



**Consolidated Financial Statements**  
For the periods ending  
September 30, 2017 and 2016

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

# **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**This document contains the following:**

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

## Interim Consolidated Statements of Financial Position

As of September 30, 2017 (unaudited) and December 31, 2016  
(Thousands of pesos - Th\$)

ASSETS	Note	30-09-2017 Th\$	31-12-2016 Th\$
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	7	5,354,753	64,876,443
Other current financial assets	8	8,003,338	0
Other non-financial assets		2,130,406	334,293
Trade debtors & other accounts receivable	8	97,319,052	106,288,544
Accounts receivable from related entities	9	132,006	1,275,867
Inventories	10	4,028,284	3,309,945
Tax assets		8,434,804	5,986,263
<b>Total current assets other than assets or groups of assets for disposal classified as held for sale or held to be distributed to the owners</b>		<b>125,402,643</b>	<b>182,071,355</b>
<b>TOTAL CURRENT ASSETS</b>		<b>125,402,643</b>	<b>182,071,355</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	8	7,807,734	7,792,445
Other non-financial assets		906,722	886,496
Receivables	8	2,704,030	2,082,334
Intangible assets other than goodwill	11	227,268,867	227,951,484
Goodwill	12	36,233,012	36,233,012
Property, plant & equipment	13	1,318,137,790	1,294,570,086
Deferred tax assets	24	21,339,558	20,231,924
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,614,397,713</b>	<b>1,589,747,781</b>
<b>TOTAL ASSETS</b>		<b>1,739,800,356</b>	<b>1,771,819,136</b>

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

**Interim Consolidated Statements of Financial Position**  
**As of September 30, 2017 (unaudited) and December 31, 2016**  
**(Thousands of Chilean pesos - Th\$)**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>30-09-2017</b>	<b>31-12-2016</b>
		<b>Th\$</b>	<b>Th\$</b>
<b>CURRENT LIABILITIES</b>			
Other financial liabilities	8	56,329,055	43,629,749
Trade creditors & other accounts payable	8	70,515,702	101,917,169
Accounts payable to related entities	9	19,164,579	38,225,005
Other provisions	15	2,636,573	2,628,225
Tax liabilities		66,761	2,857,217
Provisions for employee benefits	19	3,550,883	5,378,546
Other non-financial liabilities		11,984,272	17,295,140
<b>Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale</b>		<b>164,247,825</b>	<b>211,931,051</b>
<b>TOTAL CURRENT LIABILITIES</b>		<b>164,247,825</b>	<b>211,931,051</b>
<b>NON-CURRENT LIABILITIES</b>			
Other financial liabilities	8	813,401,324	808,003,406
Other accounts payable	8	998,107	949,408
Other provisions	15	1,293,716	1,277,574
Deferred tax liabilities	24	37,784,099	38,150,441
Provisions for employee benefits	19	17,105,506	16,032,827
Other non-financial liabilities	8	8,137,494	8,592,004
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>878,720,246</b>	<b>873,005,660</b>
<b>TOTAL LIABILITIES</b>		<b>1,042,968,071</b>	<b>1,084,936,711</b>
<b>EQUITY</b>			
Issued capital	3	155,567,354	155,567,354
Accumulated earnings	3	331,777,885	320,491,338
Issuance premiums	3	164,064,038	164,064,038
Other equity participations	3	-5,965,550	-5,965,550
<b>Equity attributable to owners of the controller</b>		<b>645,443,727</b>	<b>634,157,180</b>
<b>Non-controller participations</b>	4	<b>51,388,558</b>	<b>52,725,245</b>
<b>TOTAL EQUITY</b>		<b>696,832,285</b>	<b>686,882,425</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,739,800,356</b>	<b>1,771,819,136</b>

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

**Comprehensive Revenues Statements by Interim Consolidated Nature  
As of September 30, 2017 and 2016 (unaudited)  
(Thousands of Chilean pesos - Th\$)**

STATEMENT OF RESULTS BY NATURE	Note	30-09-2017 Th\$	30-09-2016 Th\$	01-07-2017 30-09-2017 Th\$	01-07-2016 30-09-2016 Th\$
Revenues from ordinary activities	17	374,643,944	360,694,074	113,001,414	110,177,750
Raw materials & consumables used		-25,104,313	-24,794,056	-8,112,229	-7,470,156
Employee benefit expenses	19	-40,516,444	-38,648,447	-12,805,581	-12,831,809
Charges for depreciation & amortization	11-13	-55,112,495	-50,075,480	-19,071,700	-16,856,293
Other expenses, by nature	21	-90,676,463	-83,864,703	-29,660,959	-28,010,929
Other (losses) gains	5	1,759,515	-248,165	105,328	-350,013
Financial income	5	4,887,739	5,139,344	1,437,170	1,362,741
Financial costs	5	-22,441,745	-20,531,650	-7,298,801	-6,898,820
Exchange differences	20	4,295	-10,929	5,974	-17,748
Results of indexation adjustments		-9,644,098	-16,996,468	-652,463	-4,799,081
<b>Earnings before taxes</b>		137,799,935	130,663,520	36,869,153	34,305,642
Charge for income taxes	24	-33,671,453	-28,184,279	-9,486,972	-7,367,851
<b>Earnings from continuing operations</b>		104,128,482	102,479,241	27,382,181	26,937,791
<b>Earnings</b>		104,128,482	102,479,241	27,382,181	26,937,791
<b>Earnings attributable to:</b>					
Owners of the controller		101,429,696	99,556,469	26,408,874	26,086,773
Earnings attributable to non-controller participations	4	2,698,786	2,922,772	973,307	851,018
<b>Earnings</b>		104,128,482	102,479,241	27,382,181	26,937,791
<b>Earnings per share</b>					
Basic earnings per share from continuing operations	24	16.576	16.270	4.316	4.263
<b>Basic earnings per share</b>		16.576	16.270	4.316	4.263

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

**Comprehensive Revenues Statements by Interim Consolidated Nature**  
**As of September 30, 2017 and 2016 (unaudited)**  
**(Thousands of Chilean pesos - Th\$)**

STATEMENT OF COMPREHENSIVE RESULTS	Note	30-09-2017 Th\$	30-09-2016 Th\$	01-07-2017 30-09-2017 Th\$	01-07-2016 30-09-2016 Th\$
<b>Earnings</b>		104,128,482	102,479,241	27,382,181	26,937,791
<b>Comprehensive result attributable to</b>					
<b>Result attributable to owners of the controller</b>		101,429,696	99,556,469	26,408,874	26,086,773
Result attributable to non-controller participations	4	2,698,786	2,922,772	973,307	851,018
<b>Total comprehensive result</b>		104,128,482	102,479,241	27,382,181	26,937,791

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

**Consolidated Statements of Direct Cash Flows**  
**As of September 30, 2017 and 2016 (unaudited)**  
**(Thousands of Chilean pesos - Th\$)**

Statement of direct cash flow	Note	30-09-2017 Th\$	30-09-2016 Th\$
<b>Proceeds classes from operating activities</b>		<b>448,306,488</b>	<b>439,312,127</b>
Proceeds of sales of goods & services		446,360,306	436,893,887
Cobros procedentes de primas y prestaciones, anualidades y otros beneficios de pólizas suscritas		1,240,204	409,022
Other proceeds from operating activities		705,978	2,009,218
<b>Payment classes from operating activities</b>		<b>-229,517,678</b>	<b>-211,738,232</b>
Payments to suppliers of goods & services		-138,510,204	-131,726,321
Payments to & on behalf of employees		-42,853,844	-40,133,095
Payments of insurance premiums, annuities & other obligations		-3,440,527	-648,583
Other operating activity payments		-44,713,103	-39,230,233
<b>Cash flow from (used in) operating activities</b>		<b>-58,250,689</b>	<b>-47,922,725</b>
Interest paid		-17,807,398	-16,056,142
Interest received		973,184	1,361,653
Income taxes refunded (paid)		-39,436,876	-31,168,678
Other cash inflows (outflows)		-1,979,599	-2,059,558
<b>Cash flow from (used in) operating activities</b>		<b>160,538,121</b>	<b>179,651,170</b>
Proceeds of sales of property, plant & equipment		219,033	282,248
Purchases of property, plant & equipment		-75,199,512	-87,477,523
Purchases of intangible assets		-446,482	-776,255
Interest received		157,919	153,519
Other cash inflows (outflows)		-1,876,838	-3,820,405
<b>Cash flow from (used in) investment activities</b>		<b>-77,145,880</b>	<b>-91,638,416</b>
Proceeds of long-term loans		12,838,304	96,978,475
Proceeds of short-term loans		57,030,332	412,752
<b>Loan proceeds from financing activities</b>		<b>69,868,636</b>	<b>97,391,227</b>
Loan repayments		-71,332,064	-70,254,242
Dividends paid		-141,450,503	-134,648,725
<b>Cash flow from (used in) financing activities</b>		<b>-142,913,931</b>	<b>-107,511,740</b>
<b>Net increase (decrease) in cash &amp; cash equivalents</b>		<b>-59,521,690</b>	<b>-19,498,986</b>
Cash & cash equivalents at start of the period		64,876,443	32,953,529
<b>Cash &amp; cash equivalents at end of the period</b>	<b>7</b>	<b>5,354,753</b>	<b>13,454,543</b>

The accompanying notes 1 to 28 form an integral part of these interim consolidated financial statements

**Statement of Changes in Consolidated Net Equity  
As of September 30, 2017 and 2016 (unaudited)  
(Thousands of Chilean pesos - Th\$)**

Statement of changes in equity	Note	Issued Capital	Issuance premiums	Other participations in the equity	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
<b>Initial balance as of 01-01-2017</b>		<b>155,567,354</b>	<b>164,064,038</b>	<b>-5,965,550</b>	<b>320,491,338</b>	<b>634,157,180</b>	<b>52,725,245</b>	<b>686,882,425</b>
<b>Comprehensive result</b>								
Earnings		0	0	0	101,429,696	<b>101,429,696</b>	2,698,786	<b>104,128,482</b>
Dividends	3	0	0	0	-90,143,149	<b>-90,143,149</b>	0	<b>-90,143,149</b>
Decrease in transfers and other changes	3 - 4	0	0	0	0	<b>0</b>	-4,035,473	<b>-4,035,473</b>
<b>Total changes in equity</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>11,286,547</b>	<b>11,286,547</b>	<b>-1,336,687</b>	<b>9,949,860</b>
<b>Closing balance as of 30-09-2017</b>	3-4	<b>155,567,354</b>	<b>164,064,038</b>	<b>-5,965,550</b>	<b>331,777,885</b>	<b>645,443,727</b>	<b>51,388,558</b>	<b>696,832,285</b>

0

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

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





## Notes on the interim consolidated financial statements

Index	Page
Note 1. GENERAL INFORMATION .....	1
Note 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES .....	2
2.1 Basis of Preparation .....	2
2.2 Accounting Policies .....	4
A. Basis Consolidation .....	4
B. Operative segments .....	4
C. Intangible assets other than goodwill .....	5
D. Goodwill .....	5
E. Property, plant and equipment .....	6
F. Impairment of tangible and intangible assets except goodwill .....	7
G. Leases .....	8
H. Financial assets .....	8
I. Inventories .....	10
J. Dividend policy .....	10
K. Foreign currency transactions .....	10
L. Financial liabilities .....	10
M. Derivative financial instruments and hedge accounting .....	11
N. Provisions and contingent liabilities .....	11
O. Employee benefits .....	12
P. Revenues tax and deferred taxes .....	12
Q. Ordinary revenue .....	13
R. Earnings per share .....	14
S. Information on the environment .....	14
T. Consolidated statement of cash flows .....	14
U. Construction contracts .....	15
V. Capitalized financing costs .....	15
W. Reclassifications .....	16
Note 3. ....	16
EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER .....	16
Note 4. EQUITY ATTRIBUTABLE TO NON-CONTROLLER PARTICIPATIONS .....	18
Note 5. ....	18
OTHER REVENUE AND EXPENSES .....	18
Note 6. ....	19
FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES .....	19
Note 7. ....	21



CASH AND CASH EQUIVALENTS.....	21
Note 8. ....	23
FINANCIAL INSTRUMENTS .....	23
Note 9. ....	37
INFORMATION ON RELATED ENTITIES .....	37
Note 10. INVENTORIES .....	40
Note 11. ....	40
INTANGIBLE ASSETS OTHER THAN GOODWILL.....	40
Note 12. ....	44
GOODWILL .....	44
Note 13. PROPERTY, PLANT AND EQUIPMENT.....	44
Note 14. ....	49
IMPAIRMENT OF VALUE OF ASSETS.....	49
Note 15. ....	50
PROVISIONS AND CONTINGENT LIABILITIES .....	50
16. ....	53
GUARANTEES AND RESTRICTIONS .....	53
Note 17. ORDINARY REVENUE.....	59
Note 18. LEASES .....	59
Note 19. EMPLOYEE BENEFITS .....	60
Note 20. EFFECT OF EXCHANGE DIFFERENCES .....	64
Note 21. ....	65
OTHER EXPENSES BY NATURE.....	65
Note 22. RESULTS FOR INDEXED UNITS .....	65
Note 23. CAPITALIZED FINANCING COSTS .....	66
Note 24. ....	66
INCOME TAXES AND DEFERRED TAXES .....	66
Note 25. EARNINGS PER SHARE .....	70
Note 26. BUSINESS SEGMENTS .....	70
Note 27. ENVIRONMENT .....	75
Note 28. EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION .....	76



## Note 1. GENERAL INFORMATION

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

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

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

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

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

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

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



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

### **2.1 Basis of Preparation**

These Interim Consolidated Financial Statements corresponds to the statement of consolidated financial position as of September 30, 2017 and December 31, 2016 and to the statements of interim comprehensive results, changes in net equity and cash flows for the period ended at September 30, 2017 and 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (hereinafter "IASB"), and represents the comprehensive, explicit and unreserved adoption of IFRS.

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

### **Functional and presentation currency**

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

### **New accounting pronouncements**

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

<b>Improvements and/or modifications</b>	<b>Date of mandatory application</b>
IFRS 12, Disclosure of interests in other Companies	Annual periods starting or after January 1, 2017
IAS 7, Statement of cash flows	Annual periods starting or after January 1, 2017
IAS 12, Income tax	Annual periods starting or after January 1, 2017

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



New standards	Date of mandatory application
IFRS 9, Financial instruments, classification and measurement	Annual periods starting or after January 1, 2018
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2018
IFRIC 22, Foreign currency transactions and prepayments	Annual periods starting or after January 1, 2018
IFRS 16, Leases	Annual periods starting or after January 1, 2019
IFRIC 23, Treatment of uncertain tax positions	Annual periods starting or after January 1, 2019
IFRS 17, Insurance contracts	Annual periods starting or after January 1, 2021

Improvements and modifications	Date of mandatory application
IFRS 1, Adoption of IFRS for the first time	Annual periods starting or after January 1, 2018
IFRS 2, Based-shares payments	Annual periods starting or after January 1, 2018
IFRS 4, Insurance contracts	Annual periods starting or after January 1, 2018
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting or after January 1, 2018
IAS 40, Investment properties	Annual periods starting or after January 1, 2018
IFRS 10, Consolidated Financial Statements	Determined

The Management of the Company is analyzing the eventual impact that the above standards and amendments have in the financial statements. However, those whose entry into force is in annual periods initiated January 1, 2018 onwards have been analyzed and it is estimated that will not have relevant effects in the preparation and presentation of future financial statements.

### Responsibility for the information and estimates made

The information contained in these interim consolidated financial statements is the responsibility of the Board of Directors of the Company, which states that it has applied all principles and criteria included in the International Financial Reporting Standards (IFRS). The Board of Directors, in a meeting held on November 29, 2017 approved these interim consolidated financial statements.

The consolidated financial statements of Aguas Andinas S.A. and Subsidiaries for the period 2016 were approved by the board at its meeting held on March 29, 2017.

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

- Useful life of fixed intangible assets
- Valuation of assets and goodwill purchased (commercial funds or lower investment value)
- Losses through impairment of assets
- Assumptions used in the actuarial calculation of employee severance benefits
- Assumptions used in the calculation of fair value of financial instruments
- Revenues from supplies with invoice pending
- Provisions for commitments acquired with third parties
- Risks deriving from pending litigation



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

## 2.2 Accounting Policies

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

### A. Consolidation Basis

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

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

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

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

Tax ID	Company	Direct %	Indirect %	Total 2017 (%)	Direct %	Indirect %	Total 2016 (%)
96.809.310-K	Aguas Cordillera S.A.	99.990300	0.000000	99.990300	99.990300	0.000000	99.990300
89.221.000-4	Aguas Manquehue S.A.	0.000400	99.999600	100.000000	0.000400	99.999600	100.000000
96.967.550-1	Análisis Ambientales S.A.	99.000000	1.000000	100.000000	99.000000	1.000000	100.000000
96.945.210-3	Ecoriles S.A.	99.038500	0.961500	100.000000	99.038500	0.961500	100.000000
96.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2.506500	51.000000	53.506500	2.506500	51.000000	53.506500
96.828.120-8	Gestión y Servicios S.A.	97.847800	2.152200	100.000000	97.847800	2.152200	100.000000
96.897.320-7	Inversiones Iberaguas Ltda.	99.999998	0.000002	100.000000	99.999998	0.000002	100.000000
76.190.084-6	Aguas del Maipo S.A.	82.649996	17.350004	100.000000	82.649996	17.350004	100.000000

### B. Operative segments

IFRS 8 sets the standards for reporting with respect to the operative segments and disclosures relating to products and services. Operative segments are defined as components of an entity for which separate financial information exists which is regularly reviewed by Management for making decisions on the assignment of resources to the subsidiaries and evaluating their performance.

