expenses over the period in which they are incurred.

Should lease incentives be received in order to agree an operative lease, such incentives are recognized 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 recognized 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 substantially passed 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 recognition.

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 an AAfm rating / 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 as N-1 (instruments with the highest capacity for paying capital and interests under the agreed terms and maturities).

The institutions issuing these instruments are bank Companies or bank subsidiaries with an N-1 credit rating, and their instruments have a rating of at 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 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 equals the Net Present Value (NPV) with its nominal value.



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 resulting loss or gain is recognized in the results. The net loss or gain recognized in the results includes any dividend or interest received over the financial asset.

The Company and its subsidiaries hold shares in Sociedad Eléctrica Puntilla S.A., which have been valued at their fair value at the acquisition date, as defined in IAS No. 39. Their subsequent measurement will be at cost because there is no active market, as provided in the same standard.

iii. Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets payable in fixed or determinable periods, not traded on an active market and 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 recognition of interest is immaterial.

Trade debtors and other accounts receivable

Trade debtors are the billing of water consumption, sewage services, sewage treatment and other services and the accrued revenue from consumption between the date of the last meter reading (following an established monthly routine) and the financial statement closing date. These are recorded at net value from the estimate of bad debts or debts unlikely to be recovered.

The trade debtor 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 evaluates impairments affecting its financial assets on a periodical basis. The amount is recognized 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 recorded 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 recovering of the amount billed is minimal.

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

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

For the subsidiaries Gestión y Servicios S.A., Anam S.A., EcoRiles S.A. and Aguas del Maipo S.A., a 100% provision is made for customer debts more than 120 days overdue.

A 100% provision is made for overdue notes receivable.



I. Inventories

Materials, spare parts and inputs are valued at acquisition 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 on an annual basis and are recorded at market value, if less.

J. Dividend policy

The Company's dividend policy, pursuant to article 79 of Act 18,049 on Public Limited Companies, is to distribute 30% of the net earnings for each financial year. In case these dividends do not exist or were lower than the minimum established by Law, the relevant provision would be in order.

Additionally and after being authorized by the Ordinary Shareholders Meeting, the remaining 70% can be distributed as additional dividend, as long as the current level of capitalization is maintained and is compatible with the investment policies.

K. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the closing of each financial year, as per the following parities:

Currency	31-12-2017 \$	31-12-2016 \$
American dollar	614.75	669.47
Euro	739.15	705.60

Foreign currency transactions are converted to the functional currency using the exchange rates as of the transaction date. 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.

Different exchange rates are registered in the results of the financial year in which they have accrued.

L. Financial liabilities

Loans, bonds payable and similar documents are at first shown at their fair net value for the costs incurred in the transaction. They are then shown at amortized cost, using the effective interest rate, except for transactions for which hedging contracts have been signed, which have been 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 follows the Group's financial risk management policies, which establish the guidelines for use.

The Group uses derivative financial instruments as hedging instruments to reduce inflation, exchange rates and foreign currency risks on current items to which it is exposed due to its operations.

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



Changes in the fair value are recorded directly in the 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 hedge operations with derivative instruments is 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 recorded as credit or charge to the financial results in the respective result accounts.

Cash flow and foreign currency net investment hedging. Changes in the fair value of the effective part of these derivative financial instruments are directly recorded in an equity reserve called "cash flow hedge," while the ineffective part is registered in the results. The amount recognized in net equity is not transferred to the result account until the results of the operations hedged are therein recorded or until the expiration date of such operations.

In the event of hedging discontinuation, the net equity loss or gain accumulated to that date is maintained until the underlying hedging operation is executed. At that moment, the accumulated loss or gain in equity will be reversed in the result account affecting that transaction.

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

Effectiveness. Hedging is considered to be highly effective when the changes in fair value or cash flows of the underlying item directly attributable to the hedged risk are offset by changes in the fair value or cash flow of the hedge instrument, with effectiveness ranging from 80% to 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 main contract, provided that the combination is not being recorded at fair value. If they are not closely related, they are recorded separately, with the value variations being taken directly from the consolidated statement of results.

N. Provisions and contingent liabilities

The Group recognizes a provision when there is a current obligation resulting from past events, for which the Group is likely to use resources to settle the obligation and for which a fair estimate of the amount of the obligation can be made.

The provisions are quantified considering the best information available 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 recognized, their full or partial revision being required when such risks disappear or decrease.

Contingent liabilities are possible obligations arising from 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 any, as is required in the same regulation, they are described in Note 15.



O. Employee benefits

The obligation of seniority benefits that 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 turnover rates, mortality, wage increases or discount rate are determined in accordance with IAS 19, in other comprehensive results, thus directly affecting the Equity, which is then re-classified into accumulated earnings.

Aguas Andinas S.A.

Seniority benefits in Aguas Andinas S.A. are governed by the Labor Code, except for the amount of the indemnity in any event accumulated to July 31, 2002 and the termination benefit of 1.45 monthly wages, excluding voluntary resignation, without any amount or age limit, for workers subject to current collective bargaining agreements and those to whom this benefit was extended via their individual contract of employment. The amount in any event accumulated to that date is adjusted quarterly in line with the changes in the consumer price index. The mentioned collective bargaining agreement also states that workers who retire from Aguas Andinas S.A. within 120 days of the date they reach the legal retirement age can have access to the benefits under the collective bargaining contract and continue to accrue this benefit after July 2002.

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

Seniority compensation in Aguas Cordillera S.A. and Aguas Manquehue S.A. is governed by the Labor Code, except the amount of the indemnity in any event accumulated to December 31, 2002 and the termination benefit of 1 monthly wage without any amount or age limit for workers covered by current collective bargaining agreements and for those to whom this benefit was extended via their individual contract of employment. The amount in any event accumulated to that date is adjusted quarterly in line with the changes in the consumer price index. The mentioned collective bargaining 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 who take part of or have been incorporated to the current collective bargaining 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 payment limit of six months. In other cases, the rules of the Labor Code are applicable.

This kind of benefit is not applicable in the other Subsidiaries.

P. Income tax and deferred taxes

The charge for income tax is the sum of income tax payable and variations in deferred tax assets and liabilities. Income tax payable is determined on the basis of the tax result for the period. The income tax to be paid by the Group is calculated using tax rates approved or in the process, on the closing date of the statement of financial position.

Deferred taxes are recognized on the basis of differences between the book values of assets and liabilities contained in the financial statements and the corresponding tax figures used in the calculation of the tax result, and are recorded using the balance-sheet liability method. Deferred tax liabilities are recorded for all taxable timing differences, and deferred tax assets are recognized for all deductible timing differences as long as future tax benefits are likely to offset such differences. Deferred tax assets or liabilities are not recognized if timing differences arise from the reduced value or initial recognition (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or the financial results.



The book value of deferred tax assets is revised on the closing date of each financial position statement and is reduced until sufficient tax results to allow the recovery of all or part of the asset are no longer available.

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 are about to be approved at the closing of the statement of financial position. The measurement of deferred assets and liabilities reflects the possible tax consequences of the way in which Group expects to recover or settle the book values of its assets and liabilities to the date of report.

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

Q. Ordinary income

Policy for accounting for ordinary income.

Income arising from any normal operation and other events at the fair value of the payment received or receivable is recorded taking into account the terms of payment, rebates and credit notes, and provided that the amount of income can be measured reliably.

Policy for recognizing ordinary income from sales of goods

Income from sales of goods is recognized once the risk and significant advantages resulting from the ownership of the goods have been transferred. The Company is no longer bound to the asset sold. The amount of income can be reliably measured. The company is likely to receive the economic benefits associated with the sale and the costs incurred in the transaction can also be reliably measured.

Policy for booking ordinary income from sales of services

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

The water utilities' services area is divided into billing groups that determine dates for meter readings and subsequent billing. This process is carried out in a calendar month. This means that at the end of each month there is unread consumption, and therefore, not billed.

For those billing groups that have the information about the consumption effectively read, the application of the corresponding tariff would be in order.

For those cases where the whole meter reading consumption is not available for the Company, a better estimation of those incomes pending of billing will be carried out on the basis of data from the previous month valued at the current tariff, considering for both cases (billing or estimation) the normal or overconsumption tariff.



The transfer of risks and benefits varies according to the corporate business. For Water Utilities, the provision of services and any related charge are based on the actual consumption and a monthly provision is made for unbilled consumption, based on the previous billing. For Anam S.A., EcoRiles S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A., invoicing and the possible are based on the work carried out.

Method used for determining the service termination statement

The provision of the sanitation services is confirmed by metering the consumption, in accordance with the relevant legislation, whereas non-water utility subsidiaries do so once the services and/or respective reports have been completed.

Income under agreements with property developers is recorded as ordinary income provided that it complies with the conditions of each contract to ensure that the related economic benefits will flow to the Company.

R. Earnings per share

Basic earnings per share are calculated as the ratio between the earnings (loss) attributable to the holders of Net Equity of the Controller and the average weighted number of common shares in circulation during the periods ending December 31, 2017 and 2016.

During the financial years ending December 31, 2017 and 2016, the Group has carried out no operation with a potential diluting effect that supposes that diluted earnings per share are any different to basic earnings per share.

S. Environmental information

Environmental assets are those constantly used in the business of the Company and subsidiaries. Their main objective is to minimize adverse environmental impacts and ensure the protection and improvement of the environment, including the reduction or elimination of any future contamination as a result of the operations conducted by Aguas Andinas S.A. and its subsidiaries.

These assets, like any other asset, are valued at cost. The Company and its subsidiaries amortize these items on a straight-line basis as a function of the estimated remaining years of useful lives for the different items.

T. Consolidated statement of cash flows

Cash flow statements record 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. They are understood as being easily-liquidated short-term investments with a low value variation risk (maximum unrestricted term of 3 months from investment date).

Operation activities: Common activities in a regular business operation by the Company and its Subsidiaries, as well as other activities that have not been classified as investment or financing.

Investment activities: Acquisition, disposal or use by other means of long-term assets and other investments that have not been included in cash and cash equivalents.

Financing activities: Activities that produce changes in the amount and composition of the net equity and liabilities that are not part of the ordinary activities.



U. Construction contracts

For construction contracts, the Group uses the "percentage-of-completion method" for booking revenues and expenses referring to a contract being fulfilled. By this method, the revenues under the contract are compared with the related costs incurred according to the degree of progress achieved, which results in the amount of the ordinary revenue, expenses and earnings attributable to the completed portion of the contract.

Contract costs are recognized when incurred. When the result of a construction contract can be reliably estimated, and the contract is likely to be profitable, contract revenues are recognized over the term of the contract. When the contract costs are likely to exceed the total revenues, the expected loss is immediately recognized as an expense incurred in the financial year. When the result of a construction contract cannot be estimated reliably enough, contract revenues are recognized only to the limit of the contract costs incurred that are likely to be recovered.

The Group shows the gross amount due by customers for the work of all the contracts in progress as an asset for which the costs incurred plus recognized profits (less booked losses) exceed the partial invoicing. Partial invoicing unpaid by customers and the withholdings are included in "Trade debtors and other accounts receivable".

The Group shows the gross amount due to customers for the work of all contracts in progress as a liability for which the partial invoicing exceeds the costs incurred plus recognized profits (less recognized losses).

V. Capitalized financing costs

Policy on interest-bearing loans:

Loan costs directly attributable to the acquisition, construction or production of assets that meet the conditions for their qualification are capitalized, forming part of the cost of such assets.

Policy on interest-cost capitalization:

Interests paid or accrued on debt used to finance qualified assets are 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 to the construction project being financed up to the total amount of such interests, applying the respective rate to the disbursements to the financial statement submission date.

W. Reclassifications

For comparison purposes, certain reclassifications have been made as of December 31, 2016, according to the following detail:



Reclassifications	Increase/ (Decrease) Th\$
Statement of result per nature	
Revenues for ordinary activities	-246,664
Other (losses) earnings	246,664
Statement of cash flow	
Collections from the sale of goods and services	24
Other charges for operating activities	92,410
Payments of premiums and benefits, annualities and other obligations	-92,434

Note 3. EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER

The corporate capital is divided into 6,118,965,160 nominative shares without par value, completely subscribed and paid as of December 31, 2016, of which 94.97% corresponds to series A and 5.03% to series B.

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

Each series is composed by:

Currency	31-12-2017	31-12-2016
Series A shares	5,811,031,417	5,811,030,417
Series B shares	307,933,743	307,934,743

The capital as of December 31, 2017 and December 31, 2016 amounts to Th\$155,567,354. In the portfolio contains no owned shares or preference shares.

The Company manages its capital to ensure permanent and expedite access to the financial markets to allow achieving its objectives in terms of growth, solvency and profitability.

The capital management objectives or policies have not changed over the financial years reported.

The following dividend payment was agreed during the financial year ended December 31, 2017:

- The Board of Directors Meeting of December 14, 2017 unanimously agreed to distribute the amount of Th\$41,984,668 as an interim dividend deductible from the earnings in financial year 2017. Consequently, the interim dividend No. 65 of the Company amounted to \$6.8614 per share. This payment was payable as from January 24, 2018.
- The Ordinary Shareholders Meeting held on April 24, 2017 agreed to distribute 89.88% of net earnings for financial year 2016, deducting the interim dividend paid in January 2017. Therefore, the dividend No. 64 of the Company amounted to Th\$93,357,051, equivalent to \$15.2570 per share. This payment was payable as from May 22, 2017, being entitled to 6,118,965,160 shares.



The following dividend payment was agreed during the financial year 2016:

- The Ordinary Shareholders Meeting held on April 27, 2016 agreed to distribute 100% of net earnings for financial year 2015, deducting the interim dividend paid in January 2016. Consequently, the dividend No. 62 of the Company amounted to Th\$88,442,910 equivalent to \$14.4539 per share. This payment was payable as from May 25, 2016, being entitled to 6,118,965,160 shares.
- In the Board of Directors meeting held on November 29, 2016, it was unanimously agreed to distribute the sum of Th\$41,984,668 among the shareholders as an interim dividend, deductible from the earnings in financial year 2016. Therefore, the interim dividend No. 63 of the Company amounted to \$6.8614 per share, payable as from January 18, 2017.

- **Provision for minimum dividend**

In accordance with the policy described in Note 2.2. Letter J, the Company has made no provision for the minimum dividend as of December 31, 2016. As of December 31, 2016, a minimum dividend provision of Th\$3,213,903 was made.

- **Accumulated earnings**

The amounts recorded for revaluation of land and intangible assets and other adjustments upon the first adoption of the IFRS are included as accumulated earnings and are subject to distribution restrictions, as they first have to be recognized as realized, through their use or sale, as established in IFRS 1, IAS 16 and Circular No. 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 December 31, 2017 and December 31, 2016 amounted to Th\$328,964,934 and Th\$320,491,338, respectively.

Additionally, as of December 31, 2016, modifications were made to the calculation parameters in the actuarial earnings and losses on compensation, which generated an entry in the accumulated results for Th\$978,783. (See note 2.2.O)

- **Share premiums**

The amount registered in share premiums is the overprice on the sale of shares in 1999 due to the capital increase. The balance as of December 31, 2017 and December 31, 2016 amounted to Th\$164,064,038 for each financial year.

- **Other participations in equity**

The amounts included in Other Participations refer to the monetary correction of the capital paid in 2008, the year of transition to IFRS, in accordance with Circular No. 456 of the Superintendence of Securities and Insurance, and the effects of businesses combinations of companies under common control made in financial years 2007 and 2008. The balance as of December 31, 2017 and December 31, 2016 amounted to Th\$-5,965,550.



