



**Consolidated Financial Statements
for the fiscal years ended
December 31, 2018 and December 31, 2017**

AGUAS ANDINAS S.A. AND SUBSIDIARIES

**CONSOLIDATED
FINANCIAL STATEMENTS
AGUAS ANDINAS S.A. AND SUBSIDIARIES**

This document includes:

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

Consolidated Financial Position Statements
As at December 31, 2018 and December 31, 2017
(In thousand pesos - Th\$)

ASSETS	Nota	31-12-2018 Th\$	31-12-2017 Th\$
CURRENT ASSETS			
Cash and cash equivalent	7	39,980,474	18,808,340
Other non-financial assets		2,324,238	1,359,205
Commercial debtors and other accounts receivable	8	116,821,062	113,515,790
Accounts receivable from related entities	9	91,183	560,633
Inventories	10	3,636,388	3,925,378
Tax assets		5,660,627	12,449,415
Total current assets other than the assets or groups of available assets classified as being retained for sale or being retained to be distributed among holders		168,513,972	150,618,761
TOTAL CURRENT ASSETS		168,513,972	150,618,761
NON-CURRENT ASSETS			
Other financial assets	8	7,852,912	7,807,734
Other non-financial assets		495,067	895,341
Receivables	8	4,500,020	2,276,380
Intangible assets other than goodwill	11	224,864,424	227,084,499
Goodwill	12	36,233,012	36,233,012
Properties, plant and equipment	13	1,440,093,131	1,351,763,816
Deferred tax assets	24	23,499,561	20,200,593
TOTAL NON-CURRENT ASSETS		1,737,538,127	1,646,261,375
TOTAL ASSETS		1,906,052,099	1,796,880,136

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

Consolidated Financial Position Statements
as of December 31, 2018 and December 31, 2017
(In thousand pesos - Th\$)

EQUITY AND LIABILITIES	Note	31-12-2018 Th\$	31-12-2017 Th\$
CURRENT LIABILITIES			
Other financial liabilities	8	33,963,316	63,045,352
Trade debts and other accounts payable	8	136,872,967	105,645,880
Accounts payable from related entities	9	46,569,102	44,074,859
Other provisions	15	2,992,246	2,603,819
Tax liabilities		181,758	12,639
Provisions for employee benefits	19	5,496,070	5,473,412
Other non-financial liabilities		16,243,065	16,255,942
Total current liabilities other than the liabilities included in available liability groups classified as being retained for sale		242,318,524	237,111,903
TOTAL CURRENT LIABILITIES		242,318,524	237,111,903
NON-CURRENT LIABILITIES			
Other financial liabilities	8	912,513,179	802,978,167
Other accounts payable	8	983,335	982,075
Other provisions	15	1,341,233	1,301,105
Deferred tax liabilities	24	35,452,801	37,820,849
Provisions for employee benefits	19	17,338,241	15,328,801
Other non-financial liabilities		9,113,389	8,057,759
TOTAL NON-CURRENT LIABILITIES		976,742,178	866,468,756
TOTAL LIABILITIES		1,219,060,702	1,103,580,659
EQUITY			
Issued capital	3	155,567,354	155,567,354
Accumulated earnings	3	324,954,813	328,964,934
Share premium	3	164,064,038	164,064,038
Other equity interests	3	(5,965,550)	(5,965,550)
Equity attributable to owners of the controller		638,620,655	642,630,776
Non-controlling interests	4	48,370,742	50,668,701
TOTAL EQUITY		686,991,397	693,299,477
TOTAL EQUITY AND LIABILITIES		1,906,052,099	1,796,880,136

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

Comprehensive consolidated revenue statements by nature
For the fiscal years ended on December 31, 2018 and 2017
(In thousand pesos - Th\$)

REVENUE STATEMENT BY NATURE	Note	31-12-2018 Th\$	31-12-2017 Th\$
Revenues for regular activities	17	530,404,680	509,540,577
Used raw materials and expendables		(39,229,232)	(34,924,849)
Provisions for employee benefits	19	(59,153,387)	(55,548,304)
Expenses related to depreciation and amortization	11-13	(75,467,585)	(74,394,154)
Other expenses by nature	21	(122,358,326)	(120,462,471)
Other (losses) earnings	5	(1,124,474)	2,608,255
Financial revenue	5	5,856,180	6,052,997
Financial costs	5	(29,996,785)	(31,112,258)
Exchange differences	20	(83,558)	8,988
Results of indexation adjustments	22	(23,022,736)	(11,945,903)
Earnings before taxes		185,824,777	189,822,878
Expenses for earnings taxes	24	(46,506,422)	(46,340,625)
Earnings from continuous operations		139,318,355	143,482,253
Earnings		139,318,355	143,482,253
Earnings due to			
Earnings attributable to owners of the controller		136,056,517	139,620,280
Earnings attributable to non-controlling shares	4	3,261,838	3,861,973
Earnings		139,318,355	143,482,253
Earnings per share			
Earnings per basic shares in continuous operations	25	22.235	22.818
Earnings per basic shares		22.235	22.818

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

Comprehensive consolidated revenue statements by nature
For the fiscal years ended on December 31, 2018 and 2017
(In thousand pesos - Th\$)

COMPREHENSIVE REVENUE STATEMENT	Note	31-12-2018 Th\$	31-12-2017 Th\$
Earnings		139,318,355	143,482,253
OTHER COMPREHENSIVE REVENUE STATEMENT			
Components of other comprehensive revenue statement that will not be regraded to the result of the fiscal year, before taxes			
Actuarial surplus (losses) for defined profit plans	19	(1,534,815)	1,340,799
Other Comprehensive revenue statement that will not be regraded to the result of the fiscal year, before taxes		(1,534,815)	1,340,799
Taxes on incomes related to components of other comprehensive revenue statement that will not be regraded to the result of the fiscal year			
Tax on incomes related to defined profit plans		289,002	(362,016)
Taxes on earnings related to the components of other comprehensive revenue statement that will not be regraded to the result of the fiscal year		289,002	(362,016)
Total other comprehensive revenue statement		(1,245,813)	978,783
TOTAL COMPREHENSIVE REVENUE STATEMENT		138,072,542	144,461,036
Comprehensive revenue statement attributable to			
Comprehensive revenue statement attributable to the owners of the controller		134,906,053	140,601,412
Comprehensive revenue statement attributable to non-controlling shares	4	3,166,489	3,859,624
Total comprehensive revenue statement		138,072,542	144,461,036

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

Consolidated direct cash flow statements
For the fiscal years ended on December 31, 2018 and 2017
(In thousand pesos - Th\$)