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

- Operations related to the sanitation business (Water).
- Operations unrelated to the sanitation business (Non-Water).



## **C. Intangible assets other than goodwill**

The Company recognizes an identifiable intangible asset when it can be shown that it is probable that future economic benefits attributed to it will flow to the entity and the cost can be correctly valued.

### **i. Intangible assets acquired separately**

Intangible assets acquired separately are shown at cost subtracting accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over their estimated useful lives. Estimated useful lives and the amortization method are revised at the closing of each statement of position, accounting for the effect of any change in the estimate from then on prospectively.

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

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

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

#### **Computer programs**

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

#### **Intangibles with indefinite useful lives**

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

#### **Determination of useful life**

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

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

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

## **D. Goodwill**

Goodwill (subtracting the value of investments or commercial fund) generated in the business consolidation represents the excess of acquisition cost over the Group's participation in the fair value of the assets and liabilities, including identifiable contingent liabilities of a subsidiary at the date of the acquisition.

The valuation of assets and liabilities acquired is made provisionally on the date control of the company is taken, and then revised within a maximum of one year from the acquisition date. Until the fair value of assets and



liabilities is determined definitively, the difference between the acquisition price and the book value of the acquired company is shown provisionally as goodwill.

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

Goodwill generated prior to the date of our transition to IFRS, i.e. January 1, 2008, is maintained at the net value registered at that date, while goodwill generated later is registered using the acquisition method.

Goodwill is not amortized but an estimate is made at the end of each accounting period as to whether any impairment has occurred that reduces the recoverable value to below the net book cost, in which case an adjustment for impairment is made, as required by IAS 36.

### **E. Property, plant and equipment**

The Company follows the cost method for the valuation of Property, Plant and Equipment. Historic cost includes expenses directly attributable to the acquisition of the asset.

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

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

The depreciation method applied by the Company reflects the extent to which the assets are used by the entity during the period in which they generate economic benefits. The Company therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (external specialist firms). The residual value and useful life of assets are revised and adjusted if necessary at each closing of the Statement of Financial Position.

When the value of an asset is higher than its estimated recoverable amount, this is reduced immediately to the recoverable amount (Note 14).

### **Useful life**

The useful life considered in calculating the depreciation are based on technical studies prepared by external specialist firms, which are revised as new information arises that permits a consideration that the useful life of some asset has been modified.

The assignment of the total useful life for assets is carried out on the basis of various factors, including the nature of the equipment. These factors generally include:

1. Nature of the component materials in equipment or buildings
2. Operating environment of the equipment
3. Intensity of use
4. Legal, regulatory or contractual limitations





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

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

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

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

### **Fixed asset sales policy**

The results of fixed asset sales are calculated by comparing the proceeds received with the book value, and are registered in the Interim Consolidated Statement of Comprehensive Results.

### **F. Impairment of tangible and intangible assets except goodwill**

The Group revises the book values of its tangible and intangible assets at each closing date of the Consolidated Statement of Financial Position, with useful life defined to see whether there exists any indication of a loss due to impairment. Should this exist, the recoverable value of such assets is estimated in order to determine whether any impairment has been suffered. When it is not possible to estimate the recoverable value of an asset in particular, the Group estimates the fair value of the Cash Generating Unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment or when there are indications that the asset might have suffered impairment before the end of the period.

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

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



## **G. Leases**

### **i. Financial leases**

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

### **ii. Operative leases**

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

Should lease incentives be received in order to agree an operative lease, such incentives are booked as a liability. The accumulated benefit of incentives is shown on a straight-line basis as a deduction from the leasing expense, except when another systematic basis is more representative for reflecting the temporary pattern in which the economic benefits of the leased asset are consumed.

### **iii. Implicit leases**

The Company and subsidiaries review their contracts to check for the possible existence of implicit leases, in accordance with IFRIC 4.

## **H. Financial assets**

The acquisitions and disposals of financial instruments are booked on the date of trading, i.e. the date on which the Group commits to acquire or sell the asset. Investments are written down when the rights to receive cash flows from the investments have been transferred and the Group has passed substantially all the risks and benefits deriving from ownership.

Financial assets are classified in the following categories:

- Financial assets at fair value with changes in results.
- Investments held to maturity.
- Loans and accounts receivable.
- Financial assets available for sale.

The classification depends on the nature and purpose of the financial assets and is determined at the time of their initial booking.

Aguas Andinas S.A. and its subsidiaries invest in low-risk instruments that meet the classification standards established in their investment policies. The mutual funds invested in must therefore have a rating of AAfm / M1 (quotas with very high protection against loss associated with credit risks/quotas with the lowest sensitivity to changes in economic conditions). Term deposits and repurchase agreements are instruments classified N-1 (instruments with the highest capacity for paying the principal and interest on the agreed terms and maturities).

The issuing institutions of these instruments are bank Companies or subsidiaries of the Banks with an N-1 credit rating, and their instruments have a rating of least AA (very high capacity for paying the principal and interest on the agreed terms and maturities, which would not be affected significantly by possible changes in the issuer, the industry to which it belongs or the economy).



## **i. Effective interest-rate method**

The effective interest-rate method is the method for calculating the amortized cost of a financial asset or liability and of the assignment of interest income or expense over the whole corresponding period. The effective interest rate is the rate that exactly discounts the estimated future cash flows receivable over the expected life of the financial asset, and makes the Net Present Value (NPV) equal to its nominal amount.

## **ii. Financial assets at fair value with changes in results**

Financial assets are shown at fair value through results when the asset is held for trading or is designated as at fair value with changes in results.

Financial assets at fair value with changes in results are valued at fair value and any resultant loss or gain is booked in results. The net loss or gain booked in results includes any dividend or interest received on the financial asset.

As of September 30, 2017, the Company and its subsidiary Aguas del Maipo S.A. hold shares in Sociedad Eléctrica Puntilla S.A., which have been valued at their fair value at the acquisition date, as defined in IAS N°. 39. Their subsequent measurement will be at cost because there is no active market, as provided in the same standard.

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

Trade debtors, loans and other accounts receivable are non-derivative financial assets that have fixed or determinable payments and that are not traded on an active market, classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective interest-rate method less any loss for impairment, except for short-term accounts receivable where the booking of interest would be immaterial.

### **Trade debtors and other accounts receivable.**

Trade debtors relate to the billing of water consumption, sewage services, sewage treatment and other services, and to the accrued revenue from consumption between the date of the last meter reading (according to an established monthly routine) and the closing date of the financial statements. These are shown net of the estimate of bad debts or debts with doubtful recovery.

The trade debtors policy is subject to the credit policy, which sets the payment conditions, and also the different scenarios for reaching agreements with overdue customers.

### **Policy for impairment of commercial debtors and other accounts receivable**

The Company periodically evaluates impairments affecting its financial assets. The amount is booked as bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used and the loss is booked in the statement of comprehensive results in "other expenses." When an account receivable is not recoverable, it is written off against provisions for accounts receivable.

Estimates are based on the following historic information: considering recovery statistics, which indicate that eighth months after billing the possibility of recovery is marginal, i.e. the probability of recovery of the amount billed is minimal.

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

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



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

A 100% provision is made for overdue notes receivable.

### **I. Inventories**

Materials, spares and inputs are shown at cost, which does not exceed their net realization value. The costing method is the weighted average cost. Inventories that have not turned over during the previous 12 months are valued annually and are booked at market value, if less.

### **J. Dividend policy**

The Company's dividend policy and according to article 79 of Law 18,049 that rules the Corporations, is to distribute 30% of the net earnings for each year. In case that this dividends does not exist or were lower than the minimum established in the Law, it will proceed to made the respective provision.

Additionally and prior authorization of the Ordinary Shareholder Meeting, it can be distributed the remaining 70% as additional dividend, as long as the present 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 close of each period, these being:

Currency	30-09-2017 \$	31-12-2016 \$
US Dollar	637.93	669.47
Euro	752.99	705.60

Foreign currency transactions are translated to the functional currency using the exchange rates on the date of the transactions. Foreign currency gains and losses resulting from the liquidation of these transactions and their conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency, are shown in the interim consolidated statement of comprehensive results.

The exchange rates is registered in the period results in which its accrued.

### **L. Financial liabilities**

Loans, payable bonds and similar documents are shown initially at their fair value, net of the costs incurred in the transaction. They are later shown at amortized cost, using the effective interest rate, except for transactions for which hedge contracts have been signed, which are valued as described in the following section.



## M. Derivative financial instruments and hedge accounting

The employment of derivative financial instruments by Aguas Andinas S.A. and subsidiaries is governed by the Group's financial-risk management policies, which establish the guidelines for their use.

The Group uses derivative financial instruments for hedging instruments to reduce risks from inflation, interest-rates and exchange rates on current positions to which it is exposed due to its business.

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

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

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

**Hedges of fair value.** Changes in the market value of derivative financial instruments designated as hedges, as well as the items hedged, are shown as a credit or charge to financial results in the respective result accounts.

**Hedges of cash flows and net foreign-currency investments.** Changes in the fair value of these derivative financial instruments are shown, for the part that is effective, directly in an equity reserve called "cash flow hedge," while the ineffective part is shown in results. The amount shown in net equity is not passed to the results account until the results of the transactions hedged are shown there or until the expiration date of such transactions.

In the event of discontinuation of the hedge, the net equity loss or gain accumulated to that date is maintained until the underlying hedged transaction is realized. At that moment, the accumulated loss or gain in equity will be reversed in the results account affecting that transaction.

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

**Effectiveness.** A hedge is considered to be highly effective when the changes in fair value or the cash flows of the underlying item directly attributable to the risk hedged are offset by changes in the fair value or cash flows of the hedge instrument, with an effectiveness of between 80% and 125%.

**Implicit derivative.** The Group also evaluates the existence of derivatives implicit in contracts and financial instruments to determine whether their characteristics and risks are closely related to the principal contract, provided the combination is not being booked at fair value. If they are not closely related, they are booked separately, with the variations in value being taken directly to the consolidated statement of results.

## N. Provisions and contingent liabilities

The Group registers a provision when there is a present obligation as a consequence of past events, for which it is probable that the Group will use resources to settle the obligation and for which a fair estimate of the amount of the obligation can be made.

The quantification of the provisions is made taking into account the best available information on the matter and its consequences and is reviewed at each accounting closing. The provisions made are used to cover the specific risks for which they were originally shown, their full or partial revision being required when such risks disappear or reduce.



Contingent liabilities are those possible obligations arising as a result of past events, whose future materialization and associated equity effect is believed to be a low probability. In accordance with IFRS, the Group makes no provision for these concepts; if there were, as is required in the same regulation, they would be detailed in Note 15.

#### **O. Employee benefits**

The obligation of termination benefits which are estimated to accrue to employees who retire in Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., are shown at the actuarial value determined using the projected credit-unit method. Actuarial gains and losses on indemnities deriving from changes in the estimates or changes in the rates of turnover, mortality, wage increases or discount rate, are determined in accordance with IAS 19, in other comprehensive results, thus directly affecting Equity, and then later re-classified in accumulated earnings.

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

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

##### **Aguas Cordillera S.A. and Aguas Manquehue S.A.**

Compensation for years of service in Aguas Cordillera S.A. and Aguas Manquehue S.A. are governed as indicated in the Labor Code, except the amount of the indemnity in any event accumulated through December 31, 2002 and the termination benefit of 1 monthly wage without any amount or age limit for workers covered by current collective agreements and for those to whom this benefit is extended through their individual work contract. The amount in any event accumulated to that date is adjusted quarterly in line with changes in the consumer price index. The mentioned collective agreement also states that workers who retire from Aguas Cordillera S.A. and Aguas Manquehue S.A. continue to accrue this benefit after December 2002.

##### **ESSAL S.A.**

Compensations to workers forming part of or who are incorporated into the current collective agreement at the date of the financial statements are calculated at their actuarial value only in the case of retirement and death. In those cases there is a limit of six months for purposes of payment. In other cases, the rules of the Labor Code apply.

There are no benefits of this kind in the other subsidiaries.

#### **P. Revenues tax and deferred taxes**

The charge for income tax relates to the sum of income tax payable and variations in deferred tax assets and liabilities.

Revenues tax payable is determined on the basis of the tax result for the period. The income tax payable by the Group is calculated using the tax rates that have been approved or that are in the approval process, on the closing date of the statement of financial position.



Deferred taxes are shown on the basis of differences between the book values of assets and liabilities in the financial statements and the corresponding tax figures used in the calculation of the tax result, and are booked in accordance with the liability method. Deferred tax liabilities are booked for all taxable timing differences, and deferred tax assets are shown for all deductible timing differences provided it is probable that there will be future tax benefits to be able to offset such differences. Deferred tax assets or liabilities are not booked if the timing differences arise from the reduced value or initial booking (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or financial results.

The book value of deferred tax assets is revised on the closing date of each financial position statement and is reduced to the extent that it is unlikely there will be sufficient tax results available to permit the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time of settling the liability or realizing the asset, based on the tax rates that have been approved or have almost finalized the approval process at the close of the statement of financial position. The measurement of deferred assets and liabilities reflects the tax consequences produced in the way the Group expects to recover or settle the book values of its assets and liabilities at the date of report.

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

## **Q. Ordinary revenue**

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

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

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

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

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

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

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

For those billing groups that have the information about the consumptions effectively read, it will proceed to apply the corresponding tariff.

In those cases that the Company do not dispose the whole read consumption it will proceed to made the better estimation of those incomes pending of billing, this is over the basis of data from the previous month valued at the current tariff, considering both (billing or estimation) normal or on consumption tariff.



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

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

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

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

#### **R. Earnings per share**

Basic earnings per share is calculated as the earnings (loss) attributable to the holders of Net Equity of the Controller divided by the average weighted number of common shares in circulation during the periods ending September 30, 2017 and 2016.

During period September 30, 2017 and 2016, the Group has not carried out any kind of operation with a potential diluting effect that supposes that diluted earnings per share are any different to basic earnings per share.

#### **S. Information on the environment**

Assets of an environmental kind are those used constantly in the business of the Company and subsidiaries, whose main objective is to minimize adverse environmental impacts and ensure the protection and improvement of the environment, including the reduction or elimination of the future contamination of Aguas Andinas S.A. and subsidiaries' businesses.

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

#### **T. Consolidated statement of cash flows**

The cash flow statement records the cash movements during the period which include Value Added Tax (VAT), determined by the direct method under the following criteria:

**Cash and cash equivalents:** Inflows and outflows of cash and equivalent financial assets, these being understood to be easily-liquidated short-term investments with a low risk of variation in their value (maximum term of 3 months from investment date, and unrestricted).

**Operating activities:** Typical activities of the normal business operation of the Society and subsidiaries, plus others that cannot otherwise be defined as for investment or financing activities.

**Investment activities:** The acquisition, disposal or use by other means of long-term assets and other investments not included in cash and cash equivalents.

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





## **U. Construction contracts**

For construction contracts, the Group uses the "percentage progress method" for booking revenues and expenses referring to a contract being carried out. By this method, the revenues under the contract are compared with the related costs incurred according to the degree of progress made, which results in the amount of the ordinary revenue, expenses and earnings that may be attributed to the portion of the contract carried out.

Contract costs are booked when incurred. When the result of a construction contract cannot be estimated reliably, and it is probable that the contract is going to be profitable, contract revenues are booked over the term of the contract. When it is probable that the contract costs are going to exceed the total revenues, the expected loss is booked immediately as an expense in the period. When the result of a construction contract cannot be estimated reliably enough, contract revenues are booked only to the extent of the contract costs incurred that will probably be recovered.

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

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

## **V. Capitalized financing costs**

### **Interest-bearing loans policy:**

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

### **Interest-cost capitalization policy:**

Interest paid or accrued on debt used to finance qualified assets is capitalized, as stipulated in IAS 23 which states that when the entity acquires debt to finance investments, the interest on that debt should be deducted from the financial expense and incorporated in the construction project financed, up to the total amount of such interest, applying the respective rate to the disbursements made to the date of presentation of the financial statements.



## W. Reclassifications

For comparison purposes, certain reclassifications have been made as of September 30, 2017, according to the following detail:

Reclassifications	Increase/Decrease Th\$
<b>Statement of result by nature:</b>	
Revenues from ordinary activities	-246,664
Other expenses, by nature	11,506
Other (losses) earnings	235,158
<b>Statement of cash flow:</b>	
Proceeds of sales of goods & services	-7,584
Payments to suppliers of goods & services	-501,646
Payments to & on behalf of employees	440,168
Payments of premiums and benefits, annuities and other obligations	69,062

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

The capital of the Company is divided into 6,118,965,160 nominative shares of no par value, completely subscribed and paid as of September 30, 2017, with 94.97% corresponding to series A and 5.03% to series B.

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

The composition of each series is as follows:

	30-09-2017	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 September 30, 2017 and December 31, 2016 amounts to Th\$155,567,354.

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

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

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



In period ended at September 30, 2017, the following dividend payment was agreed:

- The Ordinary Shareholders' Meeting held on April 24, 2017 agreed to distribute 89.88% of net earnings for 2016 deducting the interim dividend paid in January 2017. Because of this, the dividend N° 64 of the Company amounted to Th\$93,357,051 equivalent to \$15.2570 per share. This payment was payable from May 22, 2017 being entitled to 6,118,965,160 shares.

In period 2016, the following dividend payment was agreed:

- The Ordinary Shareholders' Meeting held on April 27, 2016 agreed to distribute 100% of net earnings for 2015 deducting the interim dividend paid in January 2016. Because of this, the dividend N° 62 of the Company amounted to Th\$88,442,910 equivalent to \$14.4539 per share. This payment was payable from May 25, 2016 being entitled to 6,118,965,160 shares.
- In board meeting held on November 29, 2016, it was unanimously agreed to distribute among shareholders the sum of Th\$41,984,668, as an interim dividend, based on the earnings for 2016. Because of this, the interim dividend N° 63 of the Company amounted to \$6.8614 per share, paid in 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 September 30, 2017. As of December 31, 2016, it was made a minimum dividend provision of Th\$3,213,902.