Note 4. EQUITY ATTRIBUTABLE TO NON-CONTROLLING PARTICIPATION

The following table, broken down by Company, shows the effects of third-party participation in the equity and results as of December 31, 2017 and December 31, 2016:

Company	% Participation		Non-controller participations			
	31-12-2017	31-12-2016	Equity		Result	
	%	%	31-12-2017 Th\$	31-12-2016 Th\$	31-12-2017 Th\$	31-12-2016 Th\$
Aguas Cordillera S.A.	0.00997%	0.00997%	20,295	21,198	1,883	3,193
Essal S.A. (1)	46.49350%	46.49350%	50,648,406	52,704,047	3,860,090	4,258,600
Total			50,668,701	52,725,245	3,861,973	4,261,793

(1) Includes third-party participation by assigning a market value to the assets and liabilities arising from the purchase of Inversiones Iberaguas Ltda. and Essal S.A. upon merging the businesses.

The dividends paid to non-controlling participations of the subsidiary Essal S.A amount to Th\$6,120,049 as of December 31, 2017 and Th\$5,355,744 as of December 31, 2016.

Note 5. OTHER INCOME AND EXPENSES

The table below shows additional disclosure of information as provided in IAS 1, referring to other non-operating revenues and expenses:

Non-operating revenue and expenses	31-12-2017 Th\$	31-12-2016 Th\$
Earnings (losses) on sale of non-current assets, not held for sale	2,121,103	20,154,575
Losses of properties, plant & equipment replacement	-275,905	-412,910
Other earnings	191,098	251,479
Rejected projects	571,959	-5,395,623
Other (losses) earnings	2,608,255	14,597,521
Bank loans	-4,092,913	-4,666,883
AFR Interest expenses	-6,527,947	-6,808,706
Bond interest expense	-18,182,263	-14,865,822
Other interest costs	-624,946	-554,890
Expenses for hedging instruments	-1,522,983	0
Amortization of loan agreement complementary costs	-161,206	-221,240
Financial costs	-31,112,258	-27,117,541
Interest income	4,772,109	4,990,623
Earnings on redemption & extinction of debt	1,280,888	1,483,341
Financial income	6,052,997	6,473,964



Note 6. FINANCIAL STATEMENTS OF SUBSIDIARIES

The tables below summarize the information on the statement of financial position and statement of comprehensive results of each subsidiary included in the consolidated financial statements:

Summarized financial information by Subsidiary (Statement of Financial Position) as of December 31, 2017

31-12-2017	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	14,540,106	268,599,745	29,796,925	49,784,017	203,558,909
Aguas Manquehue S.A.	4,698,353	88,826,394	15,292,813	24,353,717	53,878,217
Inversiones Iberaguas Ltda.	2,071,039	65,780,301	24,578	0	67,826,762
Empresa de Servicios Sanitarios de Los Lagos S.A.	32,262,114	155,973,380	17,441,531	94,198,693	76,595,270
Ecoriles S.A.	4,718,568	501,160	2,101,177	0	3,118,551
Gestión y Servicios S.A.	6,325,828	780,187	3,687,532	41,863	3,376,620
Análisis Ambientales S.A.	1,838,309	4,614,248	1,700,455	0	4,752,102
Aguas del Maipo S.A.	2,066,321	14,356,295	7,200,920	109,474	9,112,222

Summarized financial information by Subsidiary (Statement of Comprehensive Results) as of December 31, 2017

31-12-2017	Result of the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiaries	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	18,890,051	52,833,529	-32,748,879	-1,194,599
Aguas Manquehue S.A.	3,193,001	12,401,009	-7,988,554	-1,219,454
Inversiones Iberaguas Ltda.	6,211,069	0	-6,053	6,217,122
Empresa de Servicios Sanitarios de Los Lagos S.A.	12,227,137	54,926,019	-34,775,771	-7,923,111
Ecoriles S.A.	1,680,341	13,389,212	-11,174,166	-534,705
Gestión y Servicios S.A.	614,644	8,363,693	-7,928,958	179,909
Análisis Ambientales S.A.	1,163,257	8,301,209	-6,706,861	-431,091
Aguas del Maipo S.A.	669,743	1,335,159	-655,995	-9,421

Summarized financial information by Subsidiary (Statement of Financial Position) as of December 31, 2016

31-12-2016	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	44,978,477	263,155,183	46,265,462	49,255,201	212,612,997
Aguas Manquehue S.A.	4,859,500	79,936,629	7,697,070	23,831,041	53,268,018
Inversiones Iberaguas Ltda.	2,305,082	66,033,589	24,386	0	68,314,285
Empresa de Servicios Sanitarios de Los Lagos S.A.	15,425,907	147,548,129	17,710,264	68,171,861	77,091,911
Ecoriles S.A.	5,103,621	425,004	2,380,465	0	3,148,160
Gestión y Servicios S.A.	5,768,832	907,094	3,690,043	40,043	2,945,840
Análisis Ambientales S.A.	2,029,111	5,354,352	2,956,521	0	4,426,942
Aguas del Maipo S.A.	477,419	8,347,776	99,426	82,367	8,643,402



Summarized financial information by Subsidiary (Statement of Comprehensive Results) as of December 31, 2016

31-12-2016	Result of the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiaries	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	32,025,085	53,429,959	-33,662,534	12,257,660
Aguas Manquehue S.A.	2,347,132	11,488,105	-7,990,314	-1,150,659
Inversiones Iberaguas Ltda.	6,678,409	0	-12,600	6,691,009
Empresa de Servicios Sanitarios de Los Lagos S.A.	13,163,288	53,655,895	-33,044,506	-7,448,101
Ecoriles S.A.	1,722,641	12,726,542	-10,519,495	-484,406
Gestión y Servicios S.A.	-1,253,090	8,569,328	-8,094,804	-1,727,614
Análisis Ambientales S.A.	698,742	7,159,548	-6,167,761	-293,045
Aguas del Maipo S.A.	-441,252	0	-731,325	290,073

Detail of Significant Subsidiaries

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

Name of significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.
Tax Identification Number	96.809.310-k	89.221.000-4	96.579.800-5
Functional currency	CLP	CLP	CLP
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	8.96%	1.97%	6.50%
Property, plant and equipment	8.21%	4.78%	11.00%
Net income for the period	11.17%	2.24%	3.18%

Note 7. CASH AND CASH EQUIVALENTS

The table below contains a breakdown of this heading:

Cash and cash equivalents	31-12-2017 Th\$	31-12-2016 Th\$
Banks	3,404,548	27,691,838
Term deposits (Note 8.6)	12,682,088	37,184,605
Mutual funds (Note 8.6)	2,721,704	0
Total	18,808,340	64,876,443

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



Detail of some items of cash flow statements

- **Other charges for operations activities:** They are services connected with the business, principally agreements signed with property developers.
- **Other operating activity payments:** They are the payment of monthly taxes.
- **Other investment activity outflows:** They are mainly related to interest associated with bond issue, which have been capitalized as a result of investments in property, plant and equipment.

There are no legal restrictions hindering the immediate availability of cash balances and cash equivalents used 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 going concern by maximizing the profitability for shareholders by optimizing the debt structure and the capital. 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 holders of equity of the controller, which includes the capital, reserves and retained earnings, as shown in Note 3.

8.2 Significant accounting policies

The significant accounting policies and methods adopted, including recognition criteria, measurement bases and the basis on which the revenues and expenses are recognized, with respect to each class of financial assets and liabilities, are described in Note 2 letters H, L and M of these consolidated financial statements.



8.3 Classes of financial instruments

The summary table below shows the financial instruments as of December 31, 2017 and December 31, 2016:

Classes of financial instruments	Currency	Note	31-12-2017 Th\$	31-12-2016 Th\$
Financial assets				
Total trade receivables and other accounts receivable, current			113,515,790	106,288,544
Trade receivables and other accounts receivable	CLP	8.5	113,435,556	106,219,612
Trade receivables and other accounts receivable	USD	8.5	24,567	25,312
Trade receivables and other accounts receivable	EUR	8.5	55,667	43,620
Information of related entities, current			560,633	1,275,867
Accounts receivable to related entities	CLP	9	560,633	1,275,867
Total financial assets, current			114,076,423	107,564,411
Rights receivable	CLP	8.5	2,276,380	2,082,334
Other financial assets	CLP	8.9	7,807,734	7,792,445
Total financial assets, non-current			10,084,114	9,874,779
Financial liabilities				
Other financial liabilities, current			63,045,352	43,629,749
Bank loans	CLP	8.4	7,436,617	3,630,278
Bonds	CLP	8.4	40,406,918	13,312,288
Reimbursable financial contributions	CLP	8.4	15,201,817	26,687,183
Trade accounts and other payable accounts			106,129,106	101,917,169
Trade accounts and other payable accounts	CLP	8.7	105,432,887	101,803,633
Trade accounts and other payable accounts	USD	8.7	166,187	98,320
Trade accounts and other payable accounts	EUR	8.7	530,032	15,216
Information on related entities, current			43,591,633	38,225,005
Accounts payable to related entities	CLP	9	43,591,633	38,225,005
Total financial liabilities, current			212,766,091	183,771,923
Other financial liabilities, no-current			802,978,167	808,003,406
Bank loans	CLP	8.4	88,735,865	94,019,209
Bonds	CLP	8.4	545,691,060	546,341,722
Reimbursable financial contributions	CLP	8.4	168,551,242	167,642,475
Other accounts payable			982,075	949,408
Other accounts payable	CLP	8.7	982,075	949,408
Total financial liabilities, no-current			803,960,242	808,952,814



8.4 Disclosure of information on financial liabilities

Other financial liabilities

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

Reimbursable Financial Contributions (RFCs)

In accordance with article 42-A of Supreme Decree MINECON No. 453 of 1989, "The Reimbursable Financial Contributions, in terms of extension and capacity, are a financing alternative for the supplier (water utility) to carry out works for extending and increasing the sanitation capacity, which by law is at its expense."

They are certain amounts of money or works that water utilities can require from those asking to be incorporated as customers or who request service extension, which, according to current regulations, have defined forms and terms of reimbursement.

The reimbursement of the amounts contributed by customers is basically through the issue of endorsable promissory notes payable within 10 or 15 years and, in some minor cases, to be reimbursed by providing sanitation services.

The table below summarizes the reimbursable financial contributions as of December 31, 2017 and December 31, 2016:

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 Identification Number	Type of repayment	Secured (Yes/No)
			31-12-2017	31-12-2016							
			Th\$	Th\$							
AFR	UF	452,507	12,371,284	18,299,860	3.54%	3.40%	Chile	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	84,060	2,306,972	6,983,609	3.20%	3.10%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	19,193	523,561	1,403,714	3.54%	3.43%	Chile	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
Total		555,760	15,201,817	26,687,183							

Reimbursable Financial Contributions, non-current portion

Registration No. or identification of the instrument	Currency indexation unit	Residual UF	Book value		Maturity date	Contract real interest rate	Effective rate	Issuing company	Issuer Tax Identification Number	Type of repayment	Secured (Yes/No)
			31-12-2017	31-12-2016							
			Th\$	Th\$							
AFR	UF	4,393,764	118,712,970	118,691,514	21-12-2032	3.35%	3.20%	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	863,434	23,465,635	23,492,843	20-12-2032	3.32%	3.20%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	631,411	17,241,804	16,662,840	20-10-2032	3.20%	3.12%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	340,726	9,130,833	8,795,278	11-12-2032	3.57%	3.57%	Essal S.A.	96.579.800-5	At maturity	No
Total		6,229,335	168,551,242	167,642,475							



The tables below show a detail of bank loans as of December 31, 2017 and December 31, 2016:

Total bank loans, current financial year

Debtor Tax Identification Number	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5	
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	
Creditor Tax Identification Number	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-7	97.006.000-6	
Creditor name	Banco de Chile	Banco BCI	Banco BBVA	Banco BCI	Banco de Chile	
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP	
Repayment method	Semi-annual	At maturity	At maturity	At maturity	At maturity	
Effective rate	3.19%	3.25%	3.29%	3.43%	3.58%	
Nominal rate	3.19%	3.25%	3.29%	3.43%	3.58%	
Nominal value						
Up to 1 year	6,938,153	222,679	228,472	36,873	10,439	7,436,616
More than 90 days to 1 year	6,938,153	222,679	228,472	36,873	10,439	7,436,616
More than 1 year to 3 years	21,947,457	19,270,304	20,000,000	9,000,000	2,500,000	72,717,761
More than 1 year to 2 years	13,805,658	0	20,000,000	0	2,500,000	36,305,658
More than 2 years to 3 years	8,141,799	19,270,304	0	9,000,000	0	36,412,103
More than 3 years to 5 years	16,018,104	0	0	0	0	16,018,104
More than 3 years to 4 years	16,018,104	0	0	0	0	16,018,104
Total nominal values	44,903,714	19,492,983	20,228,472	9,036,873	2,510,439	96,172,481
Book values						
Current bank loans	6,938,153	222,679	228,472	44,579	2,734	7,436,617
More than 90 days to 1 year	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Non-current bank loans	37,965,561	19,270,304	20,000,000	9,000,000	2,500,000	88,735,865
More than 1 year to 3 years	21,947,457	19,270,304	20,000,000	9,000,000	2,500,000	72,717,761
More than 1 one year to 2 years	13,805,658	0	20,000,000	0	2,500,000	36,305,658
More than 2 years to 3 years	8,141,799	19,270,304	0	9,000,000	0	36,412,103
More than 3 years to 5 years	16,018,104	0	0	0	0	16,018,104
More than 3 years to 4 years	16,018,104	0	0	0	0	16,018,104
Total bank loans	44,903,714	19,492,983	20,228,472	9,044,579	2,502,734	96,172,482

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

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



Bank loan balances for the previous financial year

Debtor Tax Identification Number	61.808.000-5	61.808.000-5	96.809.310-K	96579800-5	96579800-5	96579800-5	
Name debtor	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	Essal S.A.	
Country debtor	Chile	Chile	Chile	Chile	Chile	Chile	
Creditor Tax Identification Number	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-7	97.004.000-7	97.006.000-6	
Creditor name	Banco de Chile	Banco BCI	Banco BBVA	Banco de Chile	Banco de Chile	BCI	
Currency or indexation unit	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 values							
Up to 1 year	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
Up to 90 days	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
More than 1 year to 3 years	20,089,002	0	20,000,000	4,000,000	6,500,000	0	50,589,002
More than 1 year to 2 years	6,283,344	0	0	0	0	0	6,283,344
More than 2 years to 3 years	13,805,658	0	20,000,000	4,000,000	6,500,000	0	44,305,658
More than 3 years to 5 years	24,159,903	19,270,304	0	0	0	0	43,430,207
More than 3 years to 4 years	8,141,799	19,270,304	0	0	0	0	27,412,103
More than 4 years to 5 years	16,018,104	0	0	0	0	0	16,018,104
Total nominal values	45,154,838	19,557,046	20,303,800	4,021,998	6,537,015	2,074,790	97,649,487
Book values							
Current bank loans	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
Up to 90 days	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
Non-current bank loans	44,248,905	19,270,304	20,000,000	4,000,000	6,500,000	0	94,019,209
More than 1 year to 3 years	20,089,002	0	20,000,000	4,000,000	6,500,000	0	50,589,002
More than 1 year to 2 years	6,283,344	0	0	0	0	0	6,283,344
More than 2 years to 3 years	13,805,658	0	20,000,000	4,000,000	6,500,000	0	44,305,658
More than 3 years to 5 years	24,159,903	19,270,304	0			0	43,430,207
More than 3 years to 4 years	8,141,799	19,270,304	0	0	0	0	27,412,103
More than 4 years to 5 years	16,018,104	0	0	0	0	0	16,018,104
Total bank loans	45,154,838	19,557,046	20,303,800	4,021,998	6,537,015	2,074,790	97,649,487