Direct cash flow statement	Note	31-12-2018 Th\$	31-12-2017 Th\$
Types of collections from Operating activities		629.502.099	597,048,972
Collections from the sales of assets and services		627.029.422	592,919,710
Collections from premiums and benefits, annuities and other policies' earnings		1,183,157	2,532,452
Other collections from Operating activities		1,289,520	1,596,810
Types of payments in cash from Operating activities		(315.043.141)	(311,191,522)
Vendors payment for goods and services		(197.319.654)	(196,301,864)
Payments to and on behalf of the employees		(65,375,320)	(56,738,355)
Payments of premiums and services, annuities and other liabilities arising from the contracted policies		(938,321)	(3,463,921)
Other payments for Operating activities		(51.409.846)	(54,687,382)
Cash flow accruing (used in) operations		(68.957.954)	(72,388,282)
Interests paid		(23,504,622)	(20,265,514)
Interests accrued		843,116	345,631
Taxes paid on earnings (reimbursed)		(44.673.978)	(50,273,620)
Other cash in-flow (out-flow)		(1,622,470)	(2,194,779)
Cash flow from (used in) Operating activities		245,501,004	213,469,168
Amounts from the sale of properties, plant and equipment		5,108,439	622,475
Purchase of properties, plant and equipment		(137,239,472)	(112,299,077)
Purchase of intangible assets		(297,701)	(678,500)
Interests accrued		-	402,982
Other cash in-flow (out-flow)		(3,022,315)	(1,876,838)
Cash flow from (used in) investment activities		(135,451,049)	(113,828,958)
Amounts from long-term loans		113,109,288	43,604,119
Amounts from short-term loans		51,654,646	67,841,887
Amounts from loans, classified as financing activities		164,763,934	111,446,006
Loan reimbursements		(110,230,806)	(115,692,132)
Dividends paid		(143,316,076)	(141,462,187)
Other cash inflow (outflow)		(94,873)	-
Cash flows from (used in) financing activities		(88,877,821)	(145,708,313)
Effects of exchange rate variations on cash and cash equivalent			
Net Increase (decrease) in cash or cash equivalent		21,172,134	(46,068,103)
Cash and cash equivalent at the beginning of the fiscal year		18,808,340	64,876,443
Cash and equivalent cash at the end of the fiscal year	7	39,980,474	18,808,340

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

Statement of Changes in Consolidated Net Equity
For the fiscal years ended on December 31, 2018, and 2017
(In thousand pesos - Th\$)

Statement of equity changes	Note	Issued share capital	Bond issue premiums	Other equity shares	Reserve of actuarial earnings or losses in defined profit plans	Accumulated earnings (losses)	Equity attributable to the owners of the controller	Non-controlling shares	Total equity
		Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Initial balance as at 01-01-2018		155,567,354	164,064,038	(5,965,550)	-	328,964,934	642,630,776	50,668,701	693,299,477
Comprehensive result									
Earnings		-	-	-	-	136,056,517	136,056,517	3,261,838	139,318,355
Other comprehensive result		-	-	-	(1,150,464)	-	(1,150,464)	(95,349)	(1,245,813)
Dividends	3	-	-	-	-	(138,916,174)	(138,916,174)	-	(138,916,174)
Reduction due to transfers and other changes	3 - 4	-	-	-	1,150,464	(1,150,464)	-	(5,464,448)	(5,464,448)
Total of changes in the equity		-	-	-	-	(4,010,121)	(4,010,121)	(2,297,959)	(6,308,080)
Final balance as at 31-12-2018	3-4	155,567,354	164,064,038	(5,965,550)	-	324,954,813	638,620,655	48,370,742	686,991,397



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

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



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Note 1. OVERVIEW

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

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

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

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

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

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

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



Note 2. PREPARATION BASIS AND Accounting POLICIES

2.1 Preparation basis

These consolidated financial statements are the consolidated financial position statements as of December 31, 2018 and December 31, 2017 and the consolidated comprehensive statements of changes in net equity and cash flows for fiscal years ended on December 31, 2018 and December 31, 2017. They have been prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the comprehensive, explicit adoption of the referred IFRS without reservations.

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

Functional and presentation currency

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

New accounting pronouncements

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

Standards and Interpretations	Date of mandatory enforcement
IFRS 9, Financial instruments, Acknowledgement and measurement	Annual periods beginning on or after January 1, 2018
IFRS 15, Revenue from client contracts	Annual periods beginning on or after January 1, 2018
IFRIC 22, Foreign currency transactions and advance consideration	Annual periods beginning on or after January 1, 2018



Amendments	Date of mandatory enforcement
IFRS 1, Adoption of IFRS for the first time Elimination of interim exceptions first adopted by entities	Annual periods beginning on or after January 1, 2018
IFRS 2, Share-based payments - Classification and measurement of share-based transactions	Annual periods beginning on or after January 1, 2018
IFRS 4, Insurance contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Annual periods beginning on or after January 1, 2018
IAS 28, Investment in associates and joint ventures – Decision of measuring shareholding in associated and joint ventures at reasonable value with change in results.	Annual periods beginning on or after January 1, 2018
IAS 40, Investment property – Investment property transfers	Annual periods beginning on or after January 1, 2018

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

Standards and Interpretations	Date of mandatory enforcement
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019
IFRIC 23, Treatment of uncertain fiscal positions	Annual periods beginning on or after January 1, 2019
Conceptual framework	Annual periods beginning on or after January 1, 2020
IFRS 17, Insurance contracts	Annual periods beginning on or after January 1, 2021

Amendments	Date of mandatory enforcement
IFRS 3, Business Combinations – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IFRS 9, Financial instruments – Payments with negative compensation	Annual periods beginning on or after January 1, 2019
IFRS 11, Joint agreements – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IAS 12, Corporate revenue taxes – Tax consequences of payments related to FINANCIAL INSTRUMENTS classified as equity.	Annual periods beginning on or after January 1, 2019
IAS 23, Borrowing costs – Borrowing costs eligible to be capitalized	Annual periods beginning on or after January 1, 2019
IAS 28, Investment in associates and joint ventures – Long-term investments in partnerships or joint ventures.	Annual periods beginning on or after January 1, 2019
IAS 19, Employee benefits – modification, reduction or settlement of the plan	Annual periods beginning on or after January 1, 2019
IFRS 3, Business Combinations – Defining a business	Annual periods beginning on or after January 1, 2020
IAS 1, Presentation of financial statements and IAS 8, Investments in associated companies - Definition of material	Annual periods beginning on or after January 1, 2020
IFRS 10 y IAS 28, Consolidated Financial Statements – Sale or contribution of assets between an investor and its partner or joint venture	Pending



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

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

The Company evaluated the credit loss policy of its commercial debtors (described in Note 2 letter H), concluding that this policy implicitly considers an expected loss model, as this standard requires. This assessment is based on available and sustainable credit risk information.

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

The Company's Management has been analyzing the eventual impact of these standards and amendments to the financial statements. However, those to enter into effect in annual periods starting on January 1, 2019 have been analyzed and they are not expected to have a significant impact on the preparation and presentation of future financial statements.

The application of IFRS 16 "Leasing" in the year 2019 will have an initial estimated impact of Thousand Ch\$ 1,713,735 on the consolidated assets and liabilities.