#### • **Accumulated Earnings**

The amounts booked for revaluation of land and intangible assets and other adjustments on the first adoption of IFRS are included in accumulated earnings and are subject to restrictions on their distribution as they first have to be booked as realized, through their use or sale, as established in IFRS 1, IAS 16 and Circular N° 456 of June 20, 2008 of the Superintendence of Securities and Insurance. Also included is the amount corresponding to the actuarial gains and losses determined since 2009, as a result of variations in the obligations for defined benefit plans. The total balance of accumulated earnings as of September 30, 2017 and December 31, 2016 amounted to Th\$331,777,885 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 a register in accumulated results of Th\$42,840. (see note 2.2. O)

#### • **Share premiums.**

The amount registered in share premiums is the premium on the sale of shares produced in 1999 due to the capital increase. The balance as of September 30, 2017 and December 31, 2016 amounted to Th\$164,064,038 in each period.

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

Other participations refer to the monetary correction of paid capital of the year 2008, the year of transition to IFRS, in accordance with Circular N° 456 of the Superintendence of Securities and Insurance, and the effects of businesses combinations of companies under common control made in 2007 and 2008. The balance as of September 30, 2017 and December 31, 2016 amounted to Th\$-5,965,550.



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

The detail broken down by Company of the effects caused by the third party participation in the equity and results as of September 30, 2017 and December 31, 2016 are as follows:

Company	% Participation		Non-controller participations			
	30-09-2017	30-09-2016	Equity		Result	
	%	%	30-09-2017 Th\$	31-12-2016 Th\$	30-09-2017 Th\$	30-09-2016 Th\$
Aguas Cordillera S.A.	0.00997%	0.00997%	20,269	21,198	1,306	1,142
Essal S.A. (1)	46.49350%	46.49350%	51,368,289	52,704,047	2,697,480	2,921,630
<b>Total</b>			<b>51,388,558</b>	<b>52,725,245</b>	<b>2,698,786</b>	<b>2,922,772</b>

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

The dividends paid to non-controlling participations of the subsidiary Essal S.A amounted to Th\$6,120,049 as of September 30, 2017 and Th\$5,355,744 as of September 30, 2016.

#### Note 5. OTHER REVENUE AND EXPENSES

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

Non-operating revenue & expenses	30-09-2017 Th\$	30-09-2016 Th\$	01-07-2017 30-09-2017 Th\$	01-07-2016 30-09-2016 Th\$
Gain on sale of non-current assets, not held for sale	1,076,815	88,399	-148,788	19,730
Losses of properties, plant & equipment replacement	-47,742	-139,583	-42,857	-135,964
Other earnings (losses)	745,245	38,177	297,457	1,379
Rejected projects	-14,803	-235,158	-484	-235,158
<b>Other (losses) earnings</b>	<b>1,759,515</b>	<b>-248,165</b>	<b>105,328</b>	<b>-350,013</b>
Bank loans interest expenses	-3,167,486	-3,602,992	-1,010,493	-1,176,942
AFR interest expenses	-4,979,502	-5,098,530	-1,593,414	-1,677,413
Bond interest expense	-13,702,558	-11,268,307	-4,487,755	-3,851,949
Other interest costs	-467,921	-423,529	-178,643	-159,667
Amortization of loan agreement complementary costs	-124,278	-138,292	-28,496	-32,849
<b>Financial costs</b>	<b>-22,441,745</b>	<b>-20,531,650</b>	<b>-7,298,801</b>	<b>-6,898,820</b>
Interest income	3,764,955	3,966,003	992,909	938,733
Gain on redemption & extinction of debt	1,122,784	1,173,341	444,261	424,008
<b>Financial income</b>	<b>4,887,739</b>	<b>5,139,344</b>	<b>1,437,170</b>	<b>1,362,741</b>



## Note 6. FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

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

### Summarized financial information of subsidiaries (Statement of Financial Position) as of September 30, 2017

30-09-2017	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	8,837,902	266,107,572	21,505,210	50,144,675	203,295,589
Aguas Manquehue S.A.	2,007,528	85,198,038	9,667,081	23,988,965	53,549,520
Inversiones Iberaguas Ltda.	8,671	66,069,561	14,951	0	66,063,281
Empresa de Servicios Sanitarios de Los Lagos S.A.	18,749,756	151,730,124	14,386,182	78,931,252	77,162,446
Ecoriles S.A.	4,155,188	458,938	1,535,815	0	3,078,311
Gestión y Servicios S.A.	6,579,382	788,004	3,849,359	42,109	3,475,918
Análisis Ambientales S.A.	1,917,090	5,374,832	2,491,323	0	4,800,599
Aguas del Maipo S.A.	732,876	8,262,767	300,306	102,946	8,592,391

### Summarized financial information of subsidiaries (Statement of Comprehensive Results) as of September 30, 2017

30-09-2017	Result for the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiaries	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	13,100,151	38,241,074	-24,347,196	-793,727
Aguas Manquehue S.A.	1,924,495	8,647,040	-6,031,457	-691,088
Inversiones Iberaguas Ltda.	4,444,995	0	-4,588	4,449,583
Empresa de Servicios Sanitarios de Los Lagos S.A.	8,745,373	39,920,513	-25,517,105	-5,658,035
Ecoriles S.A.	1,135,999	10,094,775	-8,604,580	-354,196
Gestión y Servicios S.A.	530,078	6,096,959	-5,820,927	254,046
Análisis Ambientales S.A.	862,777	6,187,845	-4,997,812	-327,256
Aguas del Maipo S.A.	-51,012	296,150	-487,622	140,460



## Summarized financial information of subsidiaries (Statement of Financial Position) through 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 of subsidiaries (Statement of Comprehensive Results) as of September 30, 2016

30-09-2016	Result for the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiaries	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	11,452,050	38,576,096	-25,345,507	-1,778,539
Aguas Manquehue S.A.	1,496,875	7,986,020	-5,735,957	-753,188
Inversiones Iberaguas Ltda.	4,709,831	0	-11,157	4,720,988
Empresa de Servicios Sanitarios de Los Lagos S.A.	9,286,751	39,525,902	-24,479,319	-5,759,832
Ecoriles S.A.	1,346,535	9,408,147	-7,683,905	-377,707
Gestión y Servicios S.A.	256,504	6,379,522	-6,136,763	13,745
Análisis Ambientales S.A.	533,722	5,377,375	-4,615,222	-228,431
Aguas del Maipo S.A.	-523,915	0	-648,812	124,897



## Detail of significant subsidiaries

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

Name of significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.
Chilean Tax ID	96.809.310-k	89.221.000-4	96.579.800-5
Functional currency	Chilean pesos	Chilean pesos	Chilean pesos
Percentage share in significant subsidiary	99.99003%	100.00000%	53.50650%
Percentage voting rights in significant subsidiary	99.99003%	100.00000%	53.50650%
<b>Percentage of consolidated values</b>			
Contribution margin	8.51%	1.60%	6.26%
Property, plant and equipment	8.26%	4.63%	10.95%
Net income for the period	10.99%	1.90%	3.06%

## Note 7. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	30-09-2017 Th\$	31-12-2016 Th\$
Banks	2,407,648	27,691,838
Term deposits (see note 8.6)	1,757,105	37,184,605
Mutual funds (see note 8.6)	1,190,000	0
<b>Total</b>	<b>5,354,753</b>	<b>64,876,443</b>

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

## Detail of some items of the statement of cash flows

- **Other operating activity proceeds:** Relate to services connected with the business, principally agreements signed with property developers.
- **Other operating activity payments:** Relate to the payment of value added tax (VAT).
- **Other investment activity outflows:** Relate mainly to interest associated with bond issues, which has been capitalized as a result of investments in property, plant and equipment.

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



## **Note 8. FINANCIAL INSTRUMENTS**

### **8.1 Capital risk management**

The Group manages its capital to ensure that Group entities will continue as a business through the maximization of profitability for shareholders by the optimization of the debt and capital structure. The Group's general strategy has not changed since 2009. The Group's capital structure comprises debt, which includes the loans disclosed in Note 8.4, and the capital attributable to equity holders of the controller, which includes the capital, reserves and retained earnings which are shown in Note 3.

### **8.2 Significant accounting policies**

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

### **8.3 Classes of financial instruments**

Below is presented a summary of the financial instruments through September 30, 2017 and December 31, 2016:



Classes of financial instruments	Currency	Note	30-09-2017 Th\$	31-12-2016 Th\$
<b>Total financial assets</b>				
<b>Total trade debtors and other accounts receivable, current</b>			<b>97,319,052</b>	<b>106,288,544</b>
Trade debtors and other accounts receivable	CLP	8.5	97,309,673	106,219,612
Trade debtors and other accounts receivable	USD	8.5	90	25,312
Trade debtors and other accounts receivable	EUR	8.5	9,289	43,620
<b>Information of related entities, current</b>			<b>132,006</b>	<b>1,275,867</b>
Accounts receivable to related entities	CLP	9	132,006	1,275,867
<b>Information of related entities, current</b>			<b>97,451,058</b>	<b>107,564,411</b>
Rights receivable	CLP	8.5	2,704,030	2,082,334
Other financial assets	CLP	8.9	7,807,734	7,792,445
<b>Total financial assets, non-current</b>			<b>10,511,764</b>	<b>9,874,779</b>
<b>Financial liabilities</b>				
<b>Other financial liabilities, current</b>			<b>56,329,055</b>	<b>43,629,749</b>
Bank loans	CLP	8.4	16,549,272	3,630,278
Bonds	CLP	8.4	16,753,615	13,312,288
Reimbursable financial contributions (AFR)	CLP	8.4	21,500,174	26,687,183
Coverage	CLP	8.4	1,525,994	0
<b>Trade accounts and other payable accounts, current</b>			<b>70,515,702</b>	<b>101,917,169</b>
Trade accounts and other payable accounts	CLP	8.7	69,706,594	101,803,633
Trade accounts and other payable accounts	USD	8.7	745,582	98,320
Trade accounts and other payable accounts	EUR	8.7	63,526	15,216
<b>Information on related entities, current</b>			<b>19,164,579</b>	<b>38,225,005</b>
Accounts payable to related entities	CLP	9	19,164,579	38,225,005
<b>Total financial liabilities, current</b>			<b>146,009,336</b>	<b>183,771,923</b>
<b>Other financial liabilities, non-current</b>			<b>813,401,324</b>	<b>808,003,406</b>
Bank loans	CLP	8.4	98,735,865	94,019,209
Bonds	CLP	8.4	548,110,787	546,341,722
Reimbursable financial contributions (AFR)	CLP	8.4	166,554,672	167,642,475
<b>Other payable accounts</b>			<b>998,107</b>	<b>949,408</b>
Other payable accounts	CLP	8.7	998,107	949,408
<b>Total financial liabilities, non-current</b>			<b>814,399,431</b>	<b>808,952,814</b>



## 8.4 Information to disclose on financial liabilities

### Other financial liabilities

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

### Reimbursable financial contributions (AFRs)

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

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

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

The details of reimbursable financial contributions as of September 30, 2017 and December 31, 2016 are as follows:

### Reimbursable Financial Contributions, current portion

Registration No. or Identification of the Instrument	Currency indexation unit	Residual UF	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuing company	Issuer tax ID	Type of repayment	Secured (Yes/No)
			30-09-2017	31-12-2016							
			Th\$	Th\$							
AFR	UF	618,255	16,872,768	18,299,860	3.77%	3.64%	Chile	AguasAndinas S.A.	61.808.000-5	At maturity	No
AFR	UF	105,952	2,944,086	6,983,609	3.72%	3.63%	Chile	AguasCordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	60,873	1,683,320	1,403,714	3.86%	3.77%	Chile	AguasManquehue S.A.	89.221.000-4	At maturity	No
<b>Total</b>		<b>785,080</b>	<b>21,500,174</b>	<b>26,687,183</b>							



## Reimbursable Financial Contributions, non-current portion

Registration No. or Identificatio n of the Instrument	Currency indexatio n unit	Residual UF  30-09-2017	Book value		Maturity Date	Contrac t real interest rate	Effect ive rate	Issuing company	Issuer tax ID	Type of repayment	Secured (Yes/No)
			30-09-2017	31-12-2016							
			Th\$	Th\$							
AFR	UF	4,356,934	117,194,191	118,691,514	29-09-2032	3.38%	3.27%	AguasAndinas S.A.	61.808.000-5	At maturity	No
AFR	UF	874,370	23,566,571	23,492,843	29-09-2032	3.31%	3.23%	AguasCordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	625,566	16,916,077	16,662,840	29-09-2032	3.21%	3.13%	AguasManquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	330,032	8,877,833	8,795,278	03-05-2032	3.57%	3.57%	Essal S.A	96.579.800-5	At maturity	No
<b>Total</b>		<b>6,186,902</b>	<b>166,554,672</b>	<b>167,642,475</b>							



The detail of bank loans as of September 30, 2017 and December 31, 2016 is as follows:

**Total bank loans, current period**

Debtor tax no.	61808.000-5	61808.000-5	61808.000-5	61808.000-5	96.809.310-K	96.579.800-5	96.579.800-5	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 Cordillera S.A.	Essal S.A.	Essal S.A.	Essal S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	
Creditor tax ID	97.004.000-5	97.004.000-5	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-7	97.004.000-7	97.006.000-6	97.018.000-1	
Bank or financial institut	Banco de Chile	Banco de Chile	Banco de Chile	Banco BCI	Banco BBVA	Banco de Chile	Banco de Chile	Banco BCI	Banco Scotiabank	
Currency or indexation un	CLP	CLP	CLP	CLP	CLP	CLP	CLP	CLP	CLP	
Repayment method	Semi-annual	Semi-annual	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	At maturity	
Effective rate	2.88%	4.44%	3.36%	4.32%	4.41%	3.46%	3.67%	3.59%	3.43%	
Nominal rate	2.88%	4.44%	3.36%	4.32%	4.41%	3.46%	3.67%	3.59%	3.43%	
Nominal value										
To 1 year	3,000,970	6,577,415	2,505,590	62,628	57,567	4,052,669	90,099	127,446	74,888	16,549,272
To 90 days	3,000,970		2,505,590	0		52,669	90,099	127,446	74,888	5,851,662
Over 90 days to 1year	0	6,577,415	0	62,628	57,567	4,000,000	0	0	0	10,697,610
Over 1 to 3 years	0	21,947,457	0	19,270,304	20,000,000	0	6,500,000	9,000,000	6,000,000	82,717,761
Over 1to 2 years	0	13,805,658	0	0	20,000,000	0	0	0	6,000,000	39,805,658
Over 2 to 3 years	0	8,141,799	0	19,270,304	0	0	6,500,000	9,000,000	0	42,912,103
Over 3 to 5 years	0	16,018,104	0	0	0	0	0	0	0	16,018,104
Over 3 to 4 years	0	16,018,104	0	0	0	0	0	0	0	16,018,104
Over 4 to 5 years	0	0	0	0	0	0	0	0	0	0
Total nominal values	3,000,970	44,542,976	2,505,590	19,332,932	20,057,567	4,052,669	6,590,099	9,127,446	6,074,888	115,285,137
Book value										
Current bank loans	3,000,970	6,577,415	2,505,590	62,628	57,567	4,052,669	90,099	127,446	74,888	16,549,272
To 90 days	3,000,970		2,505,590	0	0	52,669	90,099	127,446	74,888	5,851,662
Over 90 days to 1year	0	6,577,415	0	62,628	57,567	4,000,000	0	0	0	10,697,610
Non-current bank loans	0	37,965,561	0	19,270,304	20,000,000	0	6,500,000	9,000,000	6,000,000	98,735,865
Over 1 to 3 years	0	21,947,457	0	19,270,304	20,000,000	0	6,500,000	9,000,000	6,000,000	82,717,761
Over 1to 2 years	0	13,805,658	0	0	20,000,000	0	0	0	6,000,000	39,805,658
Over 2 to 3 years	0	8,141,799	0	19,270,304	0	0	6,500,000	9,000,000	0	42,912,103
Over 3 to 5 years	0	16,018,104	0	0	0	0	0	0	0	16,018,104
Over 3 to 4 years		16,018,104	0	0	0	0	0	0	0	16,018,104
Total bank loans	3,000,970	44,542,976	2,505,590	19,332,932	20,057,567	4,052,669	6,590,099	9,127,446	6,074,888	115,285,137

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

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



## Balances of bank loans, previous period

Debtor tax no.	61808.000-5	61808.000-5	96.809.310-K	96579800-5	96579800-5	96579800-5	
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	
Creditor tax ID	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-7	97.004.000-7	97.006.000-6	
Bank or financial institution	Banco de Chile	Banco BCI	Banco BBVA	Banco de Chile	Banco de Chile	BCI	
Currency or indexation 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 value							
To 1 year	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
To 90 days	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
Over 1 to 3 years	20,089,002	0	20,000,000	4,000,000	6,500,000	0	50,589,002
Over 1 to 2 years	6,283,344	0	0	0	0	0	6,283,344
Over 2 to 3 years	13,805,658	0	20,000,000	4,000,000	6,500,000	0	44,305,658
Over 3 to 5 years	24,159,903	19,270,304	0	0	0	0	43,430,207
Over 3 to 4 years	8,141,799	19,270,304	0	0	0	0	27,412,103
Over 4 to 5 years	16,018,104	0	0	0	0	0	16,018,104
Total nominal values	45,154,839	19,557,046	20,303,800	4,021,998	6,537,015	2,074,790	97,649,487
Book value							
Current bank loans	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
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
Over 1 to 3 years	20,089,002	0	20,000,000	4,000,000	6,500,000	0	50,589,002
Over 1 to 2 years	6,283,344	0	0	0	0	0	6,283,344
Over 2 to 3 years	13,805,658	0	20,000,000	4,000,000	6,500,000	0	44,305,658
Over 3 to 5 years	24,159,903	19,270,304	0			0	43,430,207
Over 3 to 4 years	8,141,799	19,270,304	0	0	0	0	27,412,103
Over 4 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 – interest and principal paid