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

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



The tables below show the detail of bonds outstanding as of December 31, 2017 and December 31, 2016:

Total public obligations for the current financial year

Debtor Tax Identification Number	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	96.579.800-5
Debtor Name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	580	630	655	655	712	713	713	778	778	806	777	806	284
Series	BAGUA-J	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	01-04-2031	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
Repayment period	At maturity	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%	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%	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	2.40%	3.20%	2.80%
Nominal values													
Up to 1 year	26,886,591	487,351	384,225	145,945	6,028,239	595,185	504,421	464,921	168,122	531,997	293,035	779,888	3,102,941
Up to 90 days	0	0	0	0	0	0	0	0	0	531,997	293,035	779,888	3,102,941
More than 90 days to 1 year	26,886,591	487,351	384,225	145,945	6,028,239	595,185	504,421	464,921	168,122	0	0	0	0
More than 1 year to 3 years	0	0	0	0	2,977,571	0	0	0	0	0	10,049,303	0	6,205,882
More than 1 year to 2 years	0	0	0	0	2,977,571	0	0	0	0	0	3,349,768	0	3,102,941
More than 2 years to 3 years	0	0	0	0	0	0	0	0	0	0	6,699,535	0	3,102,941
More than 3 years to 5 years	0	46,896,745	40,197,210	44,216,931	0	61,635,722	53,596,280	53,596,280	61,635,722	42,877,024	16,748,838	53,596,280	26,435,145
More than 3 years to 4 years	0	0	0	0	0	0	0	0	0	0	6,699,535	0	3,102,941
More than 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	6,699,535	0	3,102,941
More than 5 years	0	46,896,745	40,197,210	44,216,931	0	61,635,722	53,596,280	53,596,280	61,635,722	42,877,024	3,349,768	53,596,280	20,229,263
Total nominal values	26,886,591	47,384,096	40,581,435	44,362,876	9,005,810	62,230,907	54,100,701	54,061,201	61,803,844	43,409,021	27,091,176	54,376,168	35,743,968
Book values													
Current public obligations	26,846,934	499,483	393,454	159,259	5,994,907	587,450	501,681	464,921	114,930	496,076	309,752	726,472	3,311,599
Up to 90 days	0	0	0	0	0	0	0	0	0	496,076	309,752	726,472	3,311,599
More than 90 days to 1 year	26,846,934	499,483	393,454	159,259	5,994,907	587,450	501,681	464,921	114,930	0	0	0	0
Non-current public obligations	0	47,103,632	40,390,431	44,463,800	2,977,424	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	26,846,624	52,506,850	32,167,945
More than 1 year to 3 years	0	0	0	0	2,977,424	0	0	0	0	0	10,067,484	0	6,027,600
More than 1 year to 2 years	0	0	0	0	2,977,424	0	0	0	0	0	3,355,828	0	3,013,800
More than 2 years to 3 years	0	0	0	0	0	0	0	0	0	0	6,711,656	0	3,013,800
More than 3 years to 5 years	0	47,103,632	40,390,431	44,463,800	0	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	16,779,140	52,506,850	26,140,345
More than 3 years to 4 years	0	0	0	0	0	0	0	0	0	0	6,711,656	0	3,013,800
More than 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	6,711,656	0	3,013,800
More than 5 years	0	47,103,632	40,390,431	44,463,800	0	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	3,355,828	52,506,850	20,112,745
Total public obligations	26,846,934	47,603,115	40,783,885	44,623,059	8,972,331	62,048,896	54,010,404	54,061,201	62,821,461	42,387,160	27,156,376	53,233,322	35,479,544



Total public obligations for the previous financial year

Debtor Tax Identification Number	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	580	630	655	655	712	713	713	778	778	806	777	806	284
Series	BAGUA-J	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	01-04-2031	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
Repayment period	At maturity	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%	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%	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 values													
Up to 1 year	86,966	479,164	377,771	143,494	5,974,887	585,187	495,948	457,111	165,298	523,060	288,112	766,788	3,223,684
Up to 90 days	0	0	0	0	0	0	0	0	0	523,060	288,112	766,788	0
More than 90 days to 1 years	86,966	479,164	377,771	143,494	5,974,887	585,187	495,948	457,111	165,298	0	0	0	3,223,684
More than 1 year to 3 years	26,347,980	0	0	0	8,782,661	0	0	0	0	0	3,293,498	0	6,101,636
More than 1 year to 2 years		0	0	0	5,855,107	0	0	0	0	0	0	0	3,050,818
More than 2 years to 3 years	26,347,980	0	0	0	2,927,554	0	0	0	0	0	3,293,498	0	3,050,818
More than 3 years to 5 years	0	46,108,965	39,521,970	43,474,167	0	60,600,354	52,695,960	52,695,960	60,600,354	42,156,768	23,054,483	52,695,960	29,398,689
More than 3 years to 4 years	0	0	0	0	0	0	0	0	0	0	6,586,995	0	3,050,818
More than 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	6,586,995	0	3,050,818
More than 5 years		46,108,965	39,521,970	43,474,167	0	60,600,354	52,695,960	52,695,960	60,600,354	42,156,768	9,880,493	52,695,960	23,297,053
Total nominal value	26,434,946	46,588,129	39,899,741	43,617,661	14,757,548	61,185,541	53,191,908	53,153,071	60,765,652	42,679,828	26,636,093	53,462,748	38,724,009
Book value													
Current public obligations	48,567	491,052	386,822	156,553	5,931,501	577,600	493,259	457,111	152,338	467,870	304,639	715,837	3,129,139
Up to 90 days	0	0	0	0	0	0	0	0	0	467,870	304,639	715,837	0
More than 90 days to 1 year	48,567	491,052	386,822	156,553	5,931,501	577,600	493,259	457,111	152,338	0	0	0	3,129,139
Non-current public obligations	26,311,664	46,321,979	39,719,854	43,727,674	8,774,028	60,422,174	52,607,020	52,695,960	61,638,393	41,175,282	26,404,869	51,606,287	34,936,538
More than 1 year to 3 years	26,311,664	0	0	0	8,774,028	0	0	0	0	0	3,300,609	0	5,994,248
More than 1 year to 2 years	0	0	0	0	5,849,352	0	0	0	0	0	0	0	2,997,124
More than 2 years to 3 years	26,311,664	0	0	0	2,924,676	0	0	0	0	0	3,300,609	0	2,997,124
More than 3 years to 5 years	0	46,321,979	39,719,854	43,727,674	0	60,422,174	52,607,020	52,695,960	61,638,393	41,175,282	23,104,260	51,606,287	28,942,290
More than 3 years to 4 years	0	0	0	0	0	0	0	0	0	0	6,601,217	0	2,997,124
More than 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	6,601,217	0	2,997,124
More than 5 years	0	46,321,979	39,719,854	43,727,674	0	60,422,174	52,607,020	52,695,960	61,638,393	41,175,282	9,901,826	51,606,287	22,948,042
Total public obligations	26,360,231	46,813,031	40,106,676	43,884,227	14,705,529	60,999,774	53,100,279	53,153,071	61,790,731	41,643,152	26,709,508	52,322,124	38,065,677



8.5 Risk management

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

Risk management begins with the identification of 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 that 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 subsidiary water utilities have an atomized market. This means that a particular customer's credit is not significant.

The Company's objective is to maintain minimum levels of bad debts. Our credit policy sets the conditions and types of payment as well as the conditions for reaching payment agreements with overdue customers. The management processes are: controlling, estimating and evaluating bad debts in order to take corrective actions to achieve the due compliance. 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 accounts receivable from customers and other debtors.

Credit risk	31-12-2017 Th\$	31-12-2016 Th\$
Gross exposure per balance sheet for risks of accounts receivable	148,913,935	139,680,913
Gross exposure per estimates of risks of accounts receivable	-33,121,765	-31,310,035
Net exposure, risk concentration	115,792,170	108,370,878

Movement of credit risk, accounts receivable	31-12-2017 Th\$	31-12-2016 Th\$
Initial balance as of 01-01-2016	-31,310,035	-32,930,617
Increase in existing provisions	-5,931,800	-4,102,952
Reductions	4,120,070	5,723,534
Changes, total	-1,811,730	1,620,582
Final balance as at 31-12-2017	-33,121,765	-31,310,035

According to the Group policies, debts for consumption transformed into payment agreements should be provisioned in full.



The table below shows the composition of gross debt by age:

Aging of the gross debt	31-12-2017 Th\$	31-12-2016 Th\$
Less than 3 months	112,230,512	105,324,229
Between 3 and 6 months	3,145,423	3,034,126
Between 6 and 8 months	1,617,244	1,360,990
More than 8 months	31,920,756	29,961,568
Total	148,913,935	139,680,913

As required by IFRS 7 on Financial Instruments, the table below describes the past-due gross debt by age:

Gross debt due	31-12-2017 Th\$	31-12-2016 Th\$
Less than 3 months	11,105,825	11,014,577
Between 3 and 6 months	1,703,062	1,625,815
Between 6 and 8 months	818,105	656,727
Total	13,626,992	13,297,119

Past-due debt comprises all those sums in which the counterparty has failed to make a payment when it should have by contract. Balances with ageing less than 8 months, according to Company policies, are not provisioned.

ii. Liquidity risk

Liquidity risk is the possibility that the Group has difficulties to fulfill its obligations associated with financial liabilities liquidated by the delivery of cash or any other financial asset without being able to finance its commitments undertaken, such as long-term investments and working capital needs at reasonable market prices.

Management monitors 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.
- Agreeing 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		From 91 days to 1 year		From 13 months to 3 years		More than 3 years 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	0		8,992,193	3.21%	75,967,990	3.27%	16,342,446	3.96%	0	-
Bonds	1,170,462	3.58%	53,009,366	3.99%	53,245,199	2.99%	52,969,275	2.81%	712,981,236	3.77%
AFR	4,451,001	3.72%	11,262,422	3.40%	22,087,054	3.79%	49,013,779	3.98%	133,072,021	3.09%
Trade accounts and other payable accounts	93,089,689	-	13,039,417	-	0	-	-	-	982,075	-
Total	98,771,152		86,303,399		151,300,244		118,325,500		847,035,332	

Liquidity risk is controlled on a periodical basis in order to recognize, detect and correct deviations for mitigating any possible effect on the results.

iii. Interest rate risk

The Company has a floating and fixed interest-rate structure, as shown in the following table:

Debt instruments	Rate	%
Bank loans	Variable	11.11%
Bonds	Fixed	67.68%
AFR	Fixed	21.22%
Total		100.00%

Interest rate sensitivity analysis

A rate analysis is compared to the BAR (Banking Asset Rate), assuming that all other variables remain constant. The method consists in measuring the positive or negative variation in nominal BAR as of the report submission date compared to the average BAR for the latest loan setting.

The analysis is based on historical data on the average daily market price of 180-day BAR over the past 3 years until the report submission date, with a confidence level of 95%.

Company	Nominal amount of debt (Th\$)	Variable rate	Points (+/-)	Impact on result (Th\$) (+/-)
Aguas Andinas at a consolidated level	96,172,482	180-days TAB	88.8	854,103



8.6 Cash equivalents

The table below describes the types of financial instruments for each Company:

Company	Instruments	31-12-2017 Th\$	31-12-2016 Th\$
Aguas Andinas S.A.	Term deposit	0	25,015,658
Aguas Andinas S.A.	Mutual funds	1,699,440	0
Aguas Cordillera S.A.	Term deposit	0	8,887,528
Aguas Cordillera S.A.	Mutual funds	245,063	0
Aguas Manquehue S.A.	Term deposit	0	840,410
Aguas del Maipo S.A.	Term deposit	0	90,016
Gestión y Servicios S.A.	Term deposit	0	930,418
Gestión y Servicios S.A.	Mutual funds	395,102	0
Eco-Riles S.A.	Term deposit	0	1,420,575
Eco-Riles S.A.	Mutual funds	382,099	0
Essal S.A.	Term deposit	12,682,088	0
Total		15,403,792	37,184,605

The Company and Subsidiaries make limited portfolio investments with a maximum of 40% of the total per issuing Institution, and limits for instruments such as: 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 non-current accounts payable

The core concepts included in this account are:

Trade accounts and other accounts payable	Currency	31-12-2017 Th\$	31-12-2016 Th\$
Subcontractors	CLP	35,332,618	32,684,801
Suppliers	CLP	27,337,474	17,833,243
Suppliers	USD	166,687	98,320
Suppliers	EUR	530,032	15,216
Dividends	CLP	22,900,714	24,706,518
Accrued products and services	CLP	14,036,751	21,394,840
Personnel	CLP	3,472,936	3,156,687
Documents payable	CLP	1,940,548	1,431,885
Others	CLP	411,346	595,658
Sub-total current		106,129,106	101,917,168
AFR potable water	CLP	727,838	698,095
Suppliers for current investments	CLP	183,842	180,917
Sundry creditors	CLP	70,395	70,396
Sub-total non-current		982,075	949,408
Total current and non-current		107,111,181	102,866,576



The tables below show information regarding the trade accounts by maturity date:

Trade Accounts

Current Financial Year

Current trade accounts according to term	31-12-2017			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
Up to 30 days	5,073,112	12,583,597	532,266	18,188,975
Between 31 and 60 days	132,107	0	0	132,107
Between 61 and 90 day	0	11,330	0	11,330
Between 121 and 365 days	3,642,509	0	0	3,642,509
Total	8,847,728	12,594,927	532,266	21,974,921

Overdue trade accounts according to term	31-12-2017			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
Up to 30 days	68,501	2,477,956	46,012	2,592,469
Between 31 and 60 days	1,861,175	1,101,558	2,863	2,965,596
Between 61 and 90 days	276,955	50,860	14	327,829
Between 121 and 365 days	8,109	14,363	39	22,511
More than 365 days	0	150,849	18	150,867
Total	2,214,740	3,795,586	48,946	6,059,272

Previous Financial Year

Current trade accounts according to term	31-12-2016			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
Up to 30 days	2,846,280	9,632,502	27,674	12,506,456
Between 31 and 60 days	174,050	408,025	0	582,075
Total	3,020,330	10,040,527	27,674	13,088,531

Overdue trade accounts according to term	31-12-2016			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
Up to 30 days	78,014	1,769,434	40,833	1,888,281
Between 31 and 60 days	1,597,188	333,270	9,418	1,939,876
Between 61 and 90 days	484,479	95,704	577	580,760
Between 91 and 120 days	134,880	198,384	2906	336,170
Between 121 and 365 days	60	43,364	4175	47,599
More than 365 days	3791	61,771	0	65,562
Total	2,298,412	2,501,927	57,909	4,858,248



8.8 Fair value of financial instruments

Fair value of financial instruments recorded at amortized cost.