Responsibility for the information and calculations

The information contained in these consolidated financial statements is responsibility of the Board of Directors of the Company, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. The Board of Directors, in a meeting held on March 20, 2019, approved these consolidated financial statements

The financial statements of Aguas Andinas S.A. and Subsidiaries for the fiscal year 2017 were approved by their Director's Committee in the Meeting held on March 28, 2019.

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

- Useful life of intangible fixed assets
- Asset appraisal and purchased goodwill (goodwill or decreased investment value)
- Loss due to depreciation



- Hypotheses used in the actuarial calculation of benefits for termination of contracts of employment
- Hypotheses used in the calculation of the reasonable value of financial instruments
- Revenue from supplies to be billed
- Provisions due to third-party commitments
- Risks resulting from current disputes

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

2.2 Accounting policies

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

A. Bases for consolidation

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

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

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

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

Tax Identification Number	Company name	Direct %	Indirect %	Total 2017 %	Direct %	Indirect %	Total 2017 %
96.809.310-K	Aguas Cordillera S.A.	99.99003	0.00000	99.99003	99.99003	0.00000	99.99003
89.221.000-4	Aguas Manquehue S.A.	0.00043	99.99957	100.00000	0.00043	99.99957	100.00000



96.967.550-1	Análisis Ambientales S.A.	99.00000	1.00000	100.00000	99.00000	1.00000	100.00000
96.945.210-3	Ecoriles S.A.	99.03846	0.96154	100.00000	99.03846	0.96154	100.00000
96.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2.50650	51.00000	53.50650	2.50650	51.00000	53.50650
96.828.120-8	Gestión y Servicios S.A.	97.84783	2.15217	100.00000	97.84783	2.15217	100.00000
96.897.320-7	Inversiones Iberaguas Ltda.	99.99998	0.00002	100.00000	99.99998	0.00002	100.00000
76.190.084-6	Aguas del Maipo S.A.	82.64996	17.35004	100.00000	82.64996	17.35004	100.00000

B. Operating Segments

IFRS 8 sets the standards for reporting Operating Segments and releasing products and services. Operating Segments are defined as components of an entity for which separate financial information is allocated and regularly reviewed by Management for making decisions on the assignment of resources to the subsidiaries and evaluating their performance.

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

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

C. Intangible assets other than goodwill

The Company recognizes an intangible asset as being identifiable as long as it proves to be likely to bring about future economic benefits that will flow to the entity and its cost can be reliably valued.

i. Intangible assets acquired separately:

Intangible assets acquired separately are shown at cost subtracting accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over their estimated useful lives. Estimated useful lives and the amortization method are checked at the closing of each balance sheet, including the effect of any change in the estimate thereon.

ii. Amortization method for intangible assets:

Intangible assets with defined useful lives



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

Software

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

Intangible assets with indefinite useful lives

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

Determination of useful life

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

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

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

D. Goodwill

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

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

In the event the definitive goodwill is recorded in the financial statements for the year following the share acquisition, the items of the previous year shown for comparison purposes are modified to



incorporate the value of the acquired assets and liabilities and the definitive goodwill from the share acquisition date.

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

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

E. Property, plant and equipment

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

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

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

The depreciation method applied by the Company reflects how the assets are expected to be used by the entity over the fiscal year in which they generate profit. The Company therefore uses the straight-line depreciation method over the technical useful life, based on technical studies prepared by independent experts (specialized external companies). The residual value and useful life of assets are checked and adjusted, if necessary, at each closing of the Balance Sheet.

When the value of an asset is higher than its estimated recoverable amount it is immediately reduced to the amount recoverable (Note 13).

Useful lives

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

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

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



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

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

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

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

Fixed asset sales policy

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

F. Impairment of tangible and intangible assets except goodwill

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

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

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

When the recoverable value of an asset (or cash-generating unit) is considered to be less than its book value, the book value of that asset (or cash-generating unit) is adjusted to its recoverable value and the results immediately show a loss for impairment. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the recoverable value revised estimate,



provided that the adjusted book value does not exceed the book value that would have been determined if no loss for asset (or cash-generating unit) impairment had been acknowledged in previous fiscal years.

G. Leases

i. Financial leases

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

ii. Operative leases

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

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

iii. Implicit leases

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

H. Financial assets

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

Financial assets are classified in the following categories:

- Financial assets at fair value with changes in results.
- Financial assets at fair value with changes in integral results.
- Financial assets at amortized cost.

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



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

The institutions issuing these instruments are bank Companies or bank subsidiaries with an N-1 credit rating, and their instruments have a rating of 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 in 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 revenue or expense over the whole fiscal year. The effective interest rate is the rate that exactly discounts the estimated future cash flows receivable over the expected life of the financial asset and equals the Net Present Value (NPV) to its nominal value.

ii. Fair value with changes in other comprehensive income

For the classification of an asset with fair value with effect on other comprehensive income, the sale of financial assets for which it is expected to recover the principal amount in addition to the interest, if applicable, must be met as a principle.

iii. 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 fair value with changes in results.

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

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

iv. Financial assets at amortized cost

Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets payable in fixed or determinable periods and are not traded on an active market and are classified as loans and accounts receivable. Loans and accounts receivable are valued at amortized cost using the effective



interest rate method minus any loss for impairment, except for short-term accounts receivable, where the acknowledgement of interest would be immaterial.

Trade debtors and other accounts receivable

Trade debtors correspond to the amounts billed for water consumption, sewage services, sewage treatment and other services and the accrued revenue from consumption between the date of the last meter reading (following an established monthly routine) and the financial statement closing date. These are recorded at net value of estimated bad debt or of debt with low collection probability.

The trade debtor policy is subject to the credit policy, which sets the payment conditions and also the different scenarios for settling accounts with delinquent clients.

Policy of impairment of commercial debtors and other accounts receivable

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

Estimates are based on the following historic situation: considering recovery statistics, which indicate that after the eighth months of an unpaid invoice, the possibility of collection is marginal; in other words, the probability of recovering of the amount billed is minimal.

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

For Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., a provision of 100% of the agreed balance is made for consumption debt converted 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 debt 120 days overdue.
A 100% provision is made for overdue notes receivable.

I. Inventories

Materials, spare parts and inputs are valued at acquisition cost, which does not exceed their net sell-off value. The costing method is the weighted average cost. Semiannually, an estimate is made of deterioration of those materials that are damaged, that are partially or totally obsolete, or without rotation during the last 12 months and whose market price has fallen by more than 20%.



J. Dividend policy

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

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

K. Foreign currency transactions

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

Currency	31-12-2018 \$	31-12-2017 \$
American dollar	694.77	614.75
Euro	794.75	739.15

Foreign currency transactions are converted to the functional currency using the exchange rates as of the transaction date. Foreign currency gains and losses resulting from the liquidation of these transactions and their conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of comprehensive results. Different exchange rates are registered in the results of the fiscal year in which they have accrued.

L. Financial liabilities

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

M. Derivative financial instruments and hedge accounting

The employment of derivative financial instruments by Aguas Andinas S.A. and Subsidiaries follows the Group's financial risk management policies, which establish the guidelines for use.