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



The detail of bonds outstanding as of September 30, 2017 and December 31, 2016 is as follows:

### Total public obligations, current period

Debtor tax no.	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	
Debtor name	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	
Registration number	580	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 value														
To 1 year	351,941	969,561	764,397	580,702	6,117,627	1,184,092	1,003,522	924,937	668,940	211,676	132,495	352,625	3,755,730	17,018,245
To 90 days	351,941	969,561	764,397	580,702	3,155,761	1,184,092	1,003,522	924,937	668,940	0	0	0	0	9,603,853
Over 90 daysto 1year	0	0	0	0	2,961,866	0	0	0	0	211,676	132,495	352,625	3,755,730	7,414,392
Over 1 to 3 years	26,656,790	0	0	0	5,923,731	0	0	0	0	0	9,996,297	0	6,074,076	48,650,894
Over 1to2years	26,656,790	0	0	0	5,923,731	0	0	0	0	0	3,332,099	0	3,037,038	38,949,658
Over 2to3years	0	0	0	0	0	0	0	0	0	0	6,664,198	0	3,037,038	9,701,236
Over 3 to 5 years	0	46,649,383	39,985,185	43,983,704	0	61,310,617	53,313,580	53,313,580	61,310,617	42,650,864	16,660,495	53,313,580	27,535,300	500,026,905
Over 3to4years	0	0	0	0	0	0	0	0	0	0	6,664,198	0	3,037,038	9,701,236
Over 4to5years	0	0	0	0	0	0	0	0	0	0	6,664,198	0	3,037,038	9,701,236
Over 5 years	0	46,649,383	39,985,185	43,983,704	0	61,310,617	53,313,580	53,313,580	61,310,617	42,650,864	3,332,099	53,313,580	21,461,224	480,624,433
Total nominal values	27,008,731	47,618,944	40,749,582	44,564,406	12,041,358	62,494,709	54,317,102	54,238,517	61,979,557	42,862,540	26,789,287	53,666,205	37,365,106	565,696,044
Book value														
Current public obligations	312,284	981,693	773,626	594,016	6,084,295	1,176,357	1,000,781	924,937	615,747	175,756	149,212	299,209	3,665,702	16,753,615
To 90 days	312,284	981,693	773,626	594,016	3,139,095	1,176,357	1,000,781	924,937	615,747	0	0	0	0	9,518,536
Over 90 daysto 1year	0	0	0	0	2,945,200	0	0	0	0	175,756	149,212	299,209	3,665,702	7,235,079
Non-current public obligation	26,640,671	46,856,269	40,178,406	44,230,573	5,923,584	61,136,341	53,226,023	53,313,580	62,381,426	41,664,924	26,705,272	52,244,342	33,609,376	548,110,787
Over 1 to 3 years	26,640,671	0	0	0	5,923,584	0	0	0	0	0	10,014,477	0	6,074,076	48,652,808
Over 1to2years	26,640,671	0	0	0	5,923,584	0	0	0	0	0	3,338,159	0	3,037,038	38,939,452
Over 2to3years	0	0	0	0	0	0	0	0	0	0	6,676,318	0	3,037,038	9,713,356
Over 3 to 5 years	0	46,856,269	40,178,406	44,230,573	0	61,136,341	53,226,023	53,313,580	62,381,426	41,664,924	16,690,795	52,244,342	27,535,300	499,457,979
Over 3to4years	0	0	0	0	0	0	0	0	0	0	6,676,318	0	3,037,038	9,713,356
Over 4to5years	0	0	0	0	0	0	0	0	0	0	6,676,318	0	3,037,038	9,713,356
Over 5 years	0	46,856,269	40,178,406	44,230,573	0	61,136,341	53,226,023	53,313,580	62,381,426	41,664,924	3,338,159	52,244,342	21,461,224	480,031,267
Total public obligations	26,952,955	47,837,962	40,952,032	44,824,589	12,007,879	62,312,698	54,226,804	54,238,517	62,997,173	41,840,680	26,854,484	52,543,551	37,275,078	564,864,402



## Total public obligations, previous period

Debtor tax no.	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	
Debtor name	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	AguasAndinas S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	
Registration number	580	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 value														
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	13,567,470
To 90 days										523,060	288,112	766,788		1,577,960
Over 90 daysto 1year	86,966	479,164	377,771	143,494	5,974,887	585,187	495,948	457,111	165,298				3,223,684	11,989,510
Over 1 to 3 years	26,347,980	0	0	0	8,782,661	0	0	0	0	0	3,293,498	0	6,101,636	44,525,775
Over 1to2years					5,855,107								3,050,818	8,905,925
Over 2to3years	26,347,980				2,927,554						3,293,498		3,050,818	35,619,850
Over 3 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	503,003,630
Over 3to4years											6,586,995		3,050,818	9,637,813
Over 4to5years											6,586,995		3,050,818	9,637,813
Over 5 years		46,108,965	39,521,970	43,474,167		60,600,354	52,695,960	52,695,960	60,600,354	42,156,768	9,880,493	52,695,960	23,297,053	483,728,004
Total nominal values	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	561,096,875
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	13,312,288
To 90 days	0	0	0	0	0	0	0	0	0	467,870	304,639	715,837		1,488,346
Over 90 daysto 1year	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	11,823,942
Non-current public obligation	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	546,341,722
Over 1 to 3 years	26,311,664	0	0	0	8,774,028	0	0	0	0	0	3,300,609	0	5,994,248	44,380,549
Over 1to2years	0	0	0	0	5,849,352	0	0	0	0	0	0	0	2,997,124	8,846,476
Over 2to3years	26,311,664	0	0	0	2,924,676	0	0	0	0	0	3,300,609	0	2,997,124	35,534,073
Over 3 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	501,961,173
Over 3to4years	0	0	0	0	0	0	0	0	0	0	6,601,217	0	2,997,124	9,598,341
Over 4to5years	0	0	0	0	0	0	0	0	0	0	6,601,217	0	2,997,124	9,598,341
Over 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	482,764,491
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	559,654,010



## Forward contracts

As of September 30, 2017 the Aguas Group presents the effect of its interim consolidated financial statements of market valorization of coverage contracts of U.F, which are detailed below:

Company	Detail of the hedging instrument	Coverage description	Hedged item	Nature of hedged risk	30-09-2017 Th\$	31-12-2016 Th\$
Aguas Andinas S.A	Forward	Exchange rate	Liabilities	Fair value	1,525,994	0

## 8.5 Risk management

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

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

### i. Credit risk

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

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

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





<b>Credit risk</b>	<b>30-09-2017 Th\$</b>	<b>31-12-2016 Th\$</b>
Gross exposure per balance sheet for risks of accounts receivable	137,510,258	139,680,913
Gross exposure per estimates of risks of accounts receivable	-37,487,176	-31,310,035
<b>Net exposure, risk concentration</b>	<b>100,023,082</b>	<b>108,370,878</b>

<b>Movement of credit risk, accounts receivable</b>	<b>30-09-2017 Th\$</b>	<b>31-12-2016 Th\$</b>
<b>Initial balance as of 01-01-2017</b>	<b>-31,310,035</b>	<b>-32,930,617</b>
Increase in existing provisions	-6,193,648	-4,102,952
Reductions	16,507	5,723,534
<b>Changes, total</b>	<b>-6,177,141</b>	<b>1,620,582</b>
<b>Closing balance as of 30-09-2017</b>	<b>-37,487,176</b>	<b>-31,310,035</b>

According to the Group policies, debts for consumption transformed into payment agreements are totally provisioned.

The following shows the composition of gross debt by age:

<b>Ageing of gross debt</b>	<b>30-09-2017 Th\$</b>	<b>31-12-2016 Th\$</b>
Less than three months	96,343,435	105,324,229
Three to six months	3,208,013	3,034,126
Six to eight months	1,739,378	1,360,990
More than eight months	36,219,432	29,961,568
<b>Total</b>	<b>137,510,258</b>	<b>139,680,913</b>

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

<b>Past-due gross debt</b>	<b>30-09-2017 Th\$</b>	<b>31-12-2016 Th\$</b>
Less than three months	9,026,393	11,014,577
Three to six months	1,652,934	1,625,815
Six to eight months	871,743	656,727
<b>Total</b>	<b>11,551,070</b>	<b>13,297,119</b>

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



## ii. Liquidity risk

Liquidity risk is the possibility that the Group has difficulties to commit its obligations associated with financial liabilities which are liquidated from the delivery of cash or other financial asset and not be able to finance its acquired commitments, such as long-term investments and working capital needs at reasonable market prices.

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

Preventive measures taken to manage liquidity risk include the following:

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

### Maturity structure (non-discounted flows)

Maturity structure	Up to 90 days		91 days to 1 year		13 months to 3 years		3 to 5 years		More than 5 years	
	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate
Bank loans	3,352,302	3.50%	12,979,255	3.25%	85,967,990	3.25%	16,342,446	3.21%	-	-
Bonds	8,002,269	3.30%	20,022,879	3.30%	106,712,669	3.37%	98,331,861	4.34%	604,176,420	3.63%
AFR	9,111,375	4.12%	12,924,362	3.52%	23,177,511	3.78%	41,316,848	3.65%	138,665,777	3.15%
Trade accounts and other payable accounts	62,053,818	-	8,461,884	-	19,962	-	-	-	978,145	-
<b>Total</b>	<b>82,519,764</b>		<b>54,388,380</b>		<b>215,878,132</b>		<b>155,991,155</b>		<b>743,820,342</b>	

Liquidity risk is controlled periodically in order to perceive, detect and correct deviations for mitigating the possible effects on results.

## iii. Interest rate risk

Aguas Andinas has an interest-rate structure of both floating and fixed rates, as shown in the following table:

Debt instruments	Rate	%
Bank loans	Variable	13.28%
Bonds	Fixed	65.06%
Reimbursable financial contributions (AFR)	Fixed	21.66%
<b>Total</b>		<b>100.00%</b>

### Interest rate sensitivity analysis

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

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



Company	Nominal amount of debt (Th\$)	Variable rate	Points (+/-)	Impact on result Th\$ (+/-)
Aguas Andinas Consolidated	115,285,137	180 day-TAB	87.5	1,008,448

## 8.6 Cash equivalents

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

Company	Instruments	30-09-2017 Th\$	31-12-2017 Th\$
Aguas Andinas S.A.	Term deposit	0	25,015,658
Aguas Andinas S.A.	Mutual funds	1,190,000	0
Aguas Cordillera S.A.	Term deposit	0	8,887,528
Aguas Cordillera S.A.	Mutual funds	0	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
Eco-Riles S.A.	Term deposit	0	1,420,575
Eco-Riles S.A.	Mutual funds	0	0
Essal S.A.	Term deposit	1,757,105	0
<b>Total</b>		<b>2,947,105</b>	<b>37,184,605</b>

The Society and subsidiaries make investments with portfolio limits of a maximum of 40% of the total per issuing institution, and limits for types of instruments, e.g. mutual funds, 10% of the effective equity of the mutual fund and time deposits, 10% of the bank's equity.



## 8.7 Trade accounts and other current and non-current accounts payable

The principal concepts included in this account are the following:

Trade creditors & other accounts payable, current	Currency or indexation unit	30-09-2017 Th\$	31-12-2016 Th\$
Dividends	CLP	82,334	24,706,518
Suppliers for investments in progress (investment)	CLP	26,875,240	28,999,464
Personnel	CLP	3,197,811	3,156,687
Personnel	EUR	728	0
Suppliers (expense)	CLP	19,310,449	17,428,332
Suppliers (expense)	USD	654,339	98,320
Suppliers (expense)	EUR	62,798	15,216
Suppliers (investment)	CLP	6,400,641	8,409,385
Accrued services	CLP	11,944,824	17,076,009
Accrued services	USD	91,243	0
AFR (expense)	CLP	1,451,024	1,369,276
Others (expense)	CLP	437,275	657,962
Others (investment)	CLP	6,996	0
<b>Sub-total current</b>		<b>70,515,702</b>	<b>101,917,169</b>
AFR water	CLP	740,165	698,095
Suppliers for investments in progress	CLP	187,547	180,917
Sundry creditors	CLP	70,395	70,396
<b>Sub total non-current</b>		<b>998,107</b>	<b>949,408</b>
<b>Total current &amp; non-current</b>		<b>71,513,809</b>	<b>102,866,577</b>



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

## Trade Accounts

### Current period

Current trade accounts according to term	30-09-2017			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
To 30 days	3,123,092	5,669,588	7,662,813	16,455,493
From 31 to 60 days	303,508	-45,312	16558	274,754
<b>Total</b>	<b>3,426,600</b>	<b>5,624,276</b>	<b>7,679,371</b>	<b>16,730,247</b>

Overdue trade accounts according to term	30-09-2017			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
To 30 days	-10,404	327,959	254635	572,190
From 31 to 60 days	-751	54,910	135,517	189,676
From 61 to 90 days	53,840	283,303	42	337,185
From 91 to 120 days	-442	381,782	0	381,340
From 121 to 365 days	15,660	104,380	-717	119,323
More than 365 days	5,491	107,106	71,469	184,066
<b>Total</b>	<b>63,394</b>	<b>1,259,440</b>	<b>460,946</b>	<b>1,783,780</b>

### Previous period

Current trade accounts according to term	31-12-2016			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
To 30 days	2,811,143	10,267,940	201,588	13,280,671
From 31 to 60 days	161,139	298,461	0	459,600
<b>Total</b>	<b>2,972,282</b>	<b>10,566,401</b>	<b>201,588</b>	<b>13,740,271</b>

Overdue trade accounts according to term	31-12-2016			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
To 30 days	1,638,257	1,509,769	23,633	3,171,659
From 31 to 60 days	369	164,982	0	165,351
From 61 to 90 days	57	61,556	28	61,641
From 91 to 120 days	96	154,516	14	154,626
From 121 to 365 days	9,382	41,781	0	51,163
More than 365 days	660	15,489	0	16,149
<b>Total</b>	<b>1,648,821</b>	<b>1,948,093</b>	<b>23,675</b>	<b>3,620,589</b>



## 8.8 Fair value of financial instruments

Fair value of financial instruments booked at amortized cost.

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

	30-09-2017	
	Amortized cost Th\$	Fair value Th\$
<b>Cash &amp; cash equivalents</b>		
<b>Investments booked at fair value</b>	<b>2,947,105</b>	<b>2,947,105</b>
Term deposits, level 1	1,757,105	1,757,105
Mutual funds, level 1	1,190,000	1,190,000
<b>Other financial liabilities</b>		
<b>Financial liabilities booked at amortized cost</b>	<b>869,730,379</b>	<b>932,268,740</b>
Bank debt, level 2	115,285,137	118,193,874
Bonds, level 1	564,864,402	624,494,026
AFR, level 3	188,054,846	188,054,846
Foward, level 3	1,525,994	1,525,994

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

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

- The amortized cost of deposits is a good approximation of fair value as they are very short-term operations.
- The amortized cost of AFR liabilities is a good approximation of fair value as they are not very liquid in the market but their issue rate is determined in line with the regulation (Decree Law N° 70).
- The fair value of bonds was determined based on market price references as these instruments are traded on the market under normal conditions and with a high level of liquidity.
- The fair value of bank debt was determined through the updating of the cash flows of each loan (principal and interest disbursements), applying the discount curves corresponding to the remaining term. This term corresponds to the number of days between the closing date of the financial statements and the date of the cash disbursement.

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

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



## 8.9 Other current financial assets

As of September 30, 2017, and according to established in respective contracts, it was delivered to Paying Bank and the Representative of Bondholders, an advance for a value of Th\$8,003,338 corresponding to available values for interest payment and bonds amortization, which became effective at October 1, 2017.

## 8.10 Other non-current financial assets

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of Th\$7,790,217 as of September 30, 2017 and Th\$7,774,928 as of December 31, 2016 (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 periods.

Related to this acquisition is an obligation with the Asociación Sociedad de Canalistas del Maipo not to move the location of current water rights, for Th\$7,294,709 as of September 30, 2017 and December 31, 2016.