The following table summarizes the fair values of the principal financial assets and liabilities, including those that have not been recorded at fair value in the consolidated statement of financial position:

	31-12-2017	
	Amortised cost Th\$	Fair value Th\$
Cash equivalents		
Investments booked at fair value	15,403,792	15,403,792
Term deposits, level 1	12,682,088	12,682,088
Mutual funds, level 1	2,721,704	2,721,704
Other financial liabilities		
Financial liabilities booked at amortised cost	866,023,519	914,128,319
Bank debt, level 2	96,172,482	97,493,201
Bonds, level 1	586,097,978	632,882,059
AFR, level 3	183,753,059	183,753,059

Methodology and assumptions used in the calculation of fair value

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

- The amortized cost of time deposits and mutual funds is a good approximation of fair value as they are 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 No. 70).
- The fair value of bonds was determined upon 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 by updating the cash flows of each loan (principal and interest disbursements) to a swap curve interpolated rate for the remaining term. This term corresponds to the number of days between the financial statement closing date and the cash disbursement date.

Recognition of a hierarchy in the fair value measurements contained in the Consolidated Financial Information Statements

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



8.9 Other non-current financial assets

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for an amount of Th\$7,790,217 and Th\$7,774,928, as of December 31, 2017 and as of December 31, 2016, respectively, (see Note 2.2, letter h, ii), over which the Group has no control or significant influence. The balance of Th\$17,517 relates to other financial investments in both financial years.

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 December 31, 2017 and December 31, 2016.

Note 9. DISCLOSURE OF INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

Transactions between the Company and its subsidiaries are in line with the market conditions. These transactions have been deleted in the consolidation and are not broken down in this note.

Accounts receivable from related entities

Accounts receivable from related entities are originated in Chile. The transaction currency is Chilean Pesos and the maturity dates are 30 days.

Tax Identification Number related party	Name of related party	Relationship	Nature of transaction with related parties	Security	31-12-2017 Th\$	31-12-2016 Th\$
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Related to the controller	Laboratory analysis and sampling services	Unsecured	366	0
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Collection La Farfana insurance	UF 7,656.06	205,167	0
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Collection Mapocho Trebal insurance	UF 10,377.4	278,096	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Laboratory analysis and sampling services	Unsecured	8,138	3,504
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Office lease	Unsecured	399	0
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Laboratory analysis and sampling services	Unsecured	19,485	80,693
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Colector cleaning contract	Unsecured	0	1,080
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Basis proposed in tenders	Unsecured	66	66
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Counselling for the technical inspection of water treatment plants at CMPC Santa Fe. Project Frutos del Maipo.	Unsecured	33,628	21,978
59.066.560-6	Suez International	Related to the controller	Discount of advance for supply of equipment, assembly and start-up of the second stage of the sewage water plant Mapocho, module 4	Security full compliance with the contract for UF218,320	0	1,140,331
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Sale of materials	Unsecured	15,287	28,215
Total					560,633	1,275,867



Accounts payable to related entities

Accounts payable to related entities are originated in Chile and the transaction currency is Chilean Pesos.

Tax Identification Number of the related party	Name of related party	Relationship	Nature of transaction with related parties	Period	Security	31-12-2017 Th\$	31-12-2016 Th\$
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Update project Centro de Control Operativo CCO 2.0	30 days	Guaranteed fulfilment of contract for \$30,899	1,079,276	0
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	SCADA platform	30 days	Unsecured	7,115	20,210
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Arsenic plant San Antonio	30 days	Guaranteed fulfilment of contract for \$24,264	1,786,747	2,210,511
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero plant	30 days	Guaranteed fulfilment of contract for UF 66,809.74	7,129,098	2,233,069
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Talagante plant expansion	30 days	Unsecured	932,641	0
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	La Farfana wastewater treatment plant operation and maintenance services	30 days	Guaranteed fulfilment of contract for UF 1,048,050	3,260,791	0
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Removal of hydrogen and biofactory adaptation of treatment plant Mapocho-Trebal	30 days	Garantía cumplimiento de contrato Monto UF 1,048,050	3,718,527	0
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Virtual platform, Siebel	30 days	Unsecured	113,361	295,079
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Purchase of material	60 days	Guaranteed fulfilment of contract for Th\$279,298	815,433	170,957
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Implementation of geographic information system Essal S.A.	30 days	Guaranteed fulfilment of contract for UF887	6,579	14,164
76.046.628-K	Asterión S.A.	Related to the controller	Evolutionary maintenance consulting service	30 days	Unsecured	188,612	0
76.046.628-K	Asterión S.A.	Related to the controller	Process reengineering service contract and implementation of new customer service information systems	30 days	Guaranteed fulfilment of contract for Th\$845,149	142,137	157,544
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Biogas plant operation services	30 days	Unsecured	105,347	79,376
96.799.790-0	Servicios y Proyectos Ambientales S.A.	Related to the controller	Environmental monitoring services	30 days	Unsecured	3,377	0
No Tax Identification Number	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	30 days	Unsecured	277,451	44,165
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends payable	30 days	Unsecured	21,035,299	22,645,539
96.817.230-1	EPSA Electrica Puntilla S.A.	Ordinary director	Recalculation of energy supply	30 days	Unsecured	11,013	9,044
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Ordinary director	Chamisero plant, Batuco channel	30 days	Unsecured	10,000	0
59.066.560-6	Suez International	Related to the controller	Payment status for equipment supply, assembly and start-up of second stage of Mapocho wastewater treatment plant, Module 4	30 days	Guaranteed fulfilment of contract for UF 218,320	220,514	4,169,732
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Project Eficiencia Hidraulica	30 days	Guaranteed fulfilment of contract for UF: 14,992	0	274,911
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Clean-up of potable water networks contract (Ice- Pigging)	30 days	Guaranteed fulfilment of contract for Th\$26,600	0	107,442
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Construction and expansion of slurry line La Unión	30 days	Guaranteed fulfilment of contract for Th\$47,110	0	23,359
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Rio Bueno slurry plant	30 days	Unsecured	0	11,477
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Upgrading service of the operation and safety of Tranque Pudeto y Gamboa	30 days	Guaranteed fulfilment of contract for Th\$705	0	14,729
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Decommissioning and modelling of smell plant Chañaral	30 days	Unsecured	0	14,084
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Operation and maintenance services Planta de Tratamiento Aguas Servidas La Farfana	30 days	Bail the strict compliance with the contractual obligations for UF194,249.62	0	3,296,972
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 Plan	90 days	Guaranteed fulfilment of contract for UF357,863	2,563,461	2,363,175
65.113.732-2	Corporacion Chilena de Investigación del Agua	Related to the controller	Consulting services	30 days	Unsecured	184,854	69,466
Total						43,591,633	38,225,005



Transactions with related entities

Transactions with related entities are originated in Chile and the transaction currency is Chilean Pesos.

Tax Identification Number related party	Name related party	Relationship	Country	Nature of transaction with related parties	Currency	31-12-2017 Th\$		31-12-2016 Th\$	
						Amount	Effect on results (Charge)/Credit	Amount	Effects on result (Charge)/Credit
79.046.628-K	Asterión S.A.	Related to the controller	CL	Process reengineering service contract and implementation of new customer service	CLP	1,019,235	-1,019,235	799,652	-743,230
Nil	Aqua Development Network	Related to the controller	CL	Integrated talent management contract	CLP	1,003,829	-1,003,829	753,429	-753,429
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	CL	Purchase of materials	CLP	2,264,623	-2,201,648	2,275,124	-1,594,194
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Ice-Pigging service contract	CLP	0	0	303,081	-303,081
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Chamisero plant	CLP	6,302,180	-58,306	3,675,000	0
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Hydraulic efficiency project	CLP	20,650	0	179,218	-83,218
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	San Antonio Arsenico Plant	CLP	1,710,756	-11,600	3,040,561	0
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Update Centro de Control Operativo CCO 2.0 project	CLP	3,113,835	-63,670	0	0
59.066.560-6	Suez International	Related to the controller	CL	Supply of equipment, assembly and start-up of second stage of Mapocho Wastewater Treatment Plant, module 4	CLP	3,631,109	0	22,144,406	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	El Trebal wastewater treatment plant services of construction, operation and maintenance Mapocho wastewater treatment plant	CLP	8,445,330	-5,239,223	12,169,065	-10,853,222
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	La Farfana wastewater treatment plant operation and maintenance services	CLP	12,764,170	-10,143,011	17,170,776	-13,513,945
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Biogas plant operation and maintenance services	CLP	329,351	-329,351	217,048	-217,048
76.746.454-1	Suez Biofactoría Andina spa.	Related to the controller	CL	El Trebal water treatment plant operation, maintenance and construction	CLP	12,086,671	-9,019,614	0	0
96.817.230-1	EPSA Eléctrica Puntilla S.A.	Common board member	CL	Compensation for lower flow	CLP	443,287	-443,287	141,515	-141,515
65.113.732-2	Cetaqua Spa	Related to the controller	CL	Study about management of resilient urban hydraulic infrastructure with respect to hydrological and geological risks; full appraisal	CLP	379,828	-246,888	0	0
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends paid	CLP	68,878,954	0	64,636,011	0

The materiality criterion for reporting transactions with related entities is amounts over accumulated Th\$100,000.



Remuneration paid to the directors of Aguas Andinas S.A. and Subsidiaries, and to the Board of Directors.

	31-12-2017	31-12-2016
	Th\$	Th\$
Board of Directors	424,113	463,371
Directors Committee	46,250	32,766
Total	470,363	496,137

These fees are related to their positions, which have been defined and agreed by the Ordinary Shareholders Meeting.

At the end of the financial year 2017, the list of the senior managers and executives of Aguas Andinas S.A. and Subsidiaries included 91 professionals. The total wages received during the year amounted to \$9,148 million whereas the seniority compensation for senior executives reached \$61 million.

La administración de la Sociedad no tiene conocimiento de la existencia de transacciones entre partes relacionadas y directores y/o ejecutivos, distintas de sus dietas y remuneraciones.

Information on related parties and transactions with related parties by Directors 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 table below shows the detail by inventory class as of December 31, 2017 and December 31, 2016:

Inventory class	31-12-2017	31-12-2016
	Th\$	Th\$
Goods	2,645,500	2,423,788
Supplies for production	1,177,531	752,216
Other inventories	102,347	133,941
Total	3,925,378	3,309,945

The cost of the inventories recognized as an expense in the statement of results as of December 31, 2017 and 2016 amounts to Th\$11,339,400 and Th\$11,127,313, respectively.



Note 11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	31-12-2017	31-12-2016
	Th\$	Th\$
Intangible assets, net	227,084,499	227,951,484
Trademarks, net	13,000	13,000
Computer programs, net	7,910,586	9,203,521
Other intangible assets, net*	219,160,913	218,734,963
Intangible assets, gross	280,804,446	276,075,948
Trademarks, gross	13,000	13,000
Computer programs, gross	48,876,011	44,760,678
Other intangible assets, gross*	231,915,435	231,302,270
Intangible assets, accumulated amortisation	53,719,947	48,124,464
Computer programs, accumulated amortisation	40,965,425	35,557,157
Other intangible assets, accumulated amortisation	12,754,522	12,567,307

*Water rights, easements and other rights.

Movement of intangible assets as of December 31, 2017

Intangible assets movements	Trademarks, net	Computer programs, net	Other intangible assets, net	Total
	Th\$	Th\$	Th\$	Th\$
Initial balance as at 01-01-2017	13,000	9,203,521	218,734,963	227,951,484
Amortisation	0	-5,408,268	-187,215	-5,595,483
Increases (reductions) for transfers	0	1,836,974	-158	1,836,816
Increases (reductions) for other changes	0	2,278,359	625,874	2,904,233
Disposals and withdrawal from service	0	0	-12,551	-12,551
Changes, Total	0	-1,292,935	425,950	-866,985
Final balance as at 31-12-2017	13,000	7,910,586	219,160,913	227,084,499



Movement of intangible assets as of December 31, 2016

Intangible assets movements	Trademarks, net Th\$	Computer programs, net Th\$	Other intangible assets, net Th\$	Total Th\$
Initial balance as at 01-01-2016	13,000	11,875,731	218,638,958	230,527,689
Amortisation	0	-5,517,913	-187,215	-5,705,128
Increases (reductions) for transfers	0	850,640	-36,626	814,014
Increases (reductions) for other changes	0	1,995,063	581,823	2,576,886
Disposals and withdrawal from service	0	0	-261,977	-261,977
Changes, Total	0	-2,672,210	96,005	-2,576,205
Final balance as at 31-12-2016	13,000	9,203,521	218,734,963	227,951,484

Detailed disclosure of information on intangible assets (gross value)

Current financial year 31-12-2017

Intangible assets movements	Trademarks, gross Th\$	Computer programs, gross Th\$	Other intangible assets, gross Th\$	Total Th\$
Initial balance as at 01-01-2017	13,000	44,760,678	231,302,270	276,075,948
Increases (reductions) for transfers	0	1,836,974	-158	1,836,816
Increases (reductions) for other changes	0	2,278,359	625,874	2,904,233
Disposals and withdrawal from service	0	0	-12,551	-12,551
Changes, Total	0	4,115,333	613,165	4,728,498
Final balance as at 31-12-2017	13,000	48,876,011	231,915,435	280,804,446

Previous financial year 31-12-2016

Intangible assets movements	Trademarks, gross Th\$	Computer programs, gross Th\$	Other intangible assets, gross Th\$	Total Th\$
Initial balance as at 01-01-2016	13,000	41,889,777	231,019,050	272,921,827
Increases (reductions) for transfers	0	880,240	-36,626	843,614
Increases (reductions) for other changes	0	1,995,063	581,823	2,576,886
Disposals and withdrawal from service	0	-4,402	-261,977	-266,379
Changes, Total	0	2,870,901	283,220	3,154,121
Final balance as at 31-12-2016	13,000	44,760,678	231,302,270	276,075,948



Detailed disclosure of information on intangible assets (accumulated amortization)

Current financial year 31-12-2017

Intangible assets movements	Trademarks, accumulated amortisation	Computer programs, accumulated amortisation	Other intangible assets, accumulated amortisation	Total
	Th\$	Th\$	Th\$	Th\$
Initial balance as at 01-01-2017	0	35,557,157	12,567,307	48,124,464
Amortisation	0	5,408,268	187,215	5,595,483
Changes, Total	0	5,408,268	187,215	5,595,483
Final balance as at 31-12-2017	0	40,965,425	12,754,522	53,719,947

Previous financial year 31-12-2016

Intangible assets movements	Trademarks, accumulated amortisation	Computer programs, accumulated amortisation	Other intangible assets, accumulated amortisation	Total
	Th\$	Th\$	Th\$	Th\$
Initial balance as at 01-01-2016	0	30,014,046	12,380,092	42,394,138
Amortisation	0	5,517,913	187,215	5,705,128
Increases (reductions) for transfers	0	29,600	0	29,600
Disposals and withdrawal from service	0	-4,402	0	-4,402
Changes, Total	0	5,543,111	187,215	5,730,326
Closing balance as at 31-12-2016	0	35,557,157	12,567,307	48,124,464

Detail of significant individual intangible assets (other assets):

Water rights and easements are the principal intangible assets with indefinite useful lives; the table below shows a detail by company:

Company	31-12-2017			31-12-2016		
	Water rights Th\$	Easements Th\$	Others Th\$	Water rights Th\$	Easements Th\$	Others Th\$
Aguas Andinas S.A.	76,364,281	8,407,422	4,761,309	76,262,225	8,296,216	4,949,427
Aguas Cordillera S.A.	92,732,686	7,761,932	0	92,702,860	7,761,746	0
Aguas Manquehue S.A.	21,954,837	866,673	0	21,814,071	744,190	0
Essal S.A.	5,609,125	1,095,557	0	5,509,828	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	196,715,729	18,131,584	4,761,309	196,343,784	17,889,457	4,949,427



Intangible assets with undefined useful lives

Both water rights and easements are rights of the Company for which it is not possible to establish a definite useful life, i.e. the period of economic benefits associated with these assets is indefinite. Both assets are legal rights that are neither extinguished nor affected by restrictions.