The group uses derivative financial instruments as hedging instruments to mitigate the risks of inflation, interest rate and foreign currency on existing items that have been exposed by reason of their operations.



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

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

The treatment of hedge operations with derivative instruments is the following:

Fair value hedging. Changes in the market value of derivative financial instruments designated as hedges, as well as the items hedged, are recorded as credit or charge to the financial results in the respective result accounts.

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

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

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

Effectiveness. Hedging is considered to be highly effective when the changes in fair value or cash flows of the underlying item directly attributable to the hedged risk are offset by changes in the fair value or cash flow of the hedge instrument, with effectiveness ranging from 80% to 125%.

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

N. Provisions and contingent liabilities

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



The provisions are quantified considering the best information available on the matter and its consequences and is reviewed at each accounting closing. The provisions made are used to cover the specific risks for which they were originally recognized, their full or partial revision being required when such risks disappear or decrease.

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

O. Employee benefits

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

Aguas Andinas S.A.

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

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

Seniority compensation in Aguas Cordillera S.A. and Aguas Manquehue S.A. is governed by the Labor Code, except the amount of the indemnity in any event accumulated to December 31, 2002 and the termination benefit of 1 monthly wage without any amount or age limit for workers covered by current collective bargaining agreements and for those to whom this benefit was extended via their individual contract of employment. The amount in any event accumulated to that date is adjusted quarterly in line with the changes in the consumer price index. Likewise, the above-mentioned collective bargaining agreements also state that workers who retire from Aguas Cordillera S.A. and Aguas Manquehue S.A. continue to accrue this benefit beyond December 2002.



ESSAL S.A.

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

Advances granted to staff from such funds are shown by deducting existing obligations. They shall be charged in the final settlement in a readjusted manner, in accordance with the provisions of the aforementioned agreements.

For the other subsidiaries there are no benefits of this nature.

P. Revenue tax and deferred taxes

The charge for revenue tax is the sum of revenue tax payable and variations in deferred tax assets and liabilities.

Revenue tax payable is determined on the basis of the tax result for the fiscal year. The revenue tax to be paid by the Group is calculated using tax rates approved or in the process, on the closing date of the Balance Sheet.

Deferred taxes are recognized on the basis of differences between the book values of assets and liabilities contained in the financial statements and the corresponding tax figures used in the calculation of the tax result and are recorded using the balance-sheet liability method. Deferred tax liabilities are recorded for all taxable timing differences, and deferred tax assets are recognized for all deductible timing differences as long as future tax benefits are likely to offset such differences. Deferred tax assets or liabilities are not recognized if timing differences arise from the reduced value or initial Acknowledgement (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect neither the tax results nor the financial results.

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

Deferred tax assets and liabilities are measured at the tax rates expected to be in effect at the time of settling the liability or realizing the asset, based on the tax rates that have been approved or are about to be approved at the closing of the Balance Sheet. The measurement of deferred assets and liabilities reflects the possible tax consequences of the way in which Group expects to recover or settle the book values of its assets and liabilities to the date of report.

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



Q. Current revenue

Policy for acknowledging current revenue.

The Company determined its recognition and measurement of revenues from ordinary activities, based on the principle that revenues are recognized for an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. This fundamental principle must be applied based on a five-step model:

- (1) identification of the contract with the client;
- (2) identification of performance obligations of the contract;
- (3) determination of the price of the transaction;
- (4) allocation of the transaction price to performance obligations; Y
- (5) recognition of income when (or as) the performance obligations are met.

Policy for acknowledging current revenue from sales of goods

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

Policy for acknowledging current 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 on the consideration receivable, net returns, trade discounts and rebates, so the revenue is recorded when it is transferred to the client and recovery is considered probable. In addition, the associated costs and possible discounts for erroneous billings can be reliably estimated.

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

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

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

The transfer of risks and benefits varies according to the corporate business. For Water Utilities, the provision of services and any related charge are based on the actual consumption and a monthly provision is made for unbilled consumption, based on the previous billing. For Anam S.A., EcoRiles S.A.,



Gestión y Servicios S.A. and Aguas del Maipo S.A., invoicing and the possible are based on the work carried out.

Method used for determining the service termination status

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

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

R. Earnings per share

Basic earnings per share are calculated as the ratio between the earnings (loss) attributable to the holders of Net Equity of the Controller and the average weighted number of common shares in circulation during the periods ending December 31, 2018 and 2017.

During the fiscal years ending December 31, 2018 and 2017, the Group has carried out no operation with a potential diluting effect that supposes that diluted earnings per share are any different to basic earnings per share.

S. Environmental information

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

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

T. Consolidated statement of cash flows

Cash flow statements record the cash account activity during the fiscal year, which include Value Added Tax (VAT), determined by the direct method under the following criteria:

Cash and cash equivalent: Inflows and outflows of cash and equivalent financial assets. They are understood as being easily-liquidated short-term investments with a low value variation risk (maximum unrestricted term of 3 months from investment date).

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



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

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

U. Construction contracts

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

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

The Group shows the gross amount owed by customers for the work of all the contracts in progress as an asset for which the costs incurred plus recognized earnings (minus acknowledged losses) exceed the partial invoicing. Partial invoicing unpaid by customers and the withholdings are included in “Trade debtors and other accounts receivable”.

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

V. Capitalized financing costs

Policy on interest-bearing loans:

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

Policy on interest-cost capitalization:

Interests paid or accrued on debt used to finance qualified assets are capitalized, as stipulated in IAS 23, which states that when the Entity acquires debt to finance investments, the interest on that debt should be deducted from the financial expense and incorporated to the construction project being financed up to the total amount of such interests, applying the respective rate to the disbursements to the financial statement submission date.



W. Reclassifications

For comparison purposes, certain reclassifications have been made as of December 31, 2017, according to the following detail:

Reclassifications	Increase/ (Decrease) Th\$
Statement of financial result:	
Trade accounts and other accounts payable	(483,226)
Accounts payable to related entities	483,226

Note 3. EQUITY ATTRIBUTABLE TO Controller's PROPERTY OWNERS

The corporate capital is divided into 6,118,965,160 registered shares without par value, completely subscribed and paid as of December 31, 2017, of which 94.97% corresponds to series A and 5.03% to series B.

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

Each series comprises the following:

Currency	30-09-2018	31-12-2017
Series A shares	5,811,031,417	5,811,031,417
Series B shares	307,933,743	307,933,743

The capital as of December 31, 2018 and December 31, 2017 amounts to Th\$155,567,354. There are no company treasury shares nor preferred shares in portfolio.

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

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

The following dividend payment was agreed during the fiscal year ended December 31, 2018:

- The Board of Directors Meeting of December 12, 2018 unanimously agreed to distribute the amount of Th\$43.223.758 as an interim dividend deductible from the earnings in fiscal year 2018. Consequently, the interim dividend No. 67 of the Company amounted to \$7,0639 per share. This payment was payable as from January 18, 2019.