## Note 9. INFORMATION ON RELATED ENTITIES

### Balances and transactions with related entities

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

### Accounts receivable from related entities

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

Tax ID related party	Name of related party	Relationship	Nature of transaction with related parties	Security	30-09-2017 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
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Laboratory analysis and sampling services	Unsecured	4,709	3,504
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Office lease	Unsecured	397	0
76.432.328-9	Gestión Hidrica Minera Ltda.	Related to the controller	Laboratory analysis and sampling services	Unsecured	505	0
76.148.998-4	Suez Medio ambiente Chile S.A.	Related to the controller	Laboratory analysis and sampling services	Unsecured	125,963	80,693
76.148.998-4	Suez Medio ambiente Chile S.A.	Related to the controller	Collector cleaning contract	Unsecured	0	1,080
76.148.998-4	Suez Medio ambiente Chile S.A.	Related to the controller	Basis proposed in tenders	Unsecured	66	66
76.148.998-4	Suez Medio ambiente Chile S.A.	Related to the controller	Counseling realized by support for technical inspection of Effluents Treatment Plants in CMPC Santa Fe	Unsecured	0	21,978
59.066.560-6	Suez International	Related to the controller	Supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4	Security full compliance with contract for UF 218.320	0	140,331
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Sale of materials	Unsecured	0	28,215
<b>Total</b>					<b>132,006</b>	<b>1,275,867</b>



## Accounts payable to related entities

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

Tax ID related party	Name of related party	Relationship	Nature of transaction with related parties	Period	Security	30-09-2017	31-12-2016
						Th\$	Th\$
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Hydraulic efficiency project	30 days	Guaranteed fulfillment of contract for UF: 14.992	0	274,911
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Ice-Pigging network cleaning service contract	30 days	Guaranteed fulfillment of contract for Th\$26.600	0	107,442
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Construction and expansion of sludge line La Union	30 days	Guaranteed fulfillment of contract for Th\$47.110	0	23,359
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Rio Bueno Sludge Plant	30 days	Unsecured	0	11,477
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Update service of the operation and security of dam Pudeto and Gamboa	30 days	Guaranteed fulfillment of contract for Th\$705	0	14,729
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	SCADA Platform	30 days	Unsecured	14,231	20,210
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Arsenic Plant San Antonio	30 days	Guaranteed fulfillment of contract for Th\$24,264.05	2,248,634	2,210,511
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero plant	30 days	Guaranteed fulfillment of contract for UF 66,809.74	5,918,176	2,233,069
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Chañaral Plant service and modeling of odor panels	30 days	Unsecured	14,084	14,084
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Talagante plant expansion	30 days	Unsecured	367,344	0
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Biofactory adaptation plan for the Mapocho-Trebal treatment plant	30 days	Guaranteed fulfillment of contract Amount UF 1,048,050	5,090,934	0
65.113.732-2	Cetaqua Spa.	Related to the controller	Study about hydraulic infrastructure management models	30 days	Unsecured	28,719	0
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Virtual platform, Siebel	30 days	Unsecured	91,677	295,079
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Purchase of materials	60 days	Guaranteed fulfillment of contract for Th\$279,298	1,137,797	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 fulfillment of contract for UF 887	6,544	14,164
76.046.628-K	Asterión S.A.	Related to the controller	Evolutionary maintenance consulting service	30 days	Unsecured	154,730	0
76.046.628-K	Asterión S.A.	Related to the controller	Process re-engineering service contract and implementation of new customer service information systems	30 days	Guaranteed fulfillment of contract for Th\$845,149	77,338	157,544
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	La Farfana Wastewater Treatment Plant operation and maintenance services	30 days	Bail strict compliance with the obligations from the contract. Amount UF 194,249,62	3,139,103	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 Plant	30 days	Guaranteed fulfillment of contract for UF 357,863	473,052	2,363,175
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Biogas plant operation services	30 days	Unsecured	142,151	79,376
96.799.790-0	Servicios y Proyectos Ambientales S.A.	Related to the controller	Environmental monitoring services	30 days	Sin garantías	9,462	0
No tax ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	30 days	Unsecured	7,890	44,165
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends payable	30 days	Unsecured	0	22,645,539
96.817.230-1	EPSA Electrica Puntilla S.A.	Common board member	Recalculation of energy supply	30 days	Unsecured	12,198	9,044
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Common board member	Chamisero Plant, Batuco channel	30 days	Unsecured	10,000	0
65.113.732-2	Corporacion Chilena de Investigación del Agua	Related to the controller	Consulting services	30 days	Unsecured	0	69,466
59.066.560-6	Suez International	Related to the controller	Payment status by concept of supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4	30 days	Security full compliance with contract for UF 218,320	220,515	4,169,732
<b>Total</b>						<b>19,164,579</b>	<b>38,225,005</b>





## Transactions with related entities

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

Tax ID Related party	Name of related party	Relationship	Nature of transaction with related parties	30-09-2017		30-09-2016		01-07-2017 30-09-2017		01-07-2016 30-09-2016	
				Th\$		Th\$		Th\$		Th\$	
				Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
79.046.628-K	Asterión S.A.	Related to the controller	Process re-engineering service contract and implementation of new customer service	634,089	-634,089	400,874	-400,874	211,652	-211,652	208,637	-208,637
No tax ID	Aqua Development Network	Related to the controller	Integrated talent management contract	711,746	-711,746	623,619	-623,619	711,746	-711,746	95,611	-95,611
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Purchase of materials	1,791,565	-1,735,329	1,872,601	-1,405,526	1,224,783	-1,168,547	741,441	-560,496
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Talagante plant expansion	702,503	0	0	0	702,503	0	0	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero plant	3,164,277	-58,306	1,495,396	-25,396	1,049,590	-47,655	1,495,396	-25,396
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Hydraulic efficiency project	20,650	0	154,028	-47,939	-21,609	0	0	0
76.148.998-4	Suez Medioambiente Chile S.A.	Related to the controller	Arsenic Plant San Antonio	1,157,922	-11,600	1,737,459	-175,278	768,819	0	1,054,186	-128,915
59.066.560-6	Suez International	Related to the controller	Supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4	3,631,109	0	16,958,024	0	0	0	3,720,924	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	El Trebal Wastewater Treatment Plant services of operation and maintenance and construction, operation and maintenance Mapocho Wastewater Treatment Plant	6,445,673	-5,239,223	8,985,272	-8,051,439	324,199	148,852	3,063,077	-2,730,923
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	La Farfana Wastewater Treatment Plant operation and maintenance services	9,898,596	-7,864,993	12,665,792	-10,048,382	1,444,886	-1,146,658	4,291,469	-3,376,027
76.746.454-1	Suez Biofactoria Andina spa.	Related to the controller	Water treatment plant operation and maintenance, construction works in Trebal plant	4,015,846	-3,681,360	0	0	3,709,333	-3,289,417	0	0
96.817.230-1	EPSA Electrica Puntilla S.A.	Common board member	Compensation for lower flow	414,935	-414,935	117,119	-117,119	30,031	-30,031	25,068	-25,068
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends paid	68,878,954	0	64,636,011	0	0	0	0	0

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

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

	30-09-2017	30-09-2016	01-07-2017 30-09-2017	01-07-2016 30-09-2016
	Th\$	Th\$	Th\$	Th\$
Directors	284,832	313,902	71,816	116,142
Directors' committee	31,829	25,277	7,182	10,968
<b>Total</b>	<b>316,661</b>	<b>339,179</b>	<b>78,998</b>	<b>127,110</b>

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

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

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



## Note 10. INVENTORIES

The detail by class of inventories through September 30, 2017 and December 31, 2016 is the following:

<b>Inventory class</b>	<b>30-09-2017 Th\$</b>	<b>31-12-2016 Th\$</b>
Spares & meters	2,913,865	2,423,788
Supplies for production	988,290	752,216
Others	126,129	133,941
<b>Total</b>	<b>4,028,284</b>	<b>3,309,945</b>

The cost of the inventories shown as an expense in the statement of results during September 30, 2017 and 2016 amounts to Th\$9,418,210 and Th\$8,758,646 respectively.

## Note 11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	<b>30-09-2016 Th\$</b>	<b>31-12-2016 Th\$</b>
<b>Intangible assets, net</b>	<b>227,268,867</b>	<b>227,951,484</b>
Trademarks, net	13,000	13,000
Computer programs, net	8,268,096	9,203,521
Other intangible assets, net*	218,987,771	218,734,963
<b>Intangible assets, gross</b>	<b>279,552,576</b>	<b>276,075,948</b>
Trademarks, gross	13,000	13,000
Computer programs, gross	47,844,086	44,760,678
Other intangible assets, gross	231,695,490	231,302,270
<b>Intangible assets, accumulated amortization</b>	<b>52,283,709</b>	<b>48,124,464</b>
Computer programs, accumulated amortization	39,575,990	35,557,157
Other intangible assets, accumulated amortization	12,707,719	12,567,307

\*Corresponds to water rights, easements and others.



## Movement of intangible assets as of September 30, 2017

Intangible assets movements	Trademarks, net Th\$	Computer programs, net Th\$	Other intangible assets, net Th\$	Total Th\$
<b>Initial balance as of 01-01-2017</b>	<b>13,000</b>	<b>9,203,521</b>	<b>218,734,963</b>	<b>227,951,484</b>
Amortization	0	-4,018,833	-140,412	<b>-4,159,245</b>
Increases (reductions) for transfers	0	1,787,392	-158	<b>1,787,234</b>
Increases (reductions) for other changes	0	1,296,016	405,929	<b>1,701,945</b>
Disposals and withdrawals from service	0	0	-12,551	<b>-12,551</b>
<b>Changes, total</b>	<b>0</b>	<b>-935,425</b>	<b>252,808</b>	<b>-682,617</b>
<b>Closing balance as of 30-09-2017</b>	<b>13,000</b>	<b>8,268,096</b>	<b>218,987,771</b>	<b>227,268,867</b>

## 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\$
<b>Initial balance as of 01-01-2016</b>	<b>13,000</b>	<b>11,875,731</b>	<b>218,638,958</b>	<b>230,527,689</b>
Amortization	0	-5,517,913	-187,215	<b>-5,705,128</b>
Increases (reductions) for transfers	0	850,640	-36,626	<b>814,014</b>
Increases (reductions) for other changes	0	1,995,063	581,823	<b>2,576,886</b>
Disposals and withdrawals from service	0	0	-261,977	<b>-261,977</b>
<b>Changes, total</b>	<b>0</b>	<b>-2,672,210</b>	<b>96,005</b>	<b>-2,576,205</b>
<b>Closing balance as of 31-12-2016</b>	<b>13,000</b>	<b>9,203,521</b>	<b>218,734,963</b>	<b>227,951,484</b>

## Disclosure information on intangible assets (gross value)

### Current period 30-09-2017

Intangible assets movements	Trademarks, gross Th\$	Computer programs, gross Th\$	Other intangible assets, gross Th\$	Total Th\$
<b>Initial balance as of 01-01-2017</b>	<b>13,000</b>	<b>44,760,678</b>	<b>231,302,270</b>	<b>276,075,948</b>
Increases (reductions) for transfers	0	1,787,392	-158	<b>1,787,234</b>
Increases (reductions) for other changes	0	1,296,016	405,929	<b>1,701,945</b>
Disposals and withdrawals from service	0	0	-12,551	<b>-12,551</b>
<b>Changes, total</b>	<b>0</b>	<b>3,083,408</b>	<b>393,220</b>	<b>3,476,628</b>
<b>Closing balance as of 30-09-2017</b>	<b>13,000</b>	<b>47,844,086</b>	<b>231,695,490</b>	<b>279,552,576</b>



### Previous period 31-12-2016

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

### Disclosure information on intangible assets (accumulated amortization)

#### Current period 30-09-2017

Intangible assets movements	Trademarks, accumulated amortization	Computer programs, accumulated amortization	Other intangible assets, accumulated amortization	Total
	Th\$	Th\$	Th\$	Th\$
<b>Initial balance as of 01-01-2017</b>	<b>0</b>	<b>35,557,157</b>	<b>12,567,307</b>	<b>48,124,464</b>
Amortization	0	4,018,833	140,412	<b>4,159,245</b>
<b>Changes, total</b>	<b>0</b>	<b>4,018,833</b>	<b>140,412</b>	<b>4,159,245</b>
<b>Closing balance as of 30-09-2017</b>	<b>0</b>	<b>39,575,990</b>	<b>12,707,719</b>	<b>52,283,709</b>

#### Previous period 31-12-2016

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



## Detail of significant individual intangible assets (others):

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

Company	30-09-2016			31-12-2016		
	Water rights Th\$	Easements Th\$	Others Th\$	Water rights Th\$	Easements Th\$	Others Th\$
Aguas Andinas S.A.	76,262,670	8,417,286	4,808,087	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.	21,837,837	866,673	0	21,814,071	744,190	0
Essal S.A.	5,601,056	1,092,450	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
<b>Total</b>	<b>196,489,049</b>	<b>18,138,341</b>	<b>4,808,087</b>	<b>196,343,784</b>	<b>17,889,457</b>	<b>4,949,427</b>

## Intangible assets with undefined useful lives

Both the water rights and easements are rights of the Company for which it is not possible to establish a foreseeable useful life, i.e. the period of economic benefits associated with these assets are indefinite. Both assets are legal rights that are not extinguished nor affected by restrictions.

## Commitments for acquiring intangible assets

Commitments for acquisitions of intangible assets for the 2017 period relate to water rights, easements and computer programs necessary for the normal operation of the Group's companies, and in particular for new works under development or in preliminary study stages, plus the expansion of concession zones, shown as follows:

Company	Th\$
Aguas Andinas S.A.	625,343
Aguas Cordillera S.A.	4,621
Aguas Manquehue S.A.	7,306
Essal S.A.	279,532
<b>Total</b>	<b>916,802</b>



## Note 12. GOODWILL

The detail of goodwill follows for the different Cash Generating Units (CGUs) or groups to which they are assigned, through September 30, 2017 and December 31, 2016:

<b>Tax ID</b>	<b>Company</b>	<b>30-09-2017 Th\$</b>	<b>31-12-2017 Th\$</b>
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
<b>Total</b>		<b>36,233,012</b>	<b>36,233,012</b>

## Note 13. PROPERTY, PLANT AND EQUIPMENT

<b>Property, plant &amp; equipment, net (amounts in Th\$)</b>	<b>Net value</b>		<b>Gross value</b>		<b>Accumulated depreciation</b>	
	<b>30-09-2017</b>	<b>31-12-2016</b>	<b>30-09-2017</b>	<b>31-12-2016</b>	<b>30-09-2017</b>	<b>31-12-2016</b>
	<b>1,318,137,790</b>	<b>1,294,570,086</b>	<b>2,520,663,464</b>	<b>2,446,766,910</b>	<b>1,202,525,674</b>	<b>1,152,196,824</b>
Sewerage networks	246,328,885	247,188,146	516,605,967	508,150,937	270,277,082	260,962,791
Drinking water networks	170,648,055	163,124,828	487,224,002	474,364,900	316,575,947	311,240,072
Wastewater treatment plants	170,518,153	143,756,791	228,373,508	197,861,144	57,855,355	54,104,353
Production facilities	165,872,594	162,939,794	312,969,796	305,539,500	147,097,202	142,599,706
Land	160,570,200	160,070,637	160,570,200	160,070,637	0	0
Construction in progress	128,328,188	180,506,784	128,328,188	180,506,784	0	0
Machinery	122,094,009	99,318,272	359,558,344	318,777,368	237,464,335	219,459,096
Buildings	78,402,355	74,440,293	109,148,567	103,580,338	30,746,212	29,140,045
Other facilities	46,593,911	36,448,254	147,014,575	131,523,642	100,420,664	95,075,388
Additional works	22,544,507	21,252,123	43,069,767	40,632,428	20,525,260	19,380,305
Computer equipment	3,668,163	2,659,948	13,517,763	11,404,754	9,849,600	8,744,806
Transport vehicles	1,491,694	1,861,338	6,126,539	6,295,614	4,634,845	4,434,276
Fixed installations & accessories	771,594	701,742	5,369,757	5,259,569	4,598,163	4,557,827
Goods out of service	233,048	239,851	2,187,881	2,187,881	1,954,833	1,948,030
Improvements to leased assets	72,434	61,285	598,610	611,414	526,176	550,129



Showing up next the information about the main shares of the Group Companies:

Property, plant & equipment, net	30-09-2017	Aguas Andinas S.A	Aguas Cordillera S.A	Aguas Manquehue S.A	Essal S.A	Others
	Th\$	%	%	%	%	%
Property, plant & equipment	1,318,137,790	76%	8%	4%	11%	1%
Land	246,328,885	83%	2%	4%	11%	0%
Buildings	170,648,055	67%	18%	2%	12%	1%
Machinery	170,518,153	93%	0%	0%	7%	0%
Transport vehicles	165,872,594	64%	14%	14%	8%	0%
Fixed installations & accessories	160,570,200	75%	13%	1%	11%	0%
Computer equipment	128,328,188	75%	9%	5%	11%	0%
Improvements to leased assets	122,094,009	77%	6%	3%	11%	3%
Construction in progress	78,402,355	74%	4%	2%	18%	2%
Additional works	46,593,911	68%	8%	8%	13%	3%
Production facilities	22,544,507	80%	5%	3%	12%	0%
Drinking water networks	3,668,163	87%	0%	0%	10%	3%
Sewerage networks	1,491,694	88%	0%	0%	4%	8%
Wastewater treatment plants	771,594	33%	1%	0%	24%	42%
Other facilities	233,048	34%	66%	0%	0%	0%
Goods out of service	72,434	13%	0%	0%	0%	87%

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

Class	Cost	Fair Value
	30-09-2017	30-09-2017
	Th\$	Th\$
Sewerage networks	246,328,885	429,916,487
Drinking water networks	170,648,055	411,246,773
Wastewater treatment plants	170,518,153	188,594,532
Production facilities	165,872,594	280,570,294
Machinery and Equipment	122,094,009	140,819,777
Buildings	78,402,355	114,101,354
Other facilities	46,593,911	47,621,652
Additional works	22,544,507	37,397,818
<b>Total</b>	<b>1,023,002,469</b>	<b>1,650,268,687</b>