Commitments for acquiring intangible assets

The table below shows the commitments for acquisitions of intangible assets for the financial year 2018 related to water rights, easements and computer programs needed for the normal operation of the Group Companies, particularly for new works that are being developed or are in preliminary study stages, plus the expansion of concession areas:

Company	Th\$
Aguas Andinas S.A.	1,529,470
Aguas Cordillera S.A.	10,000
Aguas Manquehue S.A.	50,000
Essal S.A.	310,000
Total	1,899,470

Note 12. GOODWILL

The table below shows the detail of goodwill for the different Cash Generating Units (CGUs) or CGU groups to which they have been assigned as of December 31, 2017 and December 31, 2016:

Tax Identification Number	Company	31-12-2017 Th\$	31-12-2016 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

Property, plant and equipment, net (Amounts in Th\$)	Net value		Gross value		Accumulated depreciation	
	31-12-2017	31-12-2016	31-12-2017	31-12-2016	31-12-2017	31-12-2016
	1,351,763,816	1,294,570,086	2,571,086,250	2,446,766,910	1,219,322,434	1,152,196,824
Land	160,461,335	160,070,637	160,461,335	160,070,637	0	0
Buildings	79,601,087	74,440,293	111,011,034	103,580,338	31,409,947	29,140,045
Machinery	120,338,507	99,318,272	363,844,849	318,777,368	243,506,342	219,459,096
Transport vehicles	1,320,419	1,861,338	5,866,755	6,295,614	4,546,336	4,434,276
Fixed installations and accessories	1,315,585	701,742	5,992,005	5,259,569	4,676,420	4,557,827
Computer equipment	3,659,346	2,659,948	13,921,577	11,404,754	10,262,231	8,744,806
Improvement to leased assets	64,266	61,285	597,279	611,414	533,013	550,129
Construction in progress	156,563,062	180,506,784	156,563,062	180,506,784	0	0
Additional works	22,349,067	21,252,123	43,248,022	40,632,428	20,898,955	19,380,305
Production facilities	167,598,083	162,939,794	316,220,864	305,539,500	148,622,781	142,599,706
Potable water networks	174,661,097	163,124,828	492,846,317	474,364,900	318,185,220	311,240,072
Sewerage networks	246,165,604	247,188,146	519,580,232	508,150,937	273,414,628	260,962,791
Wastewater treatment plants	169,331,810	143,756,791	228,440,366	197,861,144	59,108,556	54,104,353
Other facilities	48,103,767	36,448,254	150,469,536	131,523,642	102,365,769	95,075,388
Goods out of service	230,781	239,851	2,023,017	2,187,881	1,792,236	1,948,030



The table below shows information on the main participations of the Group Companies.

Property, plant and equipment	31-12-2017	Aguas Andinas S.A	Aguas Cordillera S.A	Aguas Manquehue S.A	Essal S.A	Others
	Th\$	%	%	%	%	%
Land	160,461,335	75%	13%	1%	11%	0%
Buildings	79,601,087	75%	4%	2%	17%	2%
Machinery	120,338,507	80%	5%	2%	11%	2%
Transport vehicles	1,320,419	88%	0%	0%	9%	3%
Fixed installations and accesories	1,315,585	67%	1%	0%	12%	20%
Computer equipment	3,659,346	87%	0%	0%	11%	2%
Improvements to leased assets	64,266	9%	0%	0%	0%	91%
Construction in progress	156,563,062	57%	11%	12%	15%	5%
Additional works	22,349,067	81%	4%	3%	11%	1%
Production facilities	167,598,083	64%	15%	13%	8%	0%
Potable water networks	174,661,097	68%	17%	2%	13%	0%
Sewerage networks	246,165,604	83%	2%	4%	11%	0%
Wastewater treatment plants	169,331,810	93%	0%	0%	7%	0%
Other facilities	48,103,767	75%	7%	6%	11%	1%
Goods out of service	230,781	32%	68%	0%	0%	0%
Total	1,351,763,816	75%	8%	5%	11%	1%

As required by IAS 16, paragraph 79, letter d, the Group presents information about fair value of its main assets

Class	Cost	Reasonable value
	31-12-2017	
	Th\$	Th\$
Buildings	79,601,087	114,676,687
Additional works	22,349,067	36,941,486
Production facilities	167,598,083	281,365,270
Potable water networks	174,661,097	408,471,886
Sewerage networks	246,165,604	425,156,518
Wastewater treatment plants	169,331,810	186,999,132
Other facilities	48,103,767	48,899,019
Machinery and equipment	120,338,507	136,908,669
Total	1,028,149,022	1,639,418,667

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

As required by IAS 16, paragraph 73, we provide the following information on each property, plant and equipment class owned by the Company.



Property, plant and equipment movements as of December 31, 2017 (Net Value)

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from constructions in progress	Other increases (decreases)	Disposal and withdrawals from service	Total changes	Final balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,070,637	0	3,785	641,797	-254,884	390,698	160,461,335
Buildings	74,440,293	-2,172,183	8,178,116	-805,590	-39,549	5,160,794	79,601,087
Machinery	99,318,272	-24,663,592	34,940,644	10,925,891	-182,708	21,020,235	120,338,507
Transport vehicles	1,861,338	-500,554	107,734	35,620	-183,719	-540,919	1,320,419
Fixed installations and accesories	701,742	-176,375	431,694	358,524	0	613,843	1,315,585
Computer equipment	2,659,948	-1,529,250	1,174,847	1,353,801	0	999,398	3,659,346
Improvements to leased assets	61,285	-29,653	32,239	395	0	2,981	64,266
Construction in progress	180,506,784	0	-114,682,738	90,797,576	-58,560	-23,943,722	156,563,062
Additional works	21,252,123	-1,535,090	2,351,518	282,036	-1,520	1,096,944	22,349,067
Production facilities	162,939,794	-6,029,543	9,821,279	866,553	0	4,658,289	167,598,083
Potable water networks	163,124,828	-7,164,493	7,189,676	11,511,813	-727	11,536,269	174,661,097
Sewage networks	247,188,146	-12,445,369	3,849,660	7,573,167	0	-1,022,542	246,165,604
Wastewater treatment plants	143,756,791	-5,041,329	28,827,826	1,837,109	-48,587	25,575,019	169,331,810
Other facilities	36,448,254	-7,502,170	15,936,914	3,221,057	-288	11,655,513	48,103,767
Goods out of service	239,851	-9,070	0	0	0	-9,070	230,781
Class of properties, plant and equipment, net	1,294,570,086	-68,798,671	-1,836,806	128,599,749	-770,542	57,193,730	1,351,763,816



Property, plant and equipment movements as of December 31, 2016 (Net Value)

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from constructions in progress	Other increases (decreases)	Disposal and withdrawals from service	Total changes	Final balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,423,927	0	39,568	-374,897	-17,961	-353,290	160,070,637
Buildings	74,367,058	-1,996,991	1,216,496	906,270	-52,540	73,235	74,440,293
Machinery	103,872,419	-21,105,106	15,233,248	1,518,538	-200,827	-4,554,147	99,318,272
Transport vehicles	2,132,247	-539,295	61,542	245,023	-38,179	-270,909	1,861,338
Fixed installations and accesories	683,380	-113,932	45,651	86,646	-3	18,362	701,742
Computer equipment	2,486,497	-1,293,633	250,610	1,216,474	0	173,451	2,659,948
Improvements to leased assets	83,068	-27,893	1,356	4,754	0	-21,783	61,285
Construction in progress	144,232,818	0	-47,756,099	85,246,536	-1,216,471	36,273,966	180,506,784
Additional works	21,048,281	-1,453,845	908,308	749,626	-247	203,842	21,252,123
Production facilities	149,021,755	-5,722,133	15,733,702	4,040,989	-134,519	13,918,039	162,939,794
Potable water networks	155,110,210	-6,771,912	6,963,502	7,823,028	0	8,014,618	163,124,828
Sewage networks	250,020,262	-11,901,067	2,463,372	6,605,579	0	-2,832,116	247,188,146
Wastewater treatment plants	147,687,828	-4,450,160	120,471	557,909	-159,257	-3,931,037	143,756,791
Other facilities	36,724,335	-5,919,380	3,853,169	1,790,281	-151	-276,081	36,448,254
Goods out of service	241,199	-9,228	21,475	-13,595	0	-1,348	239,851
Class of properties, plant and equipment, net	1,248,135,284	-61,304,575	-843,629	110,403,161	-1,820,155	46,434,802	1,294,570,086



Disclosure of information on property, plant and equipment (gross value)

Current financial year 31-12-2017

Concept	Initial balance	Depreciation	Increases (decreases) for other changes	Disposal and withdrawal from service	Total changes	Final balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,070,637	3,785	641,797	-254,884	390,698	160,461,335
Buildings	103,580,338	8,178,116	-667,990	-79,430	7,430,696	111,011,034
Machinery	318,777,368	34,940,644	10,927,824	-800,987	45,067,481	363,844,849
Transport vehicles	6,295,614	107,734	48,432	-585,025	-428,859	5,866,755
Fixed installations and accesories	5,259,569	431,694	358,524	-57,782	732,436	5,992,005
Computer equipment	11,404,754	1,174,847	1,354,362	-12,386	2,516,823	13,921,577
Improvements to leased assets	611,414	32,239	396	-46,770	-14,135	597,279
Construction in progress	180,506,784	-114,682,738	90,797,576	-58,560	-23,943,722	156,563,062
Additional works	40,632,428	2,351,518	282,036	-17,960	2,615,594	43,248,022
Production facilities	305,539,500	9,821,279	860,085	0	10,681,364	316,220,864
Potable water networks	474,364,900	7,189,676	11,510,182	-218,441	18,481,417	492,846,317
Sewage networks	508,150,937	3,849,660	7,579,635	0	11,429,295	519,580,232
Wastewater treatment plants	197,861,144	28,827,826	1,836,148	-84,752	30,579,222	228,440,366
Other facilities	131,523,642	15,936,914	3,070,743	-61,763	18,945,894	150,469,536
Goods out of service	2,187,881	0	0	-164,864	-164,864	2,023,017
Class of properties, plant and equipment, gross	2,446,766,910	-1,836,806	128,599,750	-2,443,604	124,319,340	2,571,086,250



Previous financial year 31-12-2016 (gross value)

Concept	Initial balance	Increases (reductions) for transfers from constructions in progress	Increases (decreases) for other changes	Disposal and withdrawal from service	Total changes	Final balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,423,927	39,568	-374,897	-17,961	-353,290	160,070,637
Buildings	101,522,741	1,216,496	906,270	-65,169	2,057,597	103,580,338
Machinery	303,870,719	15,233,248	1,505,136	-1,831,735	14,906,649	318,777,368
Transport vehicles	6,430,584	61,542	258,134	-454,646	-134,970	6,295,614
Fixed installations and accesories	5,133,162	45,651	86,674	-5,918	126,407	5,259,569
Computer equipment	10,179,797	250,610	1,216,459	-242,112	1,224,957	11,404,754
Improvements to leased assets	605,304	1,356	4,754	0	6,110	611,414
Construction in progress	144,232,818	-47,756,099	85,246,536	-1,216,471	36,273,966	180,506,784
Additional works	38,974,876	908,308	749,625	-381	1,657,552	40,632,428
Production facilities	286,207,959	15,733,702	4,024,156	-426,317	19,331,541	305,539,500
Potable water networks	459,581,460	6,963,502	7,819,938	0	14,783,440	474,364,900
Sewage networks	499,081,885	2,463,372	6,605,680	0	9,069,052	508,150,937
Wastewater treatment plants	197,838,500	120,471	557,045	-654,872	22,644	197,861,144
Other facilities	125,917,608	3,853,169	1,784,431	-31,566	5,606,034	131,523,642
Goods out of service	2,180,001	21,475	-13,595	0	7,880	2,187,881
Class of properties, plant and equipment, gross	2,342,181,341	-843,629	110,376,346	-4,947,148	104,585,569	2,446,766,910



Detailed disclosure of information on property, plant and equipment (accumulated depreciation)

Current financial year 31-12-2017

Concept	Initial balance Th\$	Depreciation Th\$	Increases (decreases) for other changes Th\$	Disposal and withdrawal from service Th\$	Total changes Th\$	Final balance Th\$
Buildings	29,140,045	2,172,183	137,600	-39,881	2,269,902	31,409,947
Machinery	219,459,096	24,663,592	1,933	-618,279	24,047,246	243,506,342
Transport vehicles	4,434,276	500,554	12,812	-401,306	112,060	4,546,336
Fixed installations and accesories	4,557,827	176,375	0	-57,782	118,593	4,676,420
Computer equipment	8,744,806	1,529,250	561	-12,386	1,517,425	10,262,231
Improvements to leased assets	550,129	29,654	0	-46,770	-17,116	533,013
Construction in progress	19,380,305	1,535,090	0	-16,440	1,518,650	20,898,955
Production facilities	142,599,706	6,029,543	-6,468	0	6,023,075	148,622,781
Potable water networks	311,240,072	7,164,493	-1,631	-217,714	6,945,148	318,185,220
Sewage networks	260,962,791	12,445,369	6,468	0	12,451,837	273,414,628
Wastewater treatment plants	54,104,353	5,041,328	-961	-36,164	5,004,203	59,108,556
Other facilities	95,075,388	7,502,170	-150,314	-61,475	7,290,381	102,365,769
Goods out of service	1,948,030	9,070	0	-164,864	-155,794	1,792,236
Class of properties, plant and equipment, accumulated depreciation	1,152,196,824	68,798,671	0	-1,673,061	67,125,610	1,219,322,434



Previous financial year 31-12-2016 (accumulated depreciation)

Concept	Initial balance Th\$	Depreciation Th\$	Increases (decreases) for other changes Th\$	Disposal and withdrawal from service Th\$	Total changes Th\$	Final balance Th\$
Buildings	27,155,683	1,996,991	0	-12,629	1,984,362	29,140,045
Machinery	199,998,300	21,105,106	-13,402	-1,630,908	19,460,796	219,459,096
Transport vehicles	4,298,337	539,295	13,111	-416,467	135,939	4,434,276
Fixed installations and accesories	4,449,782	113,932	28	-5,915	108,045	4,557,827
Computer equipment	7,693,300	1,293,633	-15	-242,112	1,051,506	8,744,806
Improvements to leased assets	522,236	27,893	0	0	27,893	550,129
Additional works	17,926,595	1,453,845	-1	-134	1,453,710	19,380,305
Production facilities	137,186,204	5,722,133	-16,833	-291,798	5,413,502	142,599,706
Potable water networks	304,471,250	6,771,912	-3,090	0	6,768,822	311,240,072
Sewage networks	249,061,623	11,901,067	101	0	11,901,168	260,962,791
Wastewater treatment plants	50,150,672	4,450,160	-864	-495,615	3,953,681	54,104,353
Other facilities	89,193,273	5,919,380	-5,850	-31,415	5,882,115	95,075,388
Goods out of service	1,938,802	9,228	0	0	9,228	1,948,030
Class of properties, plant and equipment, accumulated depreciation	1,094,046,057	61,304,575	-26,815	-3,126,993	58,150,767	1,152,196,824



Below is the detail of each Company of the Group, consolidated by values from future commitments to acquire property, plant and equipment for the 2018 period:

Company	Th\$
Aguas Andinas S.A.	120,233,227
Aguas Cordillera S.A.	6,931,411
Aguas Manquehue S.A.	5,104,407
Essal S.A.	15,394,073
Ecoriles S.A.	77,128
Gestión y Servicios S.A.	35,000
Análisis Ambientales S.A.	163,200
Total	147,938,446

Temporarily idle property, plant and equipment:

Company	Gross value Th\$	Accumulated depreciation Th\$	Net value Th\$
Aguas Andinas S.A.	1,748,685	-1,674,326	74,359
Aguas Cordillera S.A.	274,332	-117,910	156,422
Total	2,023,017	-1,792,236	230,781

Note 14. IMPAIRMENT OF ASSET VALUE

Disclosure of information on asset impairment by cash generating unit

Each company as a whole is defined as a Cash Generating Unit (CGU), as each one is individually capable of generating future economic benefits and represents the smallest group of assets that generate independent cash flows. Pursuant to the regulations, the Company will evaluate, at the closing 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. Assets with an indefinite useful life and goodwill will be subject to the impairment test, at the latest, at the closing of the financial year or upon detecting any sign.