- At the shareholders' meeting held on April 24, 2018, the distribution of the net earnings obtained by the company in the year 2017 were agreed, which amounted to Th\$139,620,280, excluding the line item "Results other earnings" of the Financial Statements, net of taxes, thus the amount to be distributed totaled Th\$137,677,083. Considering the distribution of the provisional dividend paid out on January 2018, the dividend to be distributed amounted to Th\$95,692,416 corresponding to a dividend of \$15.6386 per share, which was paid on May 24, 2018.

In the year ended December 31, 2017, the payment of dividends was agreed as follows:

In a boarding session held on December 14, 2017, it was agreed unanimously to distribute to the shareholders the sum of TH\$41.984.668, as a provisional dividend, from the earnings of the fiscal year 2017. By reason of the foregoing, the provisional dividend N ° 65 of the company, amounted to the sum of \$6.8614 per share. Payment became payable as of January 24, 2018.

At the shareholders' meeting held on April 24, 2017, it was agreed to distribute 89.88% of the net earnings of the year 2016 discounting the provisional dividend paid in January 2017. Because of the foregoing Company dividend N° 64 amounted to Th\$93,357,051 equivalent to \$15.2570 per share. The payment became due and payable as of May 22, 2017 and entitled to the 6,118,965,160 shares.

- **Provision for minimum dividend**

In accordance with the policy described in Note 2.2. Letter J, the Company has not entered a minimum dividend provision as of December 31, 2018.

Accumulated earnings

The amounts recorded for revaluation of land and intangible assets and other adjustments upon the first adoption of the IFRS are included as accumulated earnings and are subject to distribution restrictions, as they first have to be recognized as realized, through their use or sale, as established in IFRS 1, IAS 16 and Circular No. 456 of June 20, 2008 of the Superintendence of Securities and Insurance. Also included is the amount corresponding to the actuarial gains and losses determined since 2009, as a result of variations in the obligations for defined benefit plans. The total balance of accumulated earnings as of December 31, 2018 and December 31, 2017 amounted to Th\$324,954,813 and Th\$328.964.934, respectively.

Additionally, as of December 31, 2018 and 2017, modifications were introduced in the calculation parameters of actuarial earnings and losses of indemnifications, which generated an entry in accumulated results for Th\$1,150,464 y TH\$981,132 respectively. (See note 2.2.O)



- **Bond issue premiums**

The amount recorded for bond issue premiums is the markup on the sale of shares in 1999 due to the capital increase. The balance as of December 31, 2018 and December 31, 2017 amounted to Th\$164,064,038 for each fiscal year.

- **Other equity shareholdings**

The amounts included in Other shareholdings refer to the monetary correction of the capital paid in 2008, the year of transition to IFRS, in accordance with Circular No. 456 of the Superintendence of Securities and Insurance, and the effects of businesses combinations of companies under common control made in fiscal years 2007 and 2008. The balances as of December 31, 2018 and December 31, 2017 totaled Th\$-5,965,550.



Note 4. EQUITY ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDERS

The following table, broken down by Company, shows the effects of third-party shareholding in the equity and results as of December 31, 2018 and December 31, 2017:

Company	% Shareholding		Non-controlling shareholders			
	31-12-2018	31-12-2017	Equity		Result	
	%	%	31-12-2018 Th\$	31-12-2017 Th\$	31-12-2018 Th\$	31-12-2017 Th\$
Aguas Cordillera S.A.	0.00997%	0.00997%	20,223	20,295	1,825	1,883
Essal S.A. (1)	46.49350%	46.49350%	48,350,519	50,648,406	3,260,013	3,860,090
Total			48,370,742	50,668,701	3,261,838	3,861,973

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

The dividends paid to Non-controlling shareholders of the subsidiary Essal S.A amounted to Th\$5,684,812 as of December 31, 2018 and Th\$6,120,049 as of December 31, 2017.

Note 5. OTHER REVENUES AND EXPENSES

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

Non-operating revenues and expenses	31-12-2018 Th\$	31-12-2017 Th\$
Earnings (losses) on sale of non-current assets, not held for sale	4,391,244	2,121,639
Restructuring plan *	(3,152,487)	-
Losses of properties, plant & equipment replacement	(17,313)	(275,905)
Rejected projects and guarantee vouchers **	(2,551,759)	571,423
Other earnings	205,841	191,098
Other (losses) earnings	(1,124,474)	2,608,255
Bank loans	(3,326,453)	(4,092,913)
AFR Interest expenses	(6,088,030)	(6,527,947)
Bond interest expense	(19,649,641)	(18,182,263)
Other interest costs	(604,042)	(624,946)
Expenses for hedging instruments	-	(1,522,983)



Amortization of loan agreement complementary costs	(328,619)	(161,206)
Financial costs	(29,996,785)	(31,112,258)
Interest revenue	4,498,634	4,772,109
Earnings on redemption & extinction of debt	1,357,546	1,280,888
Financial revenue	5,856,180	6,052,997

* Corresponds to the indemnity paid during the year 2018 as a result of the restructuring plan carried out by the company, which involved dismissing 46 persons, consisting of two parts: the redesign of the organization looking for a greater efficiency, which entails eliminating certain positions and a voluntary retirement plan.

* * Mainly corresponds to the earnings (losses) as a result of discarded projects and guarantee vouchers (see note 15). In 2017 the company also reversed a provision for litigation of a company.



Note 6. FINANCIAL STATEMENTS OF SUBSIDIARIES

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

Summarized financial information by Subsidiary (Balance Sheet) as of December 31, 2018

31-12-2018	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	14,572,541	269,504,225	34,360,042	46,877,423	202,839,301
Aguas Manquehue S.A.	4,874,182	92,481,886	17,732,100	25,633,064	53,990,904
Inversiones Iberaguas Ltda.	1,820,982	65,220,985	33,186	0	67,008,781
Essal S.A.	22,086,592	167,386,351	21,913,688	92,060,682	75,498,573
EcoRiles S.A.	5,438,938	531,601	2,550,466	0	3,420,073
Gestión y Servicios S.A.	5,898,957	770,995	3,379,347	45,513	3,245,092
Análisis Ambientales S.A.	2,975,903	5,178,956	2,489,677	0	5,665,182
Aguas del Maipo S.A.	1,251,161	13,694,722	5,760,770	53,572	9,131,541

Summarized financial information by Subsidiary (Statement of Comprehensive Results) as of December 31, 2018

31-12-2018	Result of the fiscal year	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiaries	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	18,308,227	56,065,727	(34,883,515)	(2,873,985)
Aguas Manquehue S.A.	3,569,484	14,099,497	(8,380,740)	(2,149,273)
Inversiones Iberaguas Ltda.	5,499,575	-	(6,268)	5,505,843
Essal S.A.	10,857,446	58,268,739	(38,700,322)	(8,710,971)
EcoRiles S.A.	1,783,252	13,324,400	(10,870,582)	(670,566)
Gestión y Servicios S.A.	262,972	8,646,294	(8,279,949)	(103,373)
Análisis Ambientales S.A.	1,163,755	8,832,301	(7,166,509)	(502,037)
Aguas del Maipo S.A.	(181,604)	1,061,523	(1,206,172)	(36,955)