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

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



### Movements in property, plant and equipment through September 30, 2017 (Net Value)

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,070,637	0	3,785	629,644	-133,866	499,563	160,570,200
Buildings	74,440,293	-1,610,805	6,796,660	-1,201,416	-22,377	3,962,062	78,402,355
Machinery	99,318,272	-18,254,350	33,647,178	7,397,154	-14,245	22,775,737	122,094,009
Transport vehicles	1,861,338	-380,253	76,454	48,432	-114,277	-369,644	1,491,694
Fixed installations & accessories	701,742	-92,533	89,695	72,690	0	69,852	771,594
Computer equipment	2,659,948	-1,116,619	1,150,191	974,643	0	1,008,215	3,668,163
Improvements to leased assets	61,285	-22,817	32,239	1,727	0	11,149	72,434
Construction in progress	180,506,784	0	-106,675,086	54,534,007	-37,517	-52,178,596	128,328,188
Additional works	21,252,123	-1,148,781	2,254,500	188,185	-1,520	1,292,384	22,544,507
Production facilities	162,939,794	-4,503,964	7,841,310	-404,546	0	2,932,800	165,872,594
Drinking water networks	163,124,828	-5,335,875	7,158,464	5,700,638	0	7,523,227	170,648,055
Sewerage networks	247,188,146	-9,307,823	3,812,316	4,636,246	0	-859,261	246,328,885
Wastewater treatment plants	143,756,791	-3,773,097	28,838,917	1,715,294	-19,752	26,761,362	170,518,153
Other facilities	36,448,254	-5,399,529	13,186,144	2,359,179	-137	10,145,657	46,593,911
Goods out of service	239,851	-6,803	0	0	0	-6,803	233,048
<b>Class of property, plant &amp; equipment, net</b>	<b>1,294,570,086</b>	<b>-50,953,250</b>	<b>-1,787,233</b>	<b>76,651,877</b>	<b>-343,691</b>	<b>23,567,704</b>	<b>1,318,137,790</b>

### Movements in property, plant and equipment through December 31, 2016 (Net Value)

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,423,927	0	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 & accessories	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
Drinking water networks	155,110,210	-6,771,912	6,963,502	7,823,028	0	8,014,618	163,124,828
Sewerage 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
<b>Class of property, plant &amp; equipment, net</b>	<b>1,248,135,284</b>	<b>-61,304,575</b>	<b>-843,629</b>	<b>110,403,161</b>	<b>-1,820,155</b>	<b>46,434,802</b>	<b>1,294,570,086</b>





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

### Current period 30-09-2017

Concept	Initial balance	Increases (reductions) for transfers from Construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,070,637	3,785	629,644	-133,866	499,563	160,570,200
Buildings	103,580,338	6,796,660	-1,201,416	-27,015	5,568,229	109,148,567
Machinery	318,777,368	33,647,178	7,397,154	-263,356	40,780,976	359,558,344
Transport vehicles	6,295,614	76,454	48,432	-293,961	-169,075	6,126,539
Fixed installations & accessories	5,259,569	89,695	72,690	-52,197	110,188	5,369,757
Computer equipment	11,404,754	1,150,191	975,204	-12,386	2,113,009	13,517,763
Improvements to leased assets	611,414	32,239	1,727	-46,770	-12,804	598,610
Construction in progress	180,506,784	-106,675,086	54,534,007	-37,517	-52,178,596	128,328,188
Additional works	40,632,428	2,254,500	188,185	-5,346	2,437,339	43,069,767
Production facilities	305,539,500	7,841,310	-411,014	0	7,430,296	312,969,796
Drinking water networks	474,364,900	7,158,464	5,700,638	0	12,859,102	487,224,002
Sewerage networks	508,150,937	3,812,316	4,642,714	0	8,455,030	516,605,967
Wastewater treatment plants	197,861,144	28,838,917	1,715,294	-41,847	30,512,364	228,373,508
Other facilities	131,523,642	13,186,144	2,358,618	-53,829	15,490,933	147,014,575
Goods out of service	2,187,881	0	0	0	0	2,187,881
<b>Class of property, plant &amp; equipment, gross</b>	<b>2,446,766,910</b>	<b>-1,787,233</b>	<b>76,651,877</b>	<b>-968,090</b>	<b>73,896,554</b>	<b>2,520,663,464</b>

### Previous period 31-12-2016

Concept	Initial balance	Increases (reductions) for transfers from Construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,423,927	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 & accessories	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
Drinking water networks	459,581,460	6,963,502	7,819,938	0	14,783,440	474,364,900
Sewerage 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
<b>Class of property, plant &amp; equipment, gross</b>	<b>2,342,181,341</b>	<b>-843,629</b>	<b>110,376,346</b>	<b>-4,947,148</b>	<b>104,585,569</b>	<b>2,446,766,910</b>



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

### Current period 30-09-2017

Concept	Initial balance	Increases (reductions) for transfers from Construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Buildings	29,140,045	1,610,805	0	-4,638	1,606,167	30,746,212
Machinery	219,459,096	18,254,350	0	-249,111	18,005,239	237,464,335
Transport vehicles	4,434,276	380,253	0	-179,684	200,569	4,634,845
Fixed installations & accessories	4,557,827	92,533	0	-52,197	40,336	4,598,163
Computer equipment	8,744,806	1,116,619	561	-12,386	1,104,794	9,849,600
Improvements to leased assets	550,129	22,817	0	-46,770	-23,953	526,176
Additional works	19,380,305	1,148,781	0	-3,826	1,144,955	20,525,260
Production facilities	142,599,706	4,503,964	-6,468	0	4,497,496	147,097,202
Drinking water networks	311,240,072	5,335,875	0	0	5,335,875	316,575,947
Sewerage networks	260,962,791	9,307,823	6,468	0	9,314,291	270,277,082
Wastewater treatment plants	54,104,353	3,773,097	0	-22,095	3,751,002	57,855,355
Other facilities	95,075,388	5,399,530	-561	-53,693	5,345,276	100,420,664
Goods out of service	1,948,030	6,803	0	0	6,803	1,954,833
<b>Class of property, plant &amp; equipment, accumulated depreciation</b>	<b>1,152,196,824</b>	<b>50,953,250</b>	<b>0</b>	<b>-624,400</b>	<b>50,328,850</b>	<b>1,202,525,674</b>

### Previous period 31-12-2016

Concept	Initial balance	Increases (reductions) for transfers from Construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
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 & accessories	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
Drinking water networks	304,471,250	6,771,912	-3,090	0	6,768,822	311,240,072
Sewerage 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
<b>Class of property, plant &amp; equipment, accumulated depreciation</b>	<b>1,094,046,057</b>	<b>61,304,575</b>	<b>-26,815</b>	<b>-3,126,993</b>	<b>58,150,767</b>	<b>1,152,196,824</b>



The detail of each consolidated Company of the Group, for the amount of future commitments for acquisitions of property, plant and equipment for the period 2017, is as follows:

Company	Th\$
Aguas Andinas S.A.	45,136,566
Aguas Cordillera S.A.	2,910,850
Aguas Manquehue S.A.	4,675,697
Essal S.A.	3,948,381
Ecoriles S.A.	70,377
Gestión y Servicios S.A.	9,321
Análisis Ambientales S.A.	48,754
<b>Total</b>	<b>56,799,946</b>

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

Company	Gross Value Th\$	Accumulated Depreciation Th\$	Net Value Th\$
Aguas Andinas S.A.	1,913,549	-1,837,411	<b>76,138</b>
Aguas Cordillera S.A.	274,332	-117,422	<b>156,910</b>
<b>Total</b>	<b>2,187,881</b>	<b>-1,954,833</b>	<b>233,048</b>

## Note 14. IMPAIRMENT OF VALUE OF ASSETS

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

Each company as a whole is defined as a Cash Generating Unit (CGU), as each is individually capable of generating future economic benefits and represents the smallest group of assets that generate independent cash flows. According to the accounting standards, the Company will evaluate, at the close of each financial position statement, whether there is any sign of impairment of value of any asset. If there is, the Company will estimate the amount recoverable for the asset. For assets with an indefinite useful life and for goodwill, the impairment test will at a minimum be made at the close of the period or when there are signs.

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

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



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

The respective tests for impairment were made at the end of December 31, 2016 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.

As of September 30, 2017 no impairment of assets has been registered and there are not indications of impairment.

## Note 15. PROVISIONS AND CONTINGENT LIABILITIES

### A. Provisions

The detail of these as of September 30, 2017 and December 31, 2016 is as follows:

Classes of provisions	30-09-2017 Th\$	31-12-2016 Th\$
Provisions for legal claims	2,636,573	2,628,225
<b>Other provisions, current</b>	<b>2,636,573</b>	<b>2,628,225</b>
Other provisions, non-current	1,293,716	1,277,574
<b>Provisions, non-current</b>	<b>1,293,716</b>	<b>1,277,574</b>

The movement in current provisions for the periods was:

Legal claims	30-09-2017 Th\$	31-12-2016 Th\$
<b>Initial balance provisions</b>	<b>2,628,225</b>	<b>547,288</b>
Increase in existing provisions	221,132	2,561,407
Provision used	-46,947	-448,719
Other increases (decreases)	-165,837	-31,751
<b>Changes in provisions, total</b>	<b>8,348</b>	<b>2,080,937</b>
<b>Total</b>	<b>2,636,573</b>	<b>2,628,225</b>

The provisions under this heading are described as follows:

#### 1.- Legal claims

The Company makes the corresponding provision for lawsuits currently before the courts and about which there is high probability that the result might be unfavorable to the Company and subsidiaries.



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

- a) **Nature of class of provision:** The Superintendence of Sanitation Services (SISS) has levied fines against Aguas Andinas S.A. and Subsidiaries, mainly for non-compliance with instructions and breach of the continuity and quality of the service provided by the Company. The total of the demands presented in 2016 amount to Th\$ 946,650.-, of which Th\$795,062 were paid before the demand procedures began.

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

**Uncertainties about the timing and amount of a class of provision:** It is believed that the Company did not commit the breach and therefore that its appeals will be accepted.

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

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

**Uncertainties about the timing and amount of a class of provision:** Aguas Andinas S.A. was fined the sum of 301 UTA. An administrative appeal against that decision was made, which has not been resolved.

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

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

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

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

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

**Uncertainties about the timing and amount of a class of provision:** 10% of the fine was paid into court to start the claim. Pending the realization of an expert report ordered by the court. The record is filed in the court file. There are moderate probabilities that the demand will be accepted.

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

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



**Uncertainties about the timing and amount of a class of provision:** 10% of the fine has been paid in order to bring an appeal to the courts. There are low probabilities that the demand will be accepted. Currently, notification of the sentence in the first instance is pending, rejecting the appeal made by the company.

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

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

**Uncertainties about the timing and amount of a class of provision:** 10% of the fine has been paid in order to bring a challenge to the courts. A final sentence was given rejecting the challenge, and an appeal was made by Aguas Andinas which was fully accepted revoking the interposed fine. The claimed made an appeal, which was accepted, so the amount outstanding should now be determined.

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

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

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

## 2.- Other provisions, non-current

These relate basically to a transaction on July 10, 2007, signed before the Notary of Mrs. María Gloria Acharan Toledo, between Aguas Cordillera S.A. and property developers by which, should Aguas Cordillera S.A. abandon and sell the land transferred to it in the future, it would pay at least U.F.52,273.29. This amount will be set off against the debt receivable from the developers.

## B.- Contingent liabilities

- 1.- Aguas Andinas S.A. was sued for damages for injuries allegedly suffered by a Mining Company for the installation of infrastructure on land on which the applicant had mining properties, thereby preventing mineral extraction and causing alleged damages. The amount claimed is Th\$1,093,564.- Judgment was, given, the counterclaim was completely rejected condemning Aguas Andinas to pay the amount of Th\$185,538. An appeal was made which was admitted considering the appeal of the plaintiff.
- 2.- As of June 9, 2016 and product of a potable water Matrix break that affect Providencia district, Aguas Andinas S.A. is compensating the damages. In response to the indicated emergency, the Company is in control process by the Superintendence of Sanitation Services. The Company presents its claims, its pending the resolution of the authority.
- 3.- The Company was sued by the National Consumer Service due to the service cuts which occurred in February and April 2017. The law suit aims the courts to establish fines and compensations for each of the users affected by the water cut.
- 4.- Aguas Andinas was sued by the Providencia Municipality about the damages caused by the potable water matrix break on June 9, 2016. The demand presented in 22<sup>nd</sup> Civil Court of Santiago, contemplate the payment of municipal rights for the execution of works made in the repair of the streets affected product of the flood.

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



## Note 16. GUARANTEES AND RESTRICTIONS

### a) Direct guarantees

Guarantee policies and performance bonds have been granted in favor of various institutions, the principal ones being the SISS, to guarantee the conditions for the provision of services and development programs in the Company's concession areas, SERVIU Metropolitano, to guarantee the replacement of paving, and to other institutions, for Th\$33,516,159 as of September 30, 2017 and Th\$33,458,982 as of December 31, 2016 respectively.

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

Creditor of the guarantee	Debtor	Type of guarantee	30-09-2017 Th\$	31-12-2016 Th\$
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Andinas S.A.	Performance bond	7,568,632	7,507,300
Superintendencia de Servicios Sanitarios	Aguas Andinas S.A.	Performance bond	6,687,815	6,457,521
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Andinas S.A.	Performance bond	6,229,853	6,066,080
Dirección de Obras Hidráulica	Aguas Andinas S.A.	Performance bond	689,657	652,933
Municipalidad de La Florida	Aguas Andinas S.A.	Performance bond	446,421	441,250
Dirección Regional de Vialidad	Aguas Andinas S.A.	Performance bond	130,165	53,592
Municipalidad de La Reina	Aguas Andinas S.A.	Performance bond	66,642	0
Comité Innova Chile	Aguas Andinas S.A.	Performance bond	64,634	0
Municipalidad de Providencia	Aguas Andinas S.A.	Performance bond	54,860	108,448
Ruta del Maipo	Aguas Andinas S.A.	Performance bond	53,314	0
Municipalidad de Peñalolen	Aguas Andinas S.A.	Performance bond	43,286	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	24,791	24,504
Constructora San Francisco	Aguas Andinas S.A.	Performance bond	24,658	20,156
Sociedad Concesionaria Vespucio Oriente	Aguas Andinas S.A.	Performance bond	13,328	0
Superintendencia de Servicios Sanitarios	Aguas Cordillera S.A.	Performance bond	1,218,588	1,204,472
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Cordillera S.A.	Performance bond	920,447	909,783
Ministerio de Obras Publicas - Dirección General de Aguas	Aguas Cordillera S.A.	Performance bond	396,706	392,111
Servicio de Vivienda y Urbanismo Metropolitano	Aguas Cordillera S.A.	Performance bond	386,523	724,569
Sencorp S.A.	Aguas Cordillera S.A.	Performance bond	303,621	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	102,922	17,126
Municipalidad de Vitacura	Aguas Cordillera S.A.	Performance bond	53,314	52,696
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Manquehue S.A.	Performance bond	1,410,978	1,193,440
Superintendencia de Servicios Sanitarios	Aguas Manquehue S.A.	Performance bond	1,025,460	987,786
Municipalidad de Vitacura	Aguas Manquehue S.A.	Performance bond	10,663	10,538
Surlat Industria	Ecoriles	Performance bond	13,323	13,169
Servicio de Vivienda y Urbanismo	Gestión y Servicios S.A.	Performance bond	2,207,436	1,631,391
Superintendencia del Medio Ambiente	Anam S.A.	Performance bond	26,657	13,174
Corporación Nacional del Cobre	Anam S.A.	Performance bond	17,514	17,113
CMPC PULP S.A.	Anam S.A.	Performance bond	17,314	0
Superintendencia de Servicios Sanitarios	Essal S.A.	Insurance policy	2,614,467	2,287,664
Director de Obras Hidráulicas	Essal S.A.	Performance bond	1,230,944	1,123,446
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance bond	83,859	76,212
Servicio de Vivienda y Urbanismo	Essal S.A.	Performance bond	275,938	146,231
Director de Vialidad	Essal S.A.	Performance bond	71,014	15,809
Municipalidad de Paillaco	Essal S.A.	Performance bond	221,423	0
<b>Total</b>			<b>34,911,607</b>	<b>32,696,632</b>



## b) Bond issue restrictions

### i) Aguas Andinas S.A.

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

- 1.- Send a copy of the consolidated financial statements to the representative of the Bondholders, and send both the quarterly and the audited annual statements to the Company Subsidiaries registered with the SVS, , within the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.
- 2.- Register in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements and/or those of its subsidiaries.
- 3.- Maintain insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the company's kind.
- 4.- The Company is obligated to ensure that transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5.- At the end of each quarter in the Issuer's Financial Statements, maintain a debt ratio not exceeding 1.5 times. Nonetheless, the above limit is adjusted according to the ratio of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index at December 2009. For all, the aforementioned limit will be adjusted up to a maximum of 2 times.

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

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

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

As of September 30, 2017, the abovementioned accounts are as follows (Th\$):

Total current liabilities	164,247,825
Total non-current liabilities	878,720,246
<b>Total IFRS liabilities</b>	<b>1,042,968,071</b>
Third party guarantees (*)	607,570
<b>Total liabilities</b>	<b>1,043,575,641</b>
Total assets	1,739,800,356
Total current liabilities	-164,247,825
Total non-current liabilities	-878,720,246
<b>Total net equity</b>	<b>696,832,285</b>





The debt ratio was 1.50 times, as of September 30, 2017.

\* The amount of all joint or several guarantees, simple or joint bonds, joint assumption of debt or other guarantees, personal or real, which the Issuer or its subsidiaries have granted to secure the obligations of third parties, except: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries for obligations of the Issuer, and (iii) those granted to public institutions to ensure compliance with public sanitation legislation and execution of works in public spaces.

The variation in the Debt Level as of September 30, 2017 was the following:

31-12-2009	30-09-2017	Accumulated inflation	Basis	Limit
90.28	115.51	27.95%	1.5	1.92

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

The Company is in compliance with all the covenants established in the bond indentures as of September 30, 2017 and December 31, 2016.

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

The company has restrictions and obligations relating to bond issues made on the national market, as follows:

1.- Send to the bond-holders' representative a copy of the financial statements, both the quarterly and the audited annual statements, within the same time period that these have to be presented to the SVS, plus all public information reported to the SVS.

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

3.- Maintain insurance to reasonably protect its assets in line with usual practices for industries of the Company's kind.