Intangible assets with indefinite useful life, e.g. water rights, will be subject to a study to determine the market price values, which are compared to the values assigned to them as costs as of the date of adopting the IFRS rules.

Lesser values are subject to calculation of their useful value, considering the different Companies as CGUs, using recent estimates from budgets over the medium term, determining the different parameters based on models widely used in the market. The parameters are set based on the current information for benchmark risk-free rates in the market, the useful life for each company and growth rates for the Companies' regular income, including growth in the population and changes in consumption through the years.

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



The respective impairment tests were conducted at the end of the financial years 2017 and 2018. The tests were 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

Below is a breakdown of the heading as of December 31, 2017 and December 31, 2016:

Classes of provisions	31-12-2017 Th\$	31-12-2016 Th\$
Provisions for legal claims	2,603,819	2,628,225
Other provisions, current	2,603,819	2,628,225
Other provisions, non current	1,301,105	1,277,574
Provisions, non current	1,301,105	1,277,574

Current provision movement during the financial year:

Legal claims	31-12-2017 Th\$	31-12-2016 Th\$
Balance for initial provisions	2,628,225	547,288
Increase in existing provisions	302,543	2,561,407
Provision used	-161,112	-448,719
Other increases (decreases)	-165,837	-31,751
Changes in provisions, total	-24,406	2,080,937
Total	2,603,819	2,628,225

The provisions under this heading are:

1.- Legal claims

The Company makes the corresponding provision for lawsuits that are being heard in the courts and are very likely to be unfavorable to the Company and Subsidiaries.

Below are the provisions for legal claims that might affect the Company:

- a) Nature of the class of provision:** The Superintendence of Sanitation Services (SISS) has levied fines against Aguas Andinas S.A. and Subsidiaries, mainly for not complying with instructions and breaching the continuity and quality of the service provided by the Company. The total number of complaints filed in 2016 amount to Th\$ 946,650.-, of which Th\$795,062 were paid before the complaint procedures began.



Timetable foreseen for releasing the class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: We believe that the Company did not commit the breach and, therefore, that its appeals will be accepted.

- b) Nature of the class of provision:** The Superintendence of Sanitation Services initiated proceedings to sanction Aguas Andinas S.A. with respect to overflows of wastewaters due to an obstruction of Aguas Andinas' trunk sewer in the communes of El Bosque and San Bernardo, which is currently in the discussion stage.

Timetable foreseen for releasing the 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 the class of provision:** The Superintendence of Sanitation Services initiated two sanction proceedings against Aguas Andinas S.A. concerning alleged breaches of Act 18,902, article 11, letters a) b) & c), as a result of potable water shutoffs produced by ruptures in the water main in the commune of Macul.

Timetable foreseen for releasing the class of provision: Undetermined.

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

- d) Nature of the class of provision:** The Metropolitan COREMA (regional environmental authority), by Resolution No. 177/2004 of May 28, 2004, imposed a fine of 500 UTM for the alleged infringement of the Resolution on Environmental Qualification for the La Farfana Wastewater Treatment Plant.

Timetable foreseen for releasing the class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: 10% of the fine was paid when the claim was filed in the court. Pending an expert report ordered by the court. The record has been archived in the court file. There are moderate probabilities that the demand will be accepted.

- e) Nature of the class of provision:** CONAMA, by Resolution No. 069/2005 of February 17, 2005, imposed a fine of 300 UTM for alleged infringement caused by foul odors originating from the La Farfana Wastewater Treatment Plant due to sludge removal from the drying field.

Timetable foreseen for releasing the class of provision: Undetermined.

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. It is very unlikely that the demand will be accepted. The first instance decision is pending, which rejected the appeal filed by the company.



- f) Nature of the class of provision:** CONAMA imposed a fine of 500 UTM upon verification of alleged non-compliance with RCA 458/01.

Timetable foreseen for releasing the class of provision: Undetermined.

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 decision was made rejecting the challenge. An appeal was made by Aguas Andinas, which was fully accepted revoking the interposed fine. The claimant lodged a recourse of cassation, which was accepted, so the amount outstanding is now to be determined.

- g) Nature of the class of provision:** The Sanitation Authority has started administrative sanctioning processes against subsidiary Essal S.A., which the Company is challenging.

Timetable foreseen for releasing the class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: The legal claims correspond to sanctions imposed by Chilean Treasury amounting to Th\$63,369.

2.- Other non-current provisions

It is basically the transaction dated 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 should 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 allegedly sustained by a Mining Company for the installation of infrastructure on land on which the applicant had mining properties, thereby preventing mineral extraction and causing the alleged damages. The amount claimed is Th\$1,093,564.- Judgment was issued, the counterclaim was completely rejected condemning Aguas Andinas to pay the amount of Th\$185,538. An appeal was made and was admitted considering the appeal of the claimant.
- 2.- On June 9, 2016, as a result of a potable water main break that affected the commune of Providencia, Aguas Andinas S.A. had to compensate the damage to third parties. In response to said emergency, the Company is being monitored by the Superintendence of Sanitation Services. The Company presented its reply to charges; pending the resolution of the authority.
- 3.- The Company was sued by the National Consumer Service due to service shutoffs in February and April 2017. The lawsuit objective is to make the courts establish fines and compensations for each of the users affected by the water shutoffs.
- 4.- Aguas Andinas was sued by the Municipality of Providencia for the damages caused by the Potable Water Main break on June 9, 2016. The lawsuit, lodged in the 22nd Civil Court of Santiago, contemplates the payment of municipal rights for the execution of works to repair the streets damaged by the flood.

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



Note 16. GUARANTEES AND RESTRICTIONS

a) Direct guarantees

Policies and performance bonds have been granted to several institutions, especially to the Superintendence of Sanitation Services, to guarantee the conditions for the provision of services and development programs in the Company's concession areas; to SERVIU Metropolitano, to guarantee the replacement of paving; and to other institutions, for Th\$40,556,790 as of December 31, 2017 and Th\$33,458,982 as of December 31, 2016.



The table below summarizes the main performance bonds exceeding Th\$ 10,000:

Creditor of the guarantee	Debtor	Type of guarantee	31-12-2017 Th\$	31-12-2016 Th\$
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Andinas S.A.	Performance bond	8,762,875	6,066,080
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Andinas S.A.	Performance bond	7,608,765	7,507,300
Superintendencia de Servicios Sanitarios	Aguas Andinas S.A.	Performance bond	6,932,974	6,457,521
Dirección de Obras Hidráulica	Aguas Andinas S.A.	Performance bond	1,125,773	652,933
Municipalidad de La Florida	Aguas Andinas S.A.	Performance bond	448,788	441,250
Constructora San Francisco	Aguas Andinas S.A.	Performance bond	175,126	20,156
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance bond	169,418	53,592
Municipalidad de Providencia	Aguas Andinas S.A.	Performance bond	110,301	108,448
Municipalidad de La Reina	Aguas Andinas S.A.	Performance bond	66,995	0
Comité Innovación Chile	Aguas Andinas S.A.	Performance bond	64,634	0
Ruta del Maipo	Aguas Andinas S.A.	Performance bond	53,596	0
CGE Distribución	Aguas Andinas S.A.	Performance bond	53,349	0
Municipalidad de Peñalolen	Aguas Andinas S.A.	Performance bond	43,516	42,785
Municipalidad de La Pintana	Aguas Andinas S.A.	Performance bond	31,440	31,440
Municipalidad de Santiago	Aguas Andinas S.A.	Performance bond	24,922	24,504
Municipalidad de Macul	Aguas Andinas S.A.	Performance bond	18,812	18,496
Superintendencia de Servicios Sanitarios	Aguas Cordillera S.A.	Performance bond	1,235,769	1,204,472
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Cordillera S.A.	Performance bond	925,327	909,783
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Cordillera S.A.	Performance bond	624,557	724,569
Ministerio de Obras Publicas - Dirección General de Aguas	Aguas Cordillera S.A.	Performance bond	398,810	392,111
Sembcorp Utilities (Chile) S.A.	Aguas Cordillera S.A.	Performance bond	305,231	300,103
Municipalidad de Las Condes	Aguas Cordillera S.A.	Performance bond	173,000	173,790
Municipalidad Lo Barnechea	Aguas Cordillera S.A.	Performance bond	99,448	17,126
Municipalidad de Vitacura	Aguas Cordillera S.A.	Performance bond	53,596	52,696
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Manquehue S.A.	Performance bond	1,418,460	1,193,440
Superintendencia de Servicios Sanitarios	Aguas Manquehue S.A.	Performance bond	1,025,538	987,786
Municipalidad de Vitacura	Aguas Manquehue S.A.	Performance bond	10,719	10,538
Superintendencia de Servicios Sanitarios	Essal S.A.	Policy	2,667,164	2,287,664
Director de Obras Hidráulicas	Essal S.A.	Performance bond	2,193,208	1,123,446
Servicio de Vivienda y Urbanismo	Essal S.A.	Performance bond	276,616	146,231
Municipalidad de Paillaco	Essal S.A.	Performance bond	221,538	0
Director de Vialidad	Essal S.A.	Performance bond	127,046	15,809
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance bond	86,962	76,212
Sociedad Concesionaria de Los Lagos	Essal S.A.	Performance bond	26,798	0
Surlat Industria	EcoRiles S.A.	Performance bond	13,394	13,169
Servicio de Vivienda y Urbanismo	Gestión y Servicios S.A.	Performance bond	2,187,564	1,613,391
Superintendencia del Medio Ambiente	Anam S.A.	Performance bond	34,298	13,174
CMPC PULP S.A.	Anam S.A.	Performance bond	17,606	0
Corporación Nacional del Cobre	Anam S.A.	Performance bond	17,405	17,113
Aguas del Valle	Anam S.A.	Performance bond	13,399	0
Esval S.A.	Anam S.A.	Performance bond	13,399	0
Total			39,858,136	32,697,128



b) Bond issue restrictions

i) Aguas Andinas S.A.

The Company has the following restrictions and obligations for releasing bond issues to the national market:

- 1.- Sending the Bondholders' representative a copy of both the quarterly and the audited consolidated annual financial statements and of those of its Subsidiary Public Limited Companies registered with the Superintendence of Securities and Insurance, within the same time period they must be submitted to the Superintendence, plus all public information reported to the Superintendence.
- 2.- Registering in its accounting books the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements and/or those of its Subsidiaries.
- 3.- Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries such as the Company.
- 4.- The Company is obliged to ensure that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5.- Maintaining, at the end of each quarter in the Issuer's Financial Statements, a debt ratio not exceeding 1.5 times. Nonetheless, the above limit is adjusted according to the quotient of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index as 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 Liabilities and Total Equity. Liabilities are defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities in the Issuer's Consolidated Financial Statements.

To determine the aforementioned index, Liabilities include the amount of all joint or several guarantees, simple or joint bonds, joint assumption of debt or other personal or real guarantees, which the Issuer or its subsidiaries have granted to secure third-party obligations, 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 Consolidated Financial Statements.

As of December 31, 2017, the abovementioned accounts are (Th\$):

Total current liabilities	237,111,903
Total non-current liabilities	866,468,756
Total IFRS liabilities	1,103,580,659
Third parties guarantees (*)	609,330
Total liabilities	1,104,189,989
Total assets	1,796,880,136
Total current liabilities	-237,111,903
Total non-current liabilities	-866,468,756
Total net equity	693,299,477



The debt ratio was 1.59 times as of December 31, 2017.

* The amount of all joint debtors, simple or joint bonds, joint assumption of debt or other personal or real guarantees that the Issuer or its subsidiaries have granted to secure third-party obligations, except: (i) those granted by the Issuer or its Subsidiaries for obligations undertaken by 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 Debt Level variation as of December 31, 2017 was the following:

31-12-2009	31-12-2017	Accumulated inflation	Base	Limit
90.28	116.46	29.00%	1.5	1.93

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

The Company is in compliance with all the covenants established in the bond indentures as of December 31, 2017 and December 31, 2016.

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

The Company has the following restrictions and obligations for releasing bond issues to the national market:

1.- Sending the Bondholders' representative a copy of both the quarterly and the audited consolidated annual financial statements within the same time period they must be submitted to the Superintendence of Securities and Insurance, plus all public information reported to the Superintendence.

2.- Registering in its accounting books the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its Financial Statements.

3.- Maintaining insurance to reasonably protect its assets, in line with the usual practices for industries such as the Company.

4.- The Company is obliged to ensure that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

5.- Maintaining a debt ratio not exceeding 1.29 times, measured on the basis of balance figures, defined as the Liability/Equity ratio.

From 2010, the above limit is adjusted according to the quotient of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index as at December 2009. This limit will be adjusted up to a maximum of 2 times (Debt = Liabilities/Total net equity). As of December 31, 2017, the debt ratio was 1.29 times and 1.66 times for the BESSALC and BESSALB series, respectively.

6.- Maintaining an Ebitda /Financial Expenses ratio of no less than 3.5 times. As of December 31, 2017, the ratio was 7.4 times.

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

The Company is in compliance with all obligations established in the bond indentures as of December 31, 2017 and December 31, 2016.



c) Bank loan restrictions

i) Aguas Andinas S.A.