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

5.- Maintain a debt ratio no higher than 1.29, measured on its balance sheets, defined as the debt to equity ratio.

From 2010, the above covenant was adjusted according to the difference between the consumer price index (CPI) of the month in which the debt level is calculated and the CPI for December 2009. This ratio will be adjusted up to a maximum of 2 times (debt ratio = total liabilities/total equity). As of September 30, 2017, the debt ratio was 1.2 times.

6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5 times As of September 30, 2017, the ratio was 7.6 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 September 30, 2017 and December 31, 2016.



## **c) Bank loan restrictions**

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

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

- 1.- Maintain a debt ratio no higher than 1.5 times, measured on its consolidated and unconsolidated balance sheets. Notwithstanding the above, the previous limit shall be adjusted according to the ratio between the Consumer Price Index for the month in which the debt level and the consumer price index in December 2009 is calculated. In any case the limit shall be adjusted up to a maximum level of 1.92:1. To this end, the level of indebtedness shall be defined as the ratio of total debt of assets. As of September 30, 2017 the debt level amounted to 1.50 times.
- 2.- Prohibition on the disposal or loss of title to essential assets, except for contributions or transfers of essential assets to Subsidiary Companies.
- 3.- Send a copy of the individual and consolidated financial statements and both the quarterly and the audited annual statements to the different banks with which the Company has loans, within no more than five days of their presentation to the SVS.
- 4.- Record in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements.
- 5.- Maintain insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the Company's kind.
- 6.- Send a certificate signed by the Company's Chief Executive Officer declaring compliance with the obligations under the loan agreement.
- 7.- Prohibition on distribution of dividends, except for the obligatory minimum if there is a situation of default or delay in the payment of any loan installment.
- 8.- Maintain a financial expense coverage ratio of at least 3:1, measured on the figures in its consolidated and unconsolidated statements of financial position, defined as the ratio between operating income plus depreciation for the period and amortization of intangible assets divided by financial expenses.
- 9.- Prohibition on liquidating or dissolving the Company, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present subsidiaries.
- 10.- Ensure that transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

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

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

- 1.- Maintain a debt ratio no higher than 1.5 times, measured on its consolidated and consolidated balance sheets. Notwithstanding the above, the previous limit shall be adjusted according to the ratio between the Consumer Price Index for the month in which the debt level and the consumer price index in December 2009 is calculated.



In any case the limit shall be adjusted up to a maximum level of 2.0 times To this end, the level of indebtedness shall be defined as the ratio of total debt to assets. As of September 30, 2017 the debt level amounted to 0.52 times.

2.- Maintain a coverage ratio of financial expenses equal to or more than 3.0 times, measured on its annual consolidated balance sheet, defined as the ratio between operating income plus depreciation and amortization of intangibles divided by financial expenses. As of September 30, 2017, the coverage of financial expenses amounted to 16.71 times.

3.- Send the bank a copy of the debtor's annual interim consolidated financial statements, within no more than thirty days of their presentation to the Superintendence of Securities and Insurance.

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

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

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

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

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

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

As of September 30, 2017, the Company and its sanitation subsidiaries are in compliance with all requirements established in the loan agreements with accrediting Banks, as well as with all the provisions of DFL. N° 382 of the General Sanitation Services Law of 1988, and its Regulations (D.S. MOP N°1199/2004 published in November 2005).

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

As of September 30, 2017 and December 31, 2016, the Company has received documents in guarantee for Th\$30,720,449 and Th\$50,472,285 respectively, arising mainly from work contracts with construction companies to guarantee their due performance. There are also other guarantees for service contracts and acquisition of materials to ensure timely delivery.

A detail of the more important bank guarantees received as of September 30, 2017 is summarized below:



Contractor or Supplier	30-09-2017 Th\$	Maturity Date
Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	13,823,822	30-07-2018
Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	5,175,490	31-12-2017
Suez Medioambiente Chile S.A.	1,795,004	13-12-2018
Suez Medioambiente Chile S.A.	1,780,045	02-01-2018
Ingeniería y Construcción Sigdo Koppers S.A.	1,285,100	26-01-2018
Suez Medioambiente Chile S.A.	651,912	04-12-2017
Constructora El Trebol Ltda.	493,917	29-01-2018
Compañía de Pétroleos de Chile Copec S.A.	448,006	15-03-2018
Inmobiliaria y Comercial Quilicura Ltda.	373,009	28-10-2020
I C M S.A.	319,272	13-08-2018
Claro Vicuña Valenzuela S.A	299,809	05-02-2019
Costanera Center S.A.	284,473	30-03-2018
Constructora Olbertz Ltda.	190,605	30-05-2018
Suez Advanced Solutions Chile Ltda.	178,743	15-06-2018
Inmobiliaria y Comercial Quilicura Ltda.	164,923	28-10-2017
Inmobiliaria y Comercial Quilicura Ltda.	164,923	28-10-2017
I C M S.A.	158,305	13-08-2018
Chilena de Revisiones Técnicas S.P.A.	133,217	15-12-2017
Sociedad Concesionaria Costanera Norte S.A.	133,217	30-11-2017
Empresa Nacional de Electricidad S.A.	133,217	20-02-2018
AES Gener S.A.	133,217	31-01-2018
Enel Distribución Chile S.A	133,217	31-01-2018
Cruz y Dávila Ingeniería y Construcción Ltda.	129,461	23-12-2017
BAPA S.A.	108,676	11-04-2018
Constructora Pérez y Gómez Ltda.	106,574	01-11-2017
EULEN Chile S.A.	106,574	21-06-2018
Inmobiliaria y Constructora Nueva Pacifico Sur Ltda.	106,574	17-11-2017
Luxagua Ingeniería Ltda.	106,574	30-08-2018
Inmobiliaria y Constructora Nueva Pacifico Sur Ltda.	106,574	18-11-2018
Sociedad de Tercerización de Servicios Provider Latin America Ltda.	103,761	01-01-2018
	<b>29,128,211</b>	



## Note 17. ORDINARY REVENUE

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

Classes of ordinary revenue	30-09-2017 Th\$	31-12-2016 Th\$	01-07-2017 30-09-2017 Th\$	01-07-2016 30-09-2016 Th\$
<b>Ordinary revenue</b>				
Sales of goods	4,866,736	5,765,870	1,693,223	1,867,164
Provision of services	368,181,207	354,882,280	110,296,297	108,296,893
Insurance repayment	1,596,001	45,924	1,011,894	13,693
<b>Total</b>	<b>374,643,944</b>	<b>360,694,074</b>	<b>113,001,414</b>	<b>110,177,750</b>

## Note 18. LEASES

### Information to disclose about operational leases as lessor

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

Future minimum non-cancellable lease receivables, lessees	30-09-2017 Th\$	31-12-2016 Th\$
Future minimum non-cancellable lease payments up to 1 year, lessees	2,589,879	2,829,953
Future minimum non-cancellable lease payments, up to 1 less than 5 years, lessees	5,135,982	5,336,808
<b>Future minimum non-cancellable lease payments, lessees, total</b>	<b>7,725,861</b>	<b>8,166,761</b>
Minimum lease payments under operative leases	2,831,690	3,464,733
<b>Lease &amp; sub-lease installments booked in statement of results, total</b>	<b>2,831,690</b>	<b>3,464,733</b>

### Significant operative leasing agreements:

The most significant operative leases relate to the vehicle leasing. In these cases, the contracts goes from 18 to 96 months. The leasing services were paid on a monthly basis before presentation and approval of payment statements.

**Contract term:** The Company can put an early term to the contracts in case of serious breach of any of the conditions and obligations that appears in administrative basis and technical specifications. In this case, the company will be empowered to make the guarantee effective by faithful, complete and timely fulfillment of the contract as compensation for damages.

### Disclosures of operative leases as lessors

The Company has contracts of this kind where it acts as lessor, referring principally to parts of its operative premises, which are mostly used by telecommunications companies, which have automatic renewal from 1 to 5 years. However, the Company has the power to give term notice between 30, 60, 90 and 180 days according to the contract.



Future minimum non-cancellable lease receivables, lessors	30-09-2017 Th\$	31-12-2016 Th\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	224,041	388,096
Amount of rentals booked in statement of results	424,406	819,737
<b>Total</b>	<b>648,447</b>	<b>1,207,833</b>

### Significant operative lease agreements of the lessor

Revenues from these sources is immaterial for the Company.

### Note 19. EMPLOYEE BENEFITS

The Company, at the consolidated level, has a workforce of 2,079 employees, of whom 89 are Managers and senior executives. Employees who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,683 and 39 respectively, while 357 workers are covered by what is indicated in the Labor Code.

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

The collective agreement with the Professionals and Technicians Union N°3 was signed on September 24, 2015, and is in effect until July 31, 2018.

The current collective agreements of Aguas Cordillera S.A., and personnel of Aguas Manquehue S.A., were signed on December 1, 2014 and December 23, 2014 for the N°1 and 2 Unions and the Workers and Supervisors Union respectively, all for terms of four years.

The current collective 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 rules contained in articles 159, 160 and 161 of the Labor Code, for which no provision is made for termination benefits.

The current collective agreements with Unions of the Essal S.A. subsidiary were signed on December 31, 2016 and expire on December 31, 2019.

### Policies for defined benefits plans

Workers who are not party to the collective agreements of Aguas Andinas S.A. and its subsidiaries are governed by the rules contained in articles 159, 160 and 161 of the Labor Code, for which no provision is made for termination benefits.

The actuarial calculation is applied for workers who have indemnities at present value until 2002 (including indemnities in any event recognized to that date), as well as for advances granted against such indemnities.

For workers who form part of or were incorporated into current collective agreements at the date of the interim consolidated financial statements, the actuarial valuation calculation is applied for years of service.



## Accounting policies for gains and losses on defined benefits plans

The termination benefits obligation which it is estimated will accrue to workers who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., is booked at its actuarial value, determined using the projected credit-unit method.

Actuarial gains and losses on indemnities deriving from changes in estimates or in rates of turnover, mortality, wage increases or discount rate are booked directly to Other comprehensive results in accordance with IAS 19R revised, directly affecting equity, which are later reclassified in Accumulated Results. This procedure began to be applied in 2013 following the effective date of IAS 19 revised. Until 2012, all variations in estimates and parameters used determined a direct effect on results for the year.

## Actuarial assumptions

**Years of service:** In Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A. it is assumed that workers will remain with those Companies until reaching the legal retirement age (women at 60 years of age and men at 65). In the Essal S.A. subsidiary, there is a limit of 6 months indemnity payable to people who retire or die.

**Participants in each plan:** These benefits are extended to all workers who are part of a union agreement (indicated above) and to workers with individual contracts including an indemnity clause in any event. Workers forming part of the calculation of the actuarial indemnity are as follows, by company: Aguas Andinas S.A.: 904, Aguas Cordillera S.A.: 100, Aguas Manquehue S.A.: 14, and Essal S.A.: 323 and Gestión y Servicio 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 5.9% (five point nine percent) for the periods 2017 and 2016, for the objective workers. Disabled workers and early retirements have not been considered due to their infrequent nature.

**Discount rate:** During periods 2017 and 2016, 4.7% (four point seven percent), corresponding to the risk-free rate, plus the estimate of expected long-term inflation.

**Inflation rate:** For making long-term estimates for both the 2017 and 2016 periods, the forecast long-term inflation rate reported by the Central Bank of Chile was used, which amounts to 3.0%.

**Wage increase rate:** The rate uses for the 2017 and 2016 periods was 5.4%.

## General description of defined benefits plans

The following benefits are in addition to those indicated in Note 2.2, letter O:

In the event of the death of a worker, an indemnity will be paid to their direct family in accordance with article 60 of the Labor Code.

In the case of an employee who retires from the Company in accordance with numbers. 2, 4 or 5 of article 159, number 1 letter a or number 6 of article 160 of the Labor Code, the employee will be paid as an indemnity the accumulated amount for this concept through July 31, 2002 in Aguas Andinas S.A., and December 31, 2002 in Aguas Cordillera S.A., adjusted quarterly for changes in the Consumer Price Index, provided the change is positive.



Workers of Aguas Andinas S.A. and its subsidiaries who are not a party to their collective agreements are covered by their individual work contracts. In terms of the non-sanitation companies, that is Gestión y Servicios S.A., Ecoriles S.A., Anam S.A. and Aguas del Maipo S.A., the provisions of the Labor Code are applied, except for when individual contracts indicate otherwise.

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

The following is the movement in actuarial provisions as of September 30, 2017 and December 31, 2016, which include movements in provisions:

<b>Provisions for employee benefits</b>	<b>30-09-2017</b>	<b>31-12-2017</b>
	<b>Th\$</b>	<b>Th\$</b>
<b>Movement in actuarial provision</b>		
Initial balance	17,285,712	15,621,082
Cost of services	1,036,530	1,988,298
Interest cost	541,057	662,200
Actuarial (gains) or losses	0	-58,684
Benefits paid	-1,611,189	-1,984,228
Special compensation for seniority (1)	205,737	0
Provision termination benefits	184,561	1,057,044
<b>Sub-total</b>	<b>17,642,408</b>	<b>17,285,712</b>
Profit sharing & bonuses	3,013,981	4,125,661
<b>Total</b>	<b>20,656,389</b>	<b>21,411,373</b>

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

<b>Provisions for employee benefits</b>	<b>30-09-2017</b>	<b>31-12-2017</b>
	<b>Th\$</b>	<b>Th\$</b>
Provisions for employee benefits, current	3,550,883	5,378,546
Provisions for employee benefits, non-current	17,105,506	16,032,827
<b>Total</b>	<b>20,656,389</b>	<b>21,411,373</b>

### Expected payment flows

The collective Contract of Aguas Andinas S.A. indicates, in its 17th clause, that for workers who resign voluntarily to be entitled to retirement, they shall have 120 days from the date they reach the legal retirement age to make their resignation effective.

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

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





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

Company	Number of employees	Expected payment flow Th\$	Year
A.Andinas S.A.	8	488,952	2017
A.Cordillera S.A.	2	74,500	2017
ESSAL S.A.	1	7,694	2017
		<b>571,146</b>	

### Projected liabilities to December 31, 2017

To calculate the projected liabilities for indemnities at actuarial value to December 2017, as indicated in IAS 19, the actuarial assumptions at September 30, 2017 have been used, already commented in this note. Only the amount of the legal bonus has been increased, in line with the minimum wage established in January of this year.

The following is the summary by company:

Company	Number of employees	Cost of services Th\$	Interest costs Th\$
A.Andinas S.A.	904	1,848,814	154,723
A.Cordillera S.A.	100	221,521	21,980
A Manquehue S.A.	14	32,591	2,690
ESSAL S.A.	323	44,947	4,908
Gestión y Servicios S.A.	1	844	75
		<b>2,148,717</b>	<b>184,376</b>

### Sensitivity of assumptions

The sensitivity of the main assumptions has been made based on the actuarial calculation as of September 30, 2017, determining the following impacts:

Concept	Basis	More than 0.5% Th\$	Less than 0.5% Th\$
Discount rate	4.7%	-566,608	743,434
Turnover rate	5.5%	-595,355	773,800
Wage increase rate	6.0%	660,804	-496,732

### Disclosures on benefits on termination of the contractual relationship

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

### Profit sharing and bonuses



This relates to the Company's obligation with its personnel with respect to profit-sharing bonuses payable in February and March of the following year. The accrued participation payable to personnel, as stipulated in current contracts, is settled during February on the basis of the statement of financial position for the immediately-preceding year. In September 30, 2017 and December 31, 2016, the amounts are Th\$2,071,800 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 through September 30, 2017 and 2016 are as follows:

Personnel expenses	30-09-2017 Th\$	31-12-2017 Th\$	01-07-2017 30-09-2017 Th\$	01-07-2016 30-09-2016 Th\$
Wages & salaries	-25,163,713	-23,713,115	-8,257,022	-7,931,892
Defined benefits	-11,204,796	-10,659,777	-3,567,964	-3,454,206
Termination benefits	-2,474,705	-2,698,177	-613,671	-1,088,062
Other personnel expenses	-1,673,230	-1,577,379	-366,924	-357,648
<b>Total</b>	<b>-40,516,444</b>	<b>-38,648,447</b>	<b>-12,805,581</b>	<b>-12,831,809</b>

## Note 20. EFFECT OF EXCHANGE DIFFERENCES

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

Concept	Currency	30-09-2017 Th\$	30-09-2016 Th\$	01-07-2017 30-09-2017 Th\$	01-07-2016 30-09-2016 Th\$
Trade debtors and other accounts receivable	EUR	103	-601	74	-784
Trade debtors and other accounts receivable	USD	-525	-1,583	-51	17
Other financial assets	USD	0	-171	0	137
Other financial assets	EUR	0	-280	0	-212
<b>Total variation assets</b>		<b>-422</b>	<b>-2,635</b>	<b>23</b>	<b>-842</b>
Trade accounts payable and other accounts payable	EUR	-7,527	-14,386	458	-10,603
Trade accounts payable and other accounts payable	USD	12,244	6,092	4,850	-6,303
Accounts payable to related entities	EUR	0		643	0
<b>Total variation liabilities</b>		<b>4,717</b>	<b>-8,294</b>	<b>5,951</b>	<b>-16,906</b>
<b>Gain (loss) from exchange differences</b>		<b>4,295</b>	<b>-10,929</b>	<b>5,974</b>	<b>-17,748</b>



## Note 21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	30-06-2017 Th\$	30-06-2016 Th\$	01-07-2017 30-09-2017 Th\$	01-07-2016 30-09-2016 Th\$
Treatment plant operation	-23,923,729	-22,307,099	-7,897,843	-7,560,830
Commercial services	-16,797,746	-14,437,150	-4,431,448	-3,648,340
Insurance, taxation, licenses & permits	-5,288,854	-4,690,170	-2,027,659	-1,759,487
Maintenance of networks, equipment and enclosures	-24,401,426	-22,347,635	-8,073,552	-8,339,705
Supplies & basic services	-10,924,486	-10,201,603	-3,654,932	-3,211,200
Other expenses	-9,340,222	-9,881,046	-3,575,525	-3,491,367
<b>Total</b>	<b>-90,676,463</b>	<b>-83,864,703</b>	<b>-29,660,959</b>	<b>-28,010,929</b>