The Company has the following obligations and restrictions for obtaining loan agreements from several national banks:

- 1.- Maintaining a debt ratio no higher than 1.5 times, measured on the basis of the figures in its consolidated balances. Nonetheless, the above limit is adjusted according to the quotient of the consumer price index for the month in which the debt ratio is calculated and the consumer price index as at December 2009. Nonetheless, the above limit will be adjusted to a maximum ratio of 2 times. For the financial year ended December 31, 2017, the debt ratio variation is 1.93 times. To this end, the level of indebtedness shall be defined as the liability/total net equity ratio. As of December 31, 2017, the debt ratio is 1.59 times.
- 2.- A prohibition on the disposal of or losing holder's rights on essential assets, except for contributions or transfers of essential assets to Subsidiary Companies.
- 3.- Sending a copy of both the quarterly and the audited individual consolidated financial statements to the different banks the Company has asked for loans, within five days of their submission to the Superintendence of Securities and Insurance.
- 4.- Recording 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.- Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries such as the Company.
- 6.- Submitting a certificate signed by the Company's Chief Executive Officer declaring compliance with the loan agreement obligations.
- 7.- A prohibition on distributing dividends, except for the obligatory minimum if there is a situation of default or delay in the payment of any loan installment.
- 8.- Maintaining a financial expense coverage ratio equal to or over 3 times, measured on the basis of the figures contained in its consolidated individual balances, defined as the ratio between operating income plus depreciation during the financial year and the amortization of intangible assets divided by financial expenses.
- 9.- A 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.- Ensuring that transactions 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 the following obligations and restrictions for obtaining loan agreements with a national bank

- 1.- Maintaining a debt ratio no higher than 1.5 times, measured on the basis of its consolidated balances. Notwithstanding the above, the previous limit shall be adjusted according to the quotient between the Consumer Price Index for the month in which the debt ratio 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 times. To this end, the level of indebtedness shall be defined as the liability/total net equity ratio. As of December 31, 2017 the debt level amounted to 0.58 times.



2.- Maintaining a financial expense coverage ratio equal to or more than 3 times, measured on the basis of its consolidated annual balance sheet, defined as the ratio between operating income plus depreciation during the financial year and amortization of intangibles divided by financial expenses. As of December 31, 2017, the coverage of financial expenses amounted to 18.92 times.

3.- Sending the bank a copy of the debtor's consolidated annual financial statements, within thirty days of their submission to the Superintendence of Securities and Insurance.

4.- Sending a certificate signed by the Company's Chief Executive Officer declaring compliance with the loan agreement obligations.

5.- Maintaining all rights, licenses, permits, trademarks, franchises, concessions or relevant parts thereof in full force.

6.- Maintaining insurance coverage to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries such as the Company.

7.- Undertaking 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 obtaining loans from a national bank without compromised financial indexes or associated restrictions.

As of December 31, 2017, the Company and its Subsidiary Utilities are in compliance with all requirements established in the loan agreements with accrediting Banks, as well as with all the provisions of DFL. No. 382 of the General Sanitation Services Act of 1988, and its Regulations (D.S. MOP No. 1199/2004, published in November 2005).

d) Third party guarantees

As of December 31, 2017 and December 31, 2016, the Company has received documents in guarantee for Th\$26,219,928 and Th\$50,472,285, respectively, arising mainly from work contracts with construction companies to guarantee due performance. There are also other guarantees for service contracts and acquisition of materials to ensure timely delivery.



The tale below summarizes the more important bank guarantees received as of December 31, 2017:

Contractor or supplier	31-12-2017 Th\$	Maturity date
Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	13.904.056	30-07-2018
Suez Medioambiente Chile S.A.	1.805.422	13-12-2018
Suez Medioambiente Chile S.A.	1.790.377	02-01-2018
Ingeniería y Construcción Sigdo Koppers S.A.	1.292.559	26-01-2018
Suez Medioambiente Chile S.A.	827.785	30-05-2022
Autopista Costanera Norte S.A.	669.954	10-01-2018
Suez Medioambiente Chile S.A.	655.696	02-04-2018
Constructora El Trebol Ltda.	496.784	29-01-2018
Compañía de Petróleos de Chile Copec S.A.	450.606	15-03-2018
Inmobiliaria y Comercial Quilicura Ltda.	375.174	28-10-2020
Suez Medioambiente Chile S.A.	367.337	02-04-2018
I C M S.A.	319.272	13-08-2018
Claro Vicuña Valenzuela S.A.	301.399	05-02-2019
Costanera Center S.A.	286.124	30-03-2018
Suez Medioambiente Chile S.A.	284.541	03-07-2018
Constructora Olbertz Ltda.	191.712	30-05-2018
Suez Advanced Solutions Chile Ltda.	178.743	15-06-2018
I C M S.A.	158.305	13-08-2018
Chilena de Revisiones Técnicas S.P.A.	133.991	11-02-2018
Artbase Ingeniería Construcción y Servicios Ltda.	130.766	16-04-2019
BAPA S.A.	108.676	11-04-2018
EULEN Chile S.A.	107.193	21-06-2018
Luxagua Ingeniería Ltda.	107.193	30-08-2018
Inmobiliaria y Constructora Nueva Pacifico Sur Ltda.	107.193	18-11-2018
Sociedad de Tercerización de Servicios Provider Latin America Ltda.	103.761	01-01-2018
Level 3 Chile S.A.	100.359	30-11-2019
Total	25.254.978	



Note 17. ORDINARY INCOME

The table below shows the ordinary income generated by the Group's Companies:

Classes of current revenue	31-12-2017 Th\$	31-12-2016 Th\$
Current revenue		
Sales of goods	6,719,378	7,528,118
Provision of services	500,597,979	484,674,961
Insurance repayment	2,223,220	46,566
Total	509,540,577	492,249,645

Note 18. LEASING

Disclosure of information on operational leasing as a lessor

The leasing of machinery, digital lines and some commercial agencies facilities, but mainly the leasing of transportation services, are included under this heading.

Future non-cancellable minimum future lease receivables, lessees	31-12-2017 Th\$	31-12-2016 Th\$
Future non-cancellable minimum lease receivables, up to one year, lessees	2,831,275	2,829,953
Future minimum non-cancellable lease receivables, up to one year and less than 5 years, lessees	5,979,441	5,336,808
Total non-cancellable minimum future lease receivables	8,810,715	8,166,761
Minimum lease payments under operational leases	3,362,982	3,464,733
Total lease and sublease installments booked in the statement of result	3,362,982	3,464,733

Significant operative leasing agreements:

The most significant operative leases is vehicle leasing. In these cases, contracts last from 18 to 96 months. The leasing services are paid on a monthly basis upon the submission and approval of payment statements.

Contract termination: The Company can terminate the contracts in case of serious breach of any of the conditions and obligations contained in the administrative bases and technical specifications. In this case, the company is entitled to a guarantee for its faithful, complete and timely fulfillment of the contract as compensation for damages.



Disclosure of information on operative leasing as lessors

The Company has entered into contracts of this kind acting as the lessor, mainly with regards to its operative premises, with telecommunications companies, which are renewed automatically from 1 to 5 years. However, the Company is entitled to give a termination notice 30, 60, 90 and 180 days in advance, depending on the contract.

Future non-cancellable minimum future lease receivables, lessors	31-12-2017 Th\$	31-12-2016 Th\$
Future non-cancellable minimum lease receivables, up to one year, lessors	200,065	388,096
Amount of contingent income booked in the statement of results	685,735	819,737
Total	885,800	1,207,833

Significant operative leasing agreements by the lessor

Income from these sources is immaterial for the Company.

Note 19. EMPLOYEE BENEFITS

The Company, at the consolidated level, has a workforce of 2,103 employees, of which 91 are Managers and senior executives. Employees included in collective bargaining agreements and those with individual employment contracts containing special indemnity clauses total 1,724 and 23, respectively, whereas 356 workers are under the provisions of the Labor Code.

The collective bargaining agreement in effect for the employees and operators of Unions No. 1 and No. 2 of Aguas Andinas S.A. was signed on July 31, 2014, and expires in four years.

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

The current collective bargaining agreements of Aguas Cordillera S.A., and personnel of Aguas Manquehue S.A., were signed on December 1, 2014 and December 23, 2014, with Unions No. 1 and 2 and with the Workers and Supervisors Union, respectively; all of them with a four-year term.

The current collective bargaining agreements of Anam S.A. and EcoRiles S.A., were signed on December 2015 and April 2017, respectively; both for a three-year term. The personnel of those Subsidiaries are governed by the provisions contained in articles 159, 160 and 161 of the Labor Code, for which no provision is made for termination benefits.

The current collective bargaining agreement with Unions of subsidiary Essal S.A. were signed on December 31, 2016 and expires on December 31, 2019.

Policies for defined benefit plans

Workers who are not party to the collective bargaining agreements of Aguas Andinas S.A. and its subsidiaries are governed by the provisions 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 with 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 are party to or were incorporated to collective bargaining agreements in force at the date of the consolidated financial statements, the actuarial valuation calculation is applied by seniority.

Accounting policies for gains and losses on defined benefits plans

The obligation of providing termination benefits by seniority, which it is estimated to accrue for 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 turnover, mortality, wage increases or discount rates are booked directly as other comprehensive results in accordance with the revised IAS 19R, directly affecting Equity, which are later reclassified as Accumulated Results. The application of this procedure began in 2013 following the effective date of the revised IAS 19. Until 2012, all variations in estimates and parameters used determined a direct effect on results for the year.

Actuarial assumptions

Seniority: 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 (60 years of age for women and 65 for men). In subsidiary Essal S.A. there is a 6-month indemnity limit payable to people who retire or die.

Participants in each plan: These benefits cover all workers who participate in a union agreement (indicated above) and workers with individual contracts including an indemnity clause in any event. Workers included in the calculation of the actuarial indemnity by company: Aguas Andinas S.A.: 893, Aguas Cordillera S.A.: 98, Aguas Manquehue S.A.: 14, and Essal S.A.: 325 and Gestión y Servicios S.A.: 1.

Mortality: The RV-2014 mortality tables of the Superintendence of Securities and Insurance are used.

Employee turnover and disability rates and early retirements: Based on the Group's statistical experience, the turnover rate used is 6.2% (five point nine percent) for the financial year 2017 and 5.9% for 2016, for target employees. Disabled workers and early retirements have not been considered due to their infrequent nature.

Discount rate: Discount rates of 4.8% and 4.7% were used for the financial years 2017 and 2016, respectively, corresponding to the risk-free rate, plus the estimate of expected long-term inflation.

Inflation rate: For making long-term estimates for the financial years 2017 and 2016, the forecast long-term inflation rate of 3.0%, reported by the Central Bank of Chile, was used.

Wage increase rate: The rate used for the financial year 2017 was 5.65% and 5.4% for 2016.

General description of defined benefit 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 his/her immediate family in accordance with article 60 of the Labor Code.



In case an employee retires from the Company in accordance with paragraphs 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 an indemnity consisting in the accumulated amount for this concept as of 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 that the change is positive.

Workers of Aguas Andinas S.A. and its Subsidiaries who are not a party to their collective bargaining agreements are covered by their individual employment contracts, whereas for non-utility 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 applicable, except when individual employment contracts indicate otherwise.

The indemnity provision is calculated by deducting advances to the employees.

The following table shows the movement in actuarial provisions as of December 31, 2017 and December 31, 2016, which include provision movements:

Provision for employees benefits	31-12-2017	31-12-2016
	Th\$	Th\$
Movements in actuarial provision		
Initial balance	17,285,712	15,621,082
Cost of services	1,294,819	1,983,269
Interest cost	711,341	667,802
Actuarial (gain) or losses	-1,340,799	-58,684
Benefits paid	-2,085,158	-1,984,428
Special compensation for seniority (1)	206,637	0
Provision for termination benefits	173,025	1,056,671
Sub-totals	16,245,576	17,285,712
Profit sharing and bonuses	4,556,637	4,125,661
Total	20,802,213	21,411,373

The financial position statement includes the following balances:

Provision for employees benefit	31-12-2017	31-12-2016
	Th\$	Th\$
Provision for employees benefit, current	5,473,412	5,378,546
Provision for employees benefit, non current	15,328,801	16,032,827
Total	20,802,213	21,411,373

Expected payment flows

Clause 17 of the collective bargaining Agreement of Aguas Andinas S.A. indicates that workers who resign voluntarily shall have 120 days from the date they reach the legal retirement age to make their resignation effective and be entitled to retirement.



The collective bargaining Agreements of Aguas Cordillera S.A. and Aguas Manquehue S.A. indicate that a termination benefit will be paid to workers who resign voluntarily upon reaching the legal retirement age.

In the 2015 – 2017 period, the Company began a program that encourages voluntary retirement of our employees that are approaching the legal retirement age.

According to the benefits plans above, the table below shows the flows for the current financial year:

Company	Number of employees	Expected payment flow Th\$	Year
A.Andinas S.A.	13	890,410	2018
ESSAL S.A.	4	29,211	2018
		919,621	

Liabilities projected for December 31, 2018

To calculate the projected liabilities for indemnities at actuarial value by December 2018, as indicated in IAS 19, the actuarial assumptions at December 31, 2017, as described in this note, have been used. Only the amount increased is the legal bonus, as a result of the increase in the minimum wage established in January 2017.

The following table summarizes this situation by company:

Company	Number of employees	Costs for services Th\$	Costs for interests Th\$
A.Andinas S.A.	893	1,848,814	154,723
A.Cordillera S.A.	98	221,521	21,980
A Manquehue S.A.	14	32,591	2,690
ESSAL S.A.	325	63,966	16,689
Gestión y Servicios S.A.	1	844	75
		2,167,736	196,157

Sensitivity of assumptions

The sensitivity of the main assumptions is based on the actuarial calculation as of December 31, 2017. The following impacts have been determined:

Concept	Base	Plus 0.5% Th\$	Less 0.5% Th\$
Discount rate	4.8%	-576,051	626,552
Turnover rate	6.2%	-603,067	655,111
Wage increment rate	5.65%	551,113	-512,321



Disclosures of 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 bargaining agreements or individual contracts.