## Note 22. RESULTS FOR INDEXED UNITS

The composition of the results for indexed units for periods ended as of September 30, 2017 and 2016, is as follows:

Concept	30-09-2017 Th\$	30-09-2016 Th\$	01-07-2017 30-09-2017 Th\$	01-07-2016 30-09-2016 Th\$
Accounts payable to related entities	467,112	429	0	80
Current tax assets	229,336	413,999	46,163	162,239
Trade debtors and other accounts receivable	50,315	104,885	-13,494	40,550
<b>Total variation assets</b>	<b>746,763</b>	<b>519,313</b>	<b>32,669</b>	<b>202,869</b>
Other financial liabilities	-10,265,084	-17,332,759	-681,614	-4,956,225
Trade accounts payable and other accounts payable	-125,465	-182,593	-3,527	-45,644
Accounts payable to related entities	-312	-429	9	-81
<b>Total variation liabilities</b>	<b>-10,390,861</b>	<b>-17,515,781</b>	<b>-685,132</b>	<b>-5,001,950</b>
<b>Gain (losses) from exchange differences</b>	<b>-9,644,098</b>	<b>-16,996,468</b>	<b>-652,463</b>	<b>-4,799,081</b>



## Note 23. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs to September 30, 2017 and December 31, 2016 is as follows:

### Disclosures on capitalized interest costs

Capitalized interest costs, property, plant & equipment		30-09-2017	30-09-2016
Rate of capitalization of capitalized interest costs, property, plant & equipment	%	7.28	7.64
Amount of capitalized interest, property, plant & equipment	Th\$	1,494,135	5,669,924

## Note 24. INCOME TAXES AND DEFERRED TAXES

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

Statements of financial position	30-09-2017 Th\$	31-12-2016 Th\$
Deferred tax assets	21,339,558	20,231,924
Deferred tax liabilities	-37,784,099	-38,150,441
<b>Net deferred tax position</b>	<b>-16,444,541</b>	<b>-17,918,517</b>

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

### Disclosures on deferred tax assets

Deferred tax assets	30-09-2017 Th\$	31-12-2016 Th\$
Water rights (amortization)	473,761	463,085
Provision for doubtful accounts	9,982,813	8,317,255
Provision for vacations	574,998	585,956
Litigation	705,746	706,416
Termination benefits	3,947,729	3,888,756
Other provisions	26,839	134,392
Variation monetary correction & depreciation assets	69,555,550	69,610,263
Deferred income	1,969,571	1,969,571
La Dehesa dam transaction	376,228	371,870
Amortization	34,001	43,332
Others	942,046	1,352,024
<b>Deferred tax assets</b>	<b>88,589,282</b>	<b>87,442,920</b>



## Disclosures on deferred tax liabilities

<b>Deferred tax liabilities</b>	<b>30-09-2017 Th\$</b>	<b>31-12-2016 Th\$</b>
Depreciation fixed assets	23,713,211	22,995,485
Amortization	631,074	649,538
Expense investment related companies	114,266	114,266
Revaluation of land	22,661,991	22,669,870
Revaluations of water rights	45,611,780	45,611,780
Fair value of assets on purchase Essal S.A.	12,297,676	13,305,193
Others	3,825	15,305
<b>Deferred tax liabilities</b>	<b>105,033,823</b>	<b>105,361,437</b>
<b>Net deferred tax position</b>	<b>-16,444,541</b>	<b>-17,918,517</b>



## Movements in deferred tax

<b>Movement in deferred tax assets</b>	<b>30-09-2017 Th\$</b>	<b>31-12-2016 Th\$</b>
<b>Deferred tax assets, initial balance</b>	<b>87,442,920</b>	<b>82,717,306</b>
Increases (decreases) in deferred tax assets	-464,483	1,502,706
Increases (decreases) for variation in monetary correction and assets depreciation	-54,713	3,402,902
Increases (decreases) for bad debt provision	1,665,558	-179,994
<b>Changes in deferred tax assets</b>	<b>1,146,362</b>	<b>4,725,614</b>
<b>Changes in deferred tax assets, total</b>	<b>88,589,282</b>	<b>87,442,920</b>

<b>Movement in deferred tax liabilities</b>	<b>30-09-2017 Th\$</b>	<b>31-12-2016 Th\$</b>
<b>Deferred tax liabilities, initial balance</b>	<b>105,361,437</b>	<b>105,942,220</b>
Increases (decreases) in deferred tax liabilities	679,903	683,552
Increases (decreases) in acquisitions through combinations of businesses	-1,007,517	-1,264,335
<b>Changes in deferred tax liabilities</b>	<b>-327,614</b>	<b>-580,783</b>
<b>Changes in deferred tax liabilities, total</b>	<b>105,033,823</b>	<b>105,361,437</b>



## Revenues tax expenses

Revenues (charge) for income taxes by current & deferred parts	30-09-2017 Th\$	30-09-2016 Th\$	01-07-2017 30-09-2017 Th\$	01-07-2016 30-09-2016 Th\$
Charge for current taxes	-34,893,316	-32,889,800	-8,061,489	-8,585,774
Previous year adjustment tax expense	-169,861	287,983	0	9,204
<b>Charge for current income tax</b>	<b>-35,063,177</b>	<b>-32,601,817</b>	<b>-8,061,489</b>	<b>-8,576,570</b>
Deferred income (expenses) for taxes related to creation & reversal of timing differences	1,473,976	4,496,113	-1,383,726	1,222,532
Charge for sole tax (disallowed expenses)	-82,252	-78,575	-41,757	-13,813
<b>Earnings (charge) for other taxes</b>	<b>1,391,724</b>	<b>4,417,538</b>	<b>-1,425,483</b>	<b>1,208,719</b>
<b>Charge for income tax</b>	<b>-33,671,453</b>	<b>-28,184,279</b>	<b>-9,486,972</b>	<b>-7,367,851</b>

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

	30-09-2017 Th\$	30-09-2016 Th\$	01-07-2017 30-09-2017 Th\$	01-07-2016 30-09-2016 Th\$
<b>Charge for taxes using the statutory rate</b>	<b>-35,228,322</b>	<b>-31,359,245</b>	<b>-9,490,973</b>	<b>-8,233,354</b>
Permanent difference for monetary correction tax equity	2,010,915	3,309,679	120,084	932,208
Permanent difference for disallowed expenses	-82,252	-78,575	-41,757	-13,813
Permanent difference for previous years' income tax	-169,861	287,983	0	9,204
Other permanent differences	-201,933	-344,121	-74,326	-62,096
<b>Adjustments to tax charge using the statutory rate</b>	<b>1,556,869</b>	<b>3,174,966</b>	<b>4,001</b>	<b>865,503</b>
<b>Tax charge using the effective rate</b>	<b>-33,671,453</b>	<b>-28,184,279</b>	<b>-9,486,972</b>	<b>-7,367,851</b>

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

	30-09-2017	30-09-2016
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 years' income tax	0.12%	-0.22%
Other permanent differences	0.15%	0.26%
<b>Effective tax rate</b>	<b>24.37%</b>	<b>21.57%</b>



## Note 25. EARNINGS PER SHARE

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

Earnings per share		30-09-2017	30-09-2016	01-07-2017 30-09-2017	01-07-2016 30-09-2016
Earnings attributable to shareholders in equity of the controller	Th\$	101,429,696	99,556,469	26,408,874	26,086,773
Results available to common shareholders, basic	Th\$	101,429,696	99,556,469	26,408,874	26,086,773
Weighted average number of shares, basic		6,118,965,160	6,118,965,160	6,118,965,160	6,118,965,160
<b>Earnings per share</b>	<b>\$</b>	<b>16.576</b>	<b>16.270</b>	<b>4.316</b>	<b>4.263</b>

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

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

## Note 26. BUSINESS SEGMENTS

The Group discloses information by segment in accordance with IFRS N°8, "Operative Segments", which sets the reporting standards with respect to operative segments and related disclosures for products and services. The operative segments are defined as components of an entity for which separate financial information exists which is regularly used by Management for making decisions, assigning resources and evaluating performance.

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

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

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

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

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





## General information on results, assets, liabilities and equity.

General information on results	30-09-2017		30-09-2016	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-Water Th\$
Revenues from ordinary activities with external customers	354,057,495	20,586,449	340,895,738	19,798,336
Revenues from ordinary activities between segments	3,236,258	708,964	2,997,463	585,389
Raw materials and consumables used	-17,842,896	-7,411,795	-17,030,389	-7,942,080
Employee benefit expenses	-35,170,846	-5,426,256	-33,719,739	-4,961,190
Operating expenses	-89,220,827	-5,169,822	-82,616,627	-4,855,191
Depreciation & amortization	-54,610,527	-522,752	-49,551,342	-544,923
Other revenue & expenses	1,392,941	387,359	7,652	125
Financial income	4,757,121	209,157	5,026,109	206,993
Financial costs	-22,449,331	-70,953	-20,523,873	-101,535
Result of indexation & exchange differences	-9,654,696	14,892	-17,023,547	16,152
Income tax charge	-32,844,052	-827,401	-27,595,049	-589,231
<b>Earnings by segment</b>	<b>101,650,640</b>	<b>2,477,842</b>	<b>100,866,396</b>	<b>1,612,845</b>
<b>Earnings by segment attributable to owners of the controller</b>	<b>98,951,854</b>	<b>2,477,842</b>	<b>97,943,624</b>	<b>1,612,845</b>
Earnings (losses) by segment attributable to non-controller participations	2,698,786	0	2,922,772	0

Total assets, liabilities & equity	30-09-2017		30-09-2016	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-Water Th\$
Current assets	115,970,840	13,215,205	172,864,658	13,158,165
Non-current assets	1,601,262,692	14,884,541	1,575,986,816	15,034,226
<b>Total assets</b>	<b>1,717,233,532</b>	<b>28,099,746</b>	<b>1,748,851,474</b>	<b>28,192,391</b>
Current liabilities	161,773,273	8,007,472	208,250,144	8,905,636
Non-current liabilities	878,575,192	145,055	872,883,250	122,410
Equity attributable to owners of the controller	625,496,509	19,947,219	614,992,835	19,164,345
Non-controller participations	51,388,558	0	52,725,245	0
<b>Total equity &amp; liabilities</b>	<b>1,717,233,532</b>	<b>28,099,746</b>	<b>1,748,851,474</b>	<b>28,192,391</b>

## Significant items of revenue and expenses by segment

### Water and Non-Water Segments

The significant items of ordinary revenue and expenses are principally those related to the business of the segment. There are also relevant sums in relation to expenses for depreciation, personnel and other assorted expenses, including relevant expenditures from outsourced services.

### Revenue

The Company's Revenue is mainly generated by the regulated services relating to the production and distribution of water, collection, treatment and disposal of sewage, and other regulated services (including revenue from suspending and restoring supplies, the monitoring of liquid waste discharges and fixed charges).



## **Detail of significant revenue items**

### **Water Segment**

The significant items of ordinary revenues are principally those related to the water and sewage businesses, i.e. from the potable water and sewage water business, that is, income from the sale of water, excess consumption, variable charge, fixed charge, sewage service, sewer use and wastewater treatment. It is also possible to identify revenue sales of fixed assets.

### **Tariffs**

The most important factor determining the results of the Company's operations and financial position are the tariffs set for its regulated sales and services. As regulated companies, Aguas Andinas and its sanitation subsidiaries are regulated by the SISS and their tariffs are set in accordance with the Sanitation Services Tariffs Law N°70 of 1988.

The tariff levels are reviewed every five years and, during that period, are subject to additional adjustments linked to polynomial indexation, if the accumulated variation since the previous adjustment is 3.0% or more, according to calculations made as a function of different inflation indices.

Specifically, the adjustments are applied as a function of a formula that includes the Consumer Price Index, the Wholesale Price Index for Imported Industrial Goods and the Wholesale Price Index for National Industrial Goods, all published by the Chilean National Institute of Statistics. Tariffs are also subject to adjustment to reflect additional services previously authorized by the SISS.

In 2015 the tariff negotiation processes ended for the 2015-2020 period, the decrees fixing the tariffs during the referenced five-year period for Aguas Andinas S.A., Aguas Cordillera S.A and Aguas Manquehue S.A, correspond to numbers 152-2015; 83-2015; and 139 2015 respectively.

While, to Essal S.A. subsidiary, the current tariffs for 2016-2021 period were approved by Decree N° 143 on August 25, 2016, published on January 21, 2017 in the Official Journal.

### **Non-water segment**

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

## **Details of significant expense items**

### **Water segment**

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



## Non-water segment

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

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

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

The accounting criteria relate to the booking of economic events giving rise to rights and obligations in the same way that these arise in economic relations with third parties. These records will generate committed balances in an asset and liability account according to the nature of the transaction in each related company according to the segment in which it operates. These accounts, called accounts receivable or payable from/to related companies, are netted in the consolidation of the financial statements in accordance with the rules of consolidation explained in IAS 27.

There are no differences in the nature of the measurement of results, given that according to the standard, there are no accounting policies that show different criteria of assignment of costs or similar.

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

<b>Reconciliation of revenues from ordinary activities</b>	<b>30-09-2017</b>	<b>30-09-2016</b>
	<b>Th\$</b>	<b>Th\$</b>
Revenues from ordinary activities of the segments	378,589,166	364,276,926
Elimination of ordinary activity revenues between segments	-3,945,222	-3,582,852
<b>Revenues from ordinary activities</b>	<b>374,643,944</b>	<b>360,694,074</b>

<b>Reconciliation of earnings</b>	<b>30-09-2017</b>	<b>30-09-2016</b>
	<b>Th\$</b>	<b>Th\$</b>
Total consolidated earnings (loss) of segments	104,128,482	102,479,241
Consolidation of elimination of earnings (loss) between segments	-2,698,786	-2,922,772
<b>Consolidation of earnings (loss)</b>	<b>101,429,696</b>	<b>99,556,469</b>



Reconciliations of segment assets, liabilities & equity of segments	30-09-2017 Th\$	30-09-2016 Th\$
<b>Reconciliation of assets</b>		
Consolidation total assets of segments	1,745,333,277	1,777,043,865
Elimination of accounts between segments	-5,532,921	-5,224,729
<b>Total assets</b>	<b>1,739,800,356</b>	<b>1,771,819,136</b>
<b>Reconciliation of liabilities</b>		
Consolidation total liabilities of segments	1,048,150,644	1,090,161,440
Elimination of accounts between segments	-5,182,573	-5,224,729
<b>Total liabilities</b>	<b>1,042,968,071</b>	<b>1,084,936,711</b>
<b>Reconciliation of equity</b>		
Consolidation total equities of segments	645,443,727	634,157,180
<b>Equity attributable to owners of the controller</b>	<b>645,443,727</b>	<b>634,157,180</b>

### Information on principal customers of the subsidiaries:

Main water segment customers:

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

Main non-water segment Customers:

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

### Types of products in the water and non-water segments:

#### Water segment

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

- Production and distribution of water.
- Collection and treatment of sewage.

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



## Non-water segment

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

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

## Note 27. ENVIRONMENT

### Information on disbursements related to the environment

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

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

#### Aguas Andinas S.A.

Project Name	30-09-2017 Th\$	31-12-2016 Th\$
Expansion & improvements Curacaví WWTP	1,067,169	8,542
Expansion & improvements Greater Santiago WWTP	10,512,154	44,206,465
Expansion & improvements Other Districts WWTP	33,397	2,886
Expansion & improvements Paine WWTP	2,384	29,943
Expansion & improvement Pomaire WWTP	0	22,742
Expansion & improvement San José de Maipo WWTP	1,063	24,040
Expansion & improvement Talagante WWTP	717,608	53,815
Expansion & improvements Valdivia de Paine WWTP	215	34,996
Improvement & renewal equipment & installations	863,295	1,150,811
<b>Total</b>	<b>13,197,285</b>	<b>45,534,240</b>

#### Aguas Manquehue S.A.

Project Name	30-09-2017 Th\$	31-12-2016 Th\$
Improvement & renewal equipment & installations	43,725	91,427
<b>Total</b>	<b>43,725</b>	<b>91,427</b>



## Essal S.A.

Project Name	30-09-2017 Th\$	31-12-2016 Th\$
Improvement in disposal infrastructure	79,959	318,325
Improvement of EDAR system	150,853	542,240
Renewal of treatment & disposal equipment	75,193	36,579
<b>Total</b>	<b>306,005</b>	<b>897,144</b>

## Projected environmental investments for the 2017 period:

Company	Th\$
Aguas Andinas S.A.	12,506,397
Aguas Manquehue S.A.	40,545
Essal S.A.	300,479
<b>Total</b>	<b>12,847,421</b>

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

All of the projects mentioned form part of the cost of construction of the respective works.

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

The projected disbursements are estimated to be made during the 2017 year.

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

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

Dated October 25, the Company Essal successfully completed the bond placement for a total of U.F 1.0 million, the resources will be allocated to the liabilities refinancing and the investment financing.

The issuance was made through the placement of C series for a total of U.F 1.0 million, structured to 23 years with 15 years of grace, it was place at a rate of 2.93% with a total demand of 3.4 times, which meant a spread of 68 basis points over benchmark of 2.25%.

At the date of issuance of these interim consolidated financial statements, the Management of the Company and Subsidiaries are not aware of any other subsequent events that affect the financial position as of September 30, 2017.

\* \* \* \* \*