Profit sharing and bonuses

The Company has an obligation with its personnel with respect to profit-sharing bonuses payable the following year in February and March. The accrued participation payable to personnel, as stipulated in current contracts, is settled in February on the basis of the statement of financial position for the immediately-preceding financial year. In December 31, 2017 and December 31, 2016, the amounts are Th\$4,556,637 and Th\$4,125,661, 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 as of December 31, 2017 and 2016 are:

Personnel expenses	31-12-2017 Th\$	31-12-2016 Th\$
Wages and salaries	-34,456,014	-32,373,947
Defined benefits	-15,464,917	-14,396,446
Termination benefits	-3,478,845	-4,798,825
Other personnel expenses	-2,148,528	-2,052,687
Total	-55,548,304	-53,621,905

Note 20. EFFECT OF EXCHANGE DIFFERENCES

The table below summarizes the exchange differences:

Concept	Currency	31-12-2017 Th\$	31-12-2016 Th\$
Trade debtors and other accounts receivable	EUR	271	-800
Trade debtors and other accounts receivable	USD	-580	-1,710
Total variation assets		-309	-2,510
Trade accounts payable and other accounts payable	EUR	-9,651	-13,647
Trade accounts payable and other accounts payable	USD	18,948	-1,504
Accounts payable from related entities	EUR	0	-3
Other financial liabilities	EUR	0	-279
Other financial liabilities	USD	0	-44
Total variation liabilities		9,297	-15,477
Earnings (loss) from exchange differences		8,988	-17,987



Note 21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature:

Other expenses by nature	31-12-2017	31-12-2016
	Th\$	Th\$
Treatment plant operation	-25,635,865	-24,355,201
Services	-14,987,945	-17,197,837
Maintenance and repair of networks	-14,933,319	-11,166,078
Commercial services	-12,764,364	-12,453,660
Expenses for works requested by third parties	-11,335,985	-11,636,031
Maintenance of facilities and equipment	-7,360,079	-6,907,689
Leases	-7,199,468	-6,219,306
Withdrawal of waste and slurry	-6,683,156	-5,699,899
Contributions, patents, insurance and royalties	-6,243,669	-5,694,130
General expenses	-6,216,812	-6,041,844
Other	-7,101,809	-6,299,925
Total	-120,462,471	-113,671,600

Note 22. RESULTS FOR INDEXED UNITS

The composition of the results by indexed units for periods ended December 31, 2017 and 2016 is:

Concept	31-12-2017	31-12-2016
	Th\$	Th\$
Accounts receivable from related entities	467,015	182,311
Current tax assets	430,103	413,901
Accounts receivable from related companies	133	98
Trade debtors and other accounts payable	90,479	104,885
Total variation assets	987,730	701,195
Other financial liabilities	-12,760,363	-20,683,219
Trade accounts payable	-179,293	-182,593
Accounts payable to related companies	-209	-429
Other non-financial liabilities	6,232	5,334
Total variation liabilities	-12,933,633	-20,860,907
Earnings (loss) from adjustment units	-11,945,903	-20,159,712



Note 23. CAPITALIZED FINANCING COSTS

The table below summarizes the capitalized financing costs as of December 31, 2017 and December 31, 2016:

Disclosures of capitalized interest costs

Capitalized interest costs, property, plant and equipment		31-12-2017	31-12-2016
Rate of capitalized interest costs, property, plant and equipment	%	7.13	7.64
Amount of capitalized interests property, plant and equipment	Th\$	2,201,924	5,669,924

Note 24. INCOME TAXES AND DEFERRED TAXES

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

Statements of financial position	31-12-2017 Th\$	31-12-2016 Th\$
Deferred tax assets	20,200,593	20,231,924
Deferred tax liabilities	-37,820,849	-38,150,441
Net deferred tax position	-17,620,256	-17,918,517

The net position above originates from a variety of concepts that make up timing and permanent differences, which at the consolidated level can be shown under the following concepts:

Disclosures of deferred tax assets

Deferred tax assets	31-12-2017 Th\$	31-12-2016 Th\$
Water rights (amortization)	477,561	463,085
Provision for doubtful accounts	8,942,877	8,317,255
Provision for vacations	661,801	585,956
Litigation	703,031	706,416
Termination benefits	3,596,050	3,888,756
Other provisions	102,682	134,392
Variation monetary correction and depreciation assets	69,608,262	69,610,263
Deferred income	1,969,571	1,969,571
La Dehesa reservoir transaction	378,223	371,870
Amortization	107	43,332
Other provisions	1,169,860	1,352,024
Deferred tax assets	87,610,025	87,442,920



Disclosures on deferred tax liabilities

Deferred tax liabilities	31-12-2017 Th\$	31-12-2016 Th\$
Depreciation fixed assets	24,057,186	22,995,485
Amortizations	823,221	649,538
Expense investment on related companies	114,266	114,266
Revaluation of land	22,661,991	22,669,870
Revaluation of water rights	45,611,780	45,611,780
Fair value of assets on purchase Essal S.A.	11,961,837	13,305,193
Other	0	15,305
Deferred tax liabilities	105,230,281	105,361,437

Net deferred tax position	-17,620,256	-17,918,517
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Deferred tax movements

Assets movements in deferred tax	31-12-2017 Th\$	31-12-2016 Th\$
Deferred tax assets, initial balance	87,442,920	82,717,306
Increases (decreases) in deferred tax assets	-456,516	1,502,706
Increases (decreases) for variation in monetary correction and assets depreciation	-2,001	3,402,902
Increases (decreases) for bad debt provision	625,622	-179,994
Changes in deferred tax assets	167,105	4,725,614
Changes in deferred tax assets, total	87,610,025	87,442,920

Income tax expenses

Movement in deferred tax liabilities	31-12-2017 Th\$	31-12-2016 Th\$
Deferred tax liabilities, initial balance	105,361,437	105,942,220
Increases (decreases) in deferred tax liabilities	1,212,200	683,552
Increases (decreases) in purchases through combination of businesses	-1,343,356	-1,264,335
Changes in deferred tax liabilities	-131,156	-580,783
Changes in deferred tax liabilities, total	105,230,281	105,361,437



Income tax expenses

Revenue (charge) for income taxes by current and deferred parts	31-12-2017	31-12-2016
	Th\$	Th\$
Charge for current taxes	-46,695,068	-32,889,800
Previous financial year adjustment tax expense	-173,082	287,983
Charge for current income tax	-46,868,150	-32,601,817
Deferred income (charge) for taxes related to creation and reversal of timing differences	660,277	4,496,113
Charge for sole tax (disallowed expenses)	-132,752	-78,575
Earnings (charge) for other taxes	527,525	4,417,538
Charge for income tax	-46,340,625	-28,184,279

Numerical reconciliation of income (expense) per tax and the result of multiplying the book profit by the applicable tax rate(s)

	31-12-2017	31-12-2016
	Th\$	Th\$
Charge for taxes using the statutory rate	-48,404,834	-31,359,245
Permanent difference for monetary correction tax equity	2,634,021	3,309,679
Permanent difference for disallowed expenses	-132,752	-78,575
Permanent difference for previous financial year's income tax	-173,082	287,983
Other permanent differences	-263,978	-344,121
Adjustment to tax charge using the statutory rate	2,064,209	3,174,966
Tax charge using the effective rate	-46,340,625	-28,184,279

Reconciliation of the statutory tax rate and the effective tax rate

	31-12-2017	31-12-2016
Statutory tax rate	25.50%	24.00%
Permanent difference for monetary correction tax equity	-1.46%	-2.53%
Permanent difference for disallowed expenses	0.06%	0.06%
Permanent difference for previous financial year's income tax	0.12%	-0.22%
Other permanent differences	0.15%	0.26%
Effective tax rate	24.37%	21.57%



Note 25. EARNINGS PER SHARE

The basic earning per share is calculated as the quotient between the earning (loss) attributable to holders of Net Equity instruments of the Controller divided by the weighted average number of common shares in circulation during that financial year.

Earnings per share		31-12-2017	31-12-2016
Earnings attributable to to shareholders in equity of the controller	Th\$	139,620,280	150,575,666
Results available to common shareholders, basic	Th\$	139,620,280	150,575,666
Weighed average number of shares, basic		6,118,965,160	6,118,965,160
Earnings per share	\$	22.818	24.608

Disclosure of information on diluted earnings (losses) per share

The Company has not carried out any transaction with a potential diluting effect entailing diluted earnings per share other than the basic earnings per share.

Note 26. BUSINESS SEGMENTS

The Group discloses information by segment in accordance with IFRS No. 8, "Operative Segments", which sets the reporting standards for operative segments and related disclosures for products and services. Operative segments are defined as components of an entity on which separate financial information exists and is regularly used by Management for making decisions, allocating resources and evaluating performance.

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

- Water utility business operations.
- Non-water utility business operations.

Description of types of products and services that provide regular income from each segment reported

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

The Non-Water Utility segment consists of environmental analysis, liquid waste treatment (Riles) and comprehensive engineering services, plus the sale of sanitation service and energy project products. The subsidiaries included are EcoRiles S.A., Anam S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A.



General information on results, assets, liabilities and equity.

General information on results	31-12-2017		31-12-2016	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-water Th\$
Revenues from ordinary activities with external customers	484,300,578	25,239,999	469,116,411	23,133,234
Revenues from ordinary activities between segments	989,298	4,314,127	782,634	4,074,938
Raw materials and consumables used	-25,086,612	-10,043,948	-23,152,734	-10,503,558
Employees benefit expenses	-48,419,753	-7,230,674	-46,968,101	-6,711,269
Operating expenses	-118,800,873	-6,657,188	-111,898,151	-6,332,311
Depreciation and amortization	-73,722,846	-699,021	-66,318,416	-719,000
Other revenue and expenses	2,306,663	329,304	16,728,956	-2,131,435
Financial income	5,928,429	224,228	6,366,834	223,193
Financial costs	-31,125,774	-86,145	-27,106,024	-127,580
Result of indexation and exchange differences	-11,958,387	21,474	-20,198,764	21,064
Income tax charge	-45,056,455	-1,284,170	-43,242,225	-200,236
Earnings by segment	139,354,268	4,127,986	154,110,419	727,040
Earnings by segment attributable to owners of the controller	135,492,295	4,127,986	149,848,626	727,040
Earnings (losses) by segment attributable to non-controller shares	3,861,973	0	4,261,793	0

Total assets, liabilities and equity	31-12-2017		31-12-2016	
	Water Th\$	Non-water Th\$	Water Th\$	Non-water Th\$
Current assets	142,790,325	14,731,411	172,864,658	13,158,165
Non-current assets	1,626,875,139	20,251,891	1,575,986,816	15,034,226
Total assets	1,769,665,464	34,983,302	1,748,851,474	28,192,391
Current liabilities	230,408,065	14,472,469	208,250,144	8,905,636
Non-current liabilities	866,317,420	151,337	872,883,250	122,410
Equity attributable to owners of the controller	622,271,278	20,359,496	614,992,835	19,164,345
Non-controller shares	50,668,701	0	52,725,245	0
Total assets and liabilities	1,769,665,464	34,983,302	1,748,851,474	28,192,391

Significant items of income and expenses by segment

Water and Non-Water Utility Segments

The significant items of ordinary income and expenses are mainly 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.



Income

The Company's Income is generated mainly by the regulated services relating to the production and distribution of water as well as the collection, treatment and disposal of sewage, and other regulated services (including income from cutting and restoring supply, monitoring liquid waste discharges and fixed charges).

Detail of significant revenue items

Water Segment

The significant items of ordinary revenues are mainly related to the potable water and sewage water business, that is, income from the sale of water, overconsumption, variable charge, fixed charge, sewage service, sewer use and wastewater treatment. Income from fixed asset sales can also be included.

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 water utility subsidiaries are regulated by the SISS and their tariffs are set in accordance with the D.F.L. No. 70 of 1988 on Sanitation Service Tariffs.

The tariff levels are reviewed every five years and, during that period, are subject to additional polynomial indexation adjustments, if the accumulated variation after the previous adjustment is 3.0% or more, according to calculations based on different inflation indexes.

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, 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 for the 2015-2020 period ended. 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, are numbers 152-2015; 83-2015; and 139 2015, respectively.

Whereas for subsidiary Essal S.A., the current tariffs for 2016-2021 period were approved by Decree No. 143 on August 25, 2016, and published in the Official Gazette on January 21, 2017.

Non-water utility segment

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

Detail of significant expense items

Water utility segment

The significant expense items are mainly the payment of wages, electric power, Wastewater Treatment Plant Operation, depreciation of movable and immovable property, financial interest expenses, and income tax.



Non-water utility segment

The significant expense items are mainly the payment of wages, the cost of materials for sale and income tax payments.

Detailed explanation on the measurement of results, assets, liabilities and equity for each segment

These segments were measured by grouping the subsidiaries directly related to the segment.

The accounting criteria used was booking 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, since the standard dictates that there are no accounting policies showing different criteria for assigning costs or similar items.

There are no differences in the nature of the measurement of assets and liabilities, since the standard dictates that there are no accounting policies showing different allocation criteria.

Reconciliation of revenues from ordinary activities	31-12-2017 Th\$	31-12-2016 Th\$
Revenues from ordinary activities of the segments	514,844,001	497,353,881
Elimination of ordinary activity revenues between segments	-5,303,424	-5,104,236
Revenues from ordinary activities	509,540,577	492,249,645

Reconciliation of earnings	31-12-2017 Th\$	31-12-2016 Th\$
Total consolidated earnings (loss) of segments	143,482,254	154,837,459
Consolidation of elimination of earnings (loss) between segments	-3,861,974	-4,261,793
Consolidation of earnings (loss)	139,620,280	150,575,666

Reconciliation of segment assets, liabilities and equity of segments	31-12-2017 Th\$	31-12-2016 Th\$
Reconciliation of assets		
Consolidation total assets of segments	1,804,648,766	1,777,043,865
Elimination of accounts between segments	-7,768,630	-5,224,729
Total assets	1,796,880,136	1,771,819,136
Reconciliation of liabilities		
Consolidation total liabilities of segments	1,111,349,291	1,090,161,440
Elimination of accounts between segments	-7,768,632	-5,224,729
Total liabilities	1,103,580,659	1,084,936,711
Reconciliation of equity		
Consolidation total equities of segments	642,630,776	634,157,180
Equity attributable to owners of the controller	642,630,776	634,157,180



Information on the main customers

Main customers of the water utility segment:

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

Main customers of the Non-water utility segment:

- | | |
|--|---|
| - Papeles Cordillera S.A. | - Soprole S.A. |
| - EME Serv. Generales Ltda. | - Cervecera CCU Chile Ltda. |
| - Inmobiliaria Constructora Nueva Pacífico | - Constructora Pérez y Gómez Ltda |
| - Cartulinas CMPC S.A. | - Metrogas S.A. |
| - Watt's S.A. | - Cooperativa Agrícola y Lechera La Unión |

Types of products in the Water and Non-water utility segments:

Water utility segment

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

- Potable water production and distribution.
- Sewage water collection and treatment.

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

Non-water utility segment

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

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

Note 27. ENVIRONMENT

Disclosure of information on environment-related disbursements

The following information on environment-related disbursements is disclosed in compliance with Circular No. 1901 of October 30, 2008, of the Superintendence of Securities and Insurance.



The table below summarizes the environment-related disbursements:

Aguas Andinas S.A.

Project name	31-12-2017 Th\$	31-12-2016 Th\$
Expansion and upgrade Curacaví WWTP	1,709,635	8,542
Expansion and upgrade other localities WWTP	57,130	2,886
Expansion and upgrade Paine WWTP	2,536	29,943
Expansion and upgrade Pomaire WWTP	0	22,742
Expansion and upgrade San José de Maipo WWTP	2,145	24,040
Expansion and upgrade Talagante WWTP	1,358,967	53,815
Expansion and upgrade Valdivia de Paine WWTP	0	34,996
Upgrade and renewal of clearing equipment and facilities	1,162,682	1,150,811
La Farfana plant	3,567,160	3,397,612
Mapocho - Trebal plant	9,381,667	40,514,557
El Rital handling and disposal of slurry external platform	17,403	294,296
Total	17,259,325	45,534,240

Aguas Manquehue S.A.

Project name	31-12-2017 Th\$	31-12-2016 Th\$
Upgrade and renewal clearing equipment and facilities	60,863	91,427
Total	60,863	91,427

Aguas del Maipo

Project name	31-12-2017 Th\$	31-12-2014 Th\$
Biogas clearing plant	6,121,864	0
Total	6,121,864	0

Essal S.A.

Project name	31-12-2017 Th\$	31-12-2016 Th\$
Upgrade disposal infrastructure	149,612	318,325
Upgrade EDAR system	285,144	542,240
Renewal of treatment and disposal equipment	104,899	36,579
Total	539,655	897,144



Environmental investments projected for the financial year 2018:

Company	Th\$
Aguas Andinas S.A.	31,786,690
Aguas Manquehue S.A.	168,059
Essal S.A.	430,725
Total	32,385,474

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

All of the projects above are part of the cost for the respective construction works.

Fixed or estimated date for future disbursements, disbursements in the period

The projected disbursements are expected to be made in 2018.

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

Note 28. EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

In January 2018, Aguas Andinas completed the collective bargaining with the Workers, Operators and Professionals Unions No. 1, 2 and 3. The agreement entails signing a new collective bargaining agreement replacing the current one, which expires in July 2018. The agreement was signed on January 29, 2018, and is valid for three years.

As of the date of issue of these consolidated financial statements, the Management of the Company and its Subsidiaries is not aware of any other subsequent events that may affect their financial position as of December 31, 2017.

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