Summarized financial information by Subsidiary (Balance Sheet) as of December 31, 2017

31-12-2017	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
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Subsidiaries	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	14,540,106	268,599,745	29,796,925	49,784,017	203,558,909
Aguas Manquehue S.A.	4,698,352	88,826,395	15,292,813	24,353,717	53,878,217
Inversiones Iberaguas Ltda.	2,071,039	65,780,301	24,578	0	67,826,762
Essal S.A.	32,262,114	155,973,380	17,441,531	94,198,693	76,595,270
EcoRiles S.A.	4,718,568	501,160	2,101,177	0	3,118,551
Gestión y Servicios S.A.	6,325,828	780,187	3,687,532	41,863	3,376,620
Análisis Ambientales S.A.	1,838,309	4,614,248	1,700,455	0	4,752,102
Aguas del Maipo S.A.	2,066,321	14,356,295	7,200,920	109,474	9,112,222

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

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

Detail of Significant Subsidiaries

The definition of Significant Subsidiaries is based on their percentage participation in the operating results and their participation in fixed assets and results for the fiscal year with respect to the Consolidated Financial Statements.

The following entities are considered to be significant subsidiaries:

Name of significant subsidiary	Aguas Andinas S.A.	Aguas Manquehue S.A.	Essal S.A.
Country	Chile	Chile	Chile
Functional currency	CLP	CLP	CLP
Percent shareholding in significant subsidiary	99.99003%	100.00000%	53.50650%
Percent voting rights in significant subsidiary	99.99003%	100.00000%	53.50650%
Percent of consolidated values as of December 31, 2018			



Contribution margin	9.05%	2.44%	5.98%
Property, plant and equipment	8.21%	4.78%	11.00%
Net income for the period	10.82%	2.64%	2.76%

Note 7. CASH AND CASH EQUIVALENT

The table below contains a breakdown of this item:

Cash and cash equivalent	31-12-2018 TH\$	31-12-2017 TH\$
Banks	3,068,513	3,404,548
Term deposits (Note 8.6)	31,776,961	12,682,088
Mutual funds (Note 8.6)	5,135,000	2,721,704
Total	39,980,474	18,808,340

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

Detail of some items of cash flow statements

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

There are no legal restrictions hindering the immediate availability of cash balances and cash equivalents used by the Group.

Note 8. FINANCIAL INSTRUMENTS

8.1 Capital risk management

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

8.2 Significant accounting policies



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



8.3 Types of financial instruments

The summary table below shows the financial instruments as of December 31, 2018 and December 31, 2017:

Types of financial instruments	Currency	Note	31-12-2018 Th\$	31-12-2017 Th\$
Total financial assets			129,265,177	124,160,537
Total trade receivables and other accounts receivable, current			116,821,062	113,515,790
Trade receivables and other accounts receivable	CLP	8.5	116,807,876	113,435,556
Trade receivables and other accounts receivable	USD	8.5	4,820	24,567
Trade receivables and other accounts receivable	EUR	8.5	8,366	55,667
Information of related entities, current			91,183	560,633
Accounts receivable to related entities	CLP	9	91,183	560,633
Total financial assets, current			116,912,245	114,076,423
Rights receivable	CLP	8.5	4,500,020	2,276,380
Other financial assets	CLP	8.10	7,852,912	7,807,734
Total financial assets, non-current			12,352,932	10,084,114
Total financial liabilities			1,130,901,899	1,007,617,382
Other financial liabilities, current			33,963,316	63,045,352
Bank loans	CLP	8.4	3,503,647	7,436,617
Bonds	CLP	8.4	15,037,330	40,406,918
Reimbursable financial contributions	CLP	8.4	15,422,339	15,201,817
Trade accounts and other accounts payable			136,872,967	105,645,880
Trade accounts and other accounts payable	CLP	8.7	135,870,210	104,949,161
Trade accounts and other accounts payable	USD	8.7	903,099	166,687
Trade accounts and other accounts payable	EUR	8.7	99,658	530,032
Information on related entities, current			46,569,102	44,074,859
Accounts payable to related entities	CLP	9	46,569,102	44,074,859
Total financial liabilities, current			217,405,385	203,657,140
Other financial liabilities, non-current			912,513,179	802,978,167
Bank loans	CLP	8.4	92,519,209	88,735,865
Bonds	CLP	8.4	646,960,110	545,691,060
Reimbursable financial contributions	CLP	8.4	173,033,860	168,551,242
Other accounts payable, non-current			983,335	982,075
Other accounts payable	CLP	8.7	983,335	982,075
Total financial liabilities, non-current			913,496,514	803,960,242



8.4 Disclosure of information on financial liabilities

Other financial liabilities

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

Reimbursable Financial Contributions (AFR, in its Spanish acronym)

In accordance with article 42-A of Supreme Decree MINECON No. 453 of 1989, "Reimbursable Financial Contributions, for extension and capacity, constitute a financing alternative for the supplier (water utility services company) to carry out works for extending and increasing the sanitation capacity, which by law must be borne by it."

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

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

The following table summarizes reimbursable financial contributions as of December 31, 2018 and December 31, 2017:

Reimbursable Financial Contributions, current portion

Registration No. or identification of the instrument	Currency indexation unit	Residual UF	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuing company	Issuer Tax Identification Number	Type of repayment	Secured (Yes/No)
			31-12-2018	31-12-2017							
			Th\$	Th\$							
AFR	CLF	405,132.38	10,460,816	12,371,284	4.18%	4.01%	Chile	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	CLF	99,089.74	3,836,401	2,306,972	4.14%	4.00%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	CLF	35,298.71	1,125,122	523,561	3.53%	3.37%	Chile	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
Total		539,520.83	15,422,339	15,201,817							



Reimbursable Financial Contributions, non-current portion

Registration No. or identification of the instrument	Currency indexation unit	Residual UF 31-12-2018	Book value		Maturity date	Contract real interest rate	Effective rate	Issuing company	Issuer Tax Identification Number	Type of repayment	Secured (Yes/No)
			31-12-2018 Th\$	31-12-2017 Th\$							
AFR	CLF	4,425,036.64	122,915,519	118,712,970	14-09-2033	3.21%	3.04%	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	CLF	781,644.32	21,717,829	23,465,635	04-09-2033	3.12%	2.95%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	CLF	645,839.23	17,950,443	17,241,804	20-10-2032	3.14%	3.02%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	CLF	375,842.97	10,450,069	9,130,833	01-10-2033	3.48%	3.52%	Essal S.A	96.579.800-5	At maturity	No
Total		6,228,363.16	173,033,860	168,551,242							



The tables below show a detail of bank loans as of December 31, 2018 and December 31, 2017:

Total bank loan balances, current fiscal year

Debtor Tax Identification Number	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5	
Name debtor	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	
Country debtor	Chile	Chile	Chile	Chile	Chile	
Creditor Tax Identification Number	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-7	97.006.000-6	
Creditor name	Banco de Chile	Banco BCI	Banco BBVA	Banco de Chile	Banco BCI	
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP	
Repayment method	Semi-annual	Upon expiration	Upon expiration	Upon expiration	Upon expiration	
Effective rate	3,83%	3,22%	3,20%	3,44%	3,29%	
Nominal rate	3,83%	3,22%	3,20%	3,44%	3,29%	
Nominal amounts	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Up to 1 year	510,247	217,177	222,223	2,512,182	41,818	3,503,647
Up to 90 days	300	217,177	222,223	12,182	-	451,882
Over 90 days up to 1 year	509,947	-	-	2,500,000	41,818	3,051,765
Over 1 year up to 3 years	13,274,672	19,270,304	-	-	9,000,000	41,544,976
Over 1 year up to 2 years	4,424,891	19,270,304	-	-	-	23,695,195
Over 2 years up to 3 years	8,849,781	-	-	-	9,000,000	17,849,781
Over 3 years up to 5 years	17,699,562	-	20,000,000	-	-	37,699,562
Over 3 years up to 4 years	8,849,781	-	-	-	-	8,849,781
Over 4 years up to 5 years	8,849,781	-	20,000,000	-	-	28,849,781
Over 5 years	13,274,671	-	-	-	-	13,274,671
Over 5 years	13,274,671	-	-	-	-	13,274,671
Total nominal amounts	44,759,152	19,487,481	20,222,223	2,512,182	9,041,818	96,022,856
Actuarial values	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current bank loans	510,247	217,177	222,223	2,512,182	41,818	3,503,647
Up to 90 days	300	217,177	222,223	12,182	-	451,882
Over 90 days up to 1 year	509,947	-	-	2,500,000	41,818	3,051,765
Non-current bank loans	44,248,905	19,270,304	20,000,000	-	9,000,000	92,519,209



Over 1 year up to 3 years	13,274,672	19,270,304	-	-	9,000,000	41,544,976
Over 1 up to 2 years	4,424,891	19,270,304	-	-	-	23,695,195
Over 2 up to 3 years	8,849,781	-	-	-	9,000,000	17,849,781
Over 3 years up to 5 years	17,699,562	-	20,000,000	-	-	37,699,562
Over 3 years up to 4 years	8,849,781	-	-	-	-	8,849,781
Over 4 years up to 5 years	8,849,781	-	20,000,000	-	-	28,849,781
Over 5 years	13,274,671	-	-	-	-	13,274,671
Over 5 years	13,274,671	-	-	-	-	13,274,671
Total bank loans	44,759,152	19,487,481	20,222,223	2,512,182	9,041,818	96,022,856

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

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

In the breakdown of bank loans, there is no variation between the nominal value and the book value, since obtaining and/or renewing loans do not incur in issuance costs.



Bank loan balances for the previous fiscal year

Debtor Tax Identification Number	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5	
Name debtor	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	
Country debtor	Chile	Chile	Chile	Chile	Chile	
Creditor Tax Identification Number	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-7	97.006.000-6	
Creditor name	Banco de Chile	Banco BCI	Banco BBVA	Banco BCI	Banco de Chile	
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP	
Repayment method	Semi-annual	Upon expiration	Upon expiration	Upon expiration	Upon expiration	
Effective rate	3,19%	3,25%	3,29%	3,43%	3,58%	
Nominal rate	3,19%	3,25%	3,29%	3,43%	3,58%	
Nominal amounts	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Up to 1 year	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Over 90 days up to 1 year	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Over 1 year days up to 3 years	21,947,457	19,270,304	20,000,000	9,000,000	2,500,000	72,717,761
Over 1 year up to 2 years	13,805,658	-	20,000,000	-	2,500,000	36,305,658
Over 2 year up to 3 years	8,141,799	19,270,304	-	9,000,000	-	36,412,103
Over 2 years up to 3 years	16,018,104	-	-	-	-	16,018,104
Over 3 years up to 5 years	16,018,104	-	-	-	-	16,018,104
Total nominal amounts	44,903,714	19,492,983	20,228,472	9,044,579	2,502,734	96,172,482
Actuarial values	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current bank loans	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Over 90 days up to 1 year	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Non-current bank loans	37,965,561	19,270,304	20,000,000	9,000,000	2,500,000	88,735,865
Over 1 year days up to 3 years	21,947,457	19,270,304	20,000,000	9,000,000	2,500,000	72,717,761
Over 1 year up to 2 years	13,805,658	-	20,000,000	-	2,500,000	36,305,658
Over 2 years up to 3 years	8,141,799	19,270,304	-	9,000,000	-	36,412,103
Over 3 years up to 5 years	16,018,104	-	-	-	-	16,018,104
Over 3 years up to 4 years	16,018,104	-	-	-	-	16,018,104
Total bank loans	44,903,714	19,492,983	20,228,472	9,044,579	2,502,734	96,172,482

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

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

In the breakdown of bank loans, there is no variation between the nominal value and the book value, since obtaining and/or renewing loans do not incur in issuance costs.



The table below shows the detail of bonds outstanding as of December 31, 2018 and December 31, 2017:

Total public obligations for the current fiscal year

Tax ID N° of debtor entity	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5
Debtor entity's name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.	Essal S.A.
Country of the debtor entity	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	630	655	655	712	713	713	778	778	806	777	806	887	886	284	870
Series	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	BAGUA-AD	BAGUA-AC	Besal-B	Besal-C
Final maturity	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	15-03-2043	15-03-2025	01-06-2028	01-12-2040
Currency or indexation unit	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF
Repayment period	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semi-annual	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual
Effective rate	4.16%	3.82%	4.05%	3.44%	3.92%	3.81%	3.50%	3.18%	3.15%	2.34%	3.33%	2.87%	1.96%	6.63%	2.93%
Nominal rate	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	2.40%	3.20%	2.80%	1.80%	6.00%	2.80%
Nominal amounts	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Up to 1 year	501,311	395,231	150,126	3,087,924	612,235	518,871	478,239	172,938	547,236	3,748,693	806,326	219,393	451,380	2,649,403	-
Up to 90 days	-	-	-	-	-	-	-	-	547,236	3,748,693	806,326	219,393	451,380	2,649,403	-
More than 90 up to 1 year	501,311	395,231	150,126	3,087,924	612,235	518,871	478,239	172,938	-	-	-	-	-	-	-
More than 1 up to 3 years	-	-	-	-	-	-	-	-	-	13,782,896	-	-	5,168,586	6,383,654	-
More than 1 up to 2 years	-	-	-	-	-	-	-	-	-	6,891,448	-	-	-	3,191,827	-
More than 2 up to 3 years	-	-	-	-	-	-	-	-	-	6,891,448	-	-	5,168,586	3,191,827	-
More than 3 up to 5 years	48,240,133	41,348,685	45,483,554	-	63,401,317	55,131,580	55,131,580	63,401,317	44,105,264	10,337,172	55,131,580	55,131,580	36,180,099	23,606,307	27,565,790
More than 3 up to 4 years	-	-	-	-	-	-	-	-	-	6,891,448	-	-	10,337,171	3,191,827	-
More than 4 up to 5 years	-	-	-	-	-	-	-	-	-	3,445,724	-	-	10,337,171	3,191,827	-
More than 5 years	48,240,133	41,348,685	45,483,554	-	63,401,317	55,131,580	55,131,580	63,401,317	44,105,264	-	55,131,580	55,131,580	15,505,757	17,222,653	27,565,790
Total Nominal amounts	48,741,444	41,743,916	45,633,680	3,087,924	64,013,552	55,650,451	55,609,819	63,574,255	44,652,500	27,868,761	55,937,906	55,350,973	41,800,065	32,639,364	27,565,790
Actuarial values	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current public obligations	514.006	403.555	163.916	3.088.985	605.265	515.342	478.239	216.304	510.665	3.762.546	769.268	199.950	390.405	3.259.198	159.686
Up to 90 days	-	-	-	-	-	-	-	-	510.665	3.762.546	769.268	199.950	390.405	-	-
More than 90 up to 1 year	514.006	403.555	163.916	3.088.985	605.265	515.342	478.239	216.304	-	-	-	-	-	3.259.198	159.686
Non-current public obligations	48.424.970	41.501.290	45.709.303	-	63.263.490	55.051.193	55.131.580	64.327.541	43.204.473	24.139.660	54.118.401	54.513.068	41.129.323	29.601.126	26.844.692
More than 1 up to 3 years	-	-	-	-	-	-	-	-	-	13.792.692	-	-	5.113.745	6.218.496	-
More than 1 up to 2 years	-	-	-	-	-	-	-	-	-	6.896.346	-	-	-	3.109.248	-
More than 2 up to 3 years	-	-	-	-	-	-	-	-	-	6.896.346	-	-	5.113.745	3.109.248	-
More than 3 up to 5 years	48.424.970	41.501.290	45.709.303	-	63.263.490	55.051.193	55.131.580	64.327.541	43.204.473	10.346.968	54.118.401	54.513.068	36.015.578	23.382.630	26.844.692
More than 3 up to 4 years	-	-	-	-	-	-	-	-	-	6.896.346	-	-	10.282.331	3.109.248	-
More than 4 up to 5 years	-	-	-	-	-	-	-	-	-	3.450.622	-	-	10.282.331	3.109.248	-
More than 5 years	48.424.970	41.501.290	45.709.303	-	63.263.490	55.051.193	55.131.580	64.327.541	43.204.473	-	54.118.401	54.513.068	15.450.916	17.164.134	26.844.692
Total public obligations	48.938.976	41.904.845	45.873.219	3.088.985	63.868.755	55.566.535	55.609.819	64.543.845	43.715.138	27.902.206	54.887.669	54.713.018	41.519.728	32.860.324	27.004.378

Total public obligations for the previous fiscal year



Tax ID N° of debtor entity	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	96.579.800-5	
Debtor entity's name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.	Essal S.A.	
Country of the debtor entity	Chile	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	870	
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	Besal-C	
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	01-12-2040	
Currency or indexation unit	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	CLF	
Repayment period	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semi-annual	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual	
Effective rate	4.16%	4.15%	3.82%	3.95%	3.60%	3.92%	3.81%	3.50%	3.23%	3.16%	2.33%	3.34%	6.63%	2.93%	
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%	2.80%	
Nominal amounts															
Up to 1 year	26,886,591	487,351	384,225	145,945	6,028,239	595,185	504,421	464,921	168,122	531,997	293,035	779,888	3,102,941	-	40,372,861
Up to 90 days	-	-	-	-	-	-	-	-	-	531,997	293,035	779,888	3,102,941	-	4,707,861
More than 90 up to 1 year	26,886,591	487,351	384,225	145,945	6,028,239	595,185	504,421	464,921	168,122	-	-	-	-	-	35,665,000
More than 1 up to 3 years	-	-	-	-	2,977,571	-	-	-	-	-	10,049,303	-	6,205,882	-	19,232,756
More than 1 up to 2 years	-	-	-	-	2,977,571	-	-	-	-	-	3,349,768	-	3,102,941	-	9,430,280
More than 2 up to 3 years	-	-	-	-	-	-	-	-	-	-	6,699,535	-	3,102,941	-	9,802,476
More than 3 up to 5 years	-	46,896,745	40,197,210	44,216,931	-	61,635,722	53,596,280	53,596,280	61,635,722	42,877,024	16,748,838	53,596,280	26,435,145	26,798,140	528,230,317
More than 3 up to 4 years	-	-	-	-	-	-	-	-	-	-	6,699,535	-	3,102,941	-	9,802,476
More than 4 up to 5 years	-	-	-	-	-	-	-	-	-	-	6,699,535	-	3,102,941	-	9,802,476
More than 5 years	-	46,896,745	40,197,210	44,216,931	-	61,635,722	53,596,280	53,596,280	61,635,722	42,877,024	3,349,768	53,596,280	20,229,263	26,798,140	508,625,365
Total Nominal amounts	26,886,591	47,384,096	40,581,435	44,362,876	9,005,810	62,230,907	54,100,701	54,061,201	61,803,844	43,409,021	27,091,176	54,376,168	35,743,968	26,798,140	587,835,934
Actuarial values															
Current public obligations	26,846,934	499,483	393,454	159,259	5,994,907	587,450	501,681	464,921	114,930	496,076	309,752	726,472	3,311,599	-	40,406,918
Up to 90 days	-	-	-	-	-	-	-	-	-	496,076	309,752	726,472	3,311,599	-	4,843,899
More than 90 up to 1 year	26,846,934	499,483	393,454	159,259	5,994,907	587,450	501,681	464,921	114,930	-	-	-	-	-	35,563,019
Non-current public obligations	-	47,103,632	40,390,431	44,463,800	2,977,424	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	26,846,624	52,506,850	32,167,945	26,070,290	545,691,060
More than 1 up to 3 years	-	-	-	-	2,977,424	-	-	-	-	-	10,067,484	-	6,027,600	-	19,072,508
More than 1 up to 2 years	-	-	-	-	2,977,424	-	-	-	-	-	3,355,828	-	3,013,800	-	9,347,052
More than 2 up to 3 years	-	-	-	-	-	-	-	-	-	-	6,711,656	-	3,013,800	-	9,725,456
More than 3 up to 5 years	-	47,103,632	40,390,431	44,463,800	-	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	16,779,140	52,506,850	26,140,345	26,070,290	526,618,552
More than 3 up to 4 years	-	-	-	-	-	-	-	-	-	-	6,711,656	-	3,013,800	-	9,725,456
More than 4 up to 5 years	-	-	-	-	-	-	-	-	-	-	6,711,656	-	3,013,800	-	9,725,456
More than 5 years	-	47,103,632	40,390,431	44,463,800	-	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	3,355,828	52,506,850	20,112,745	26,070,290	507,167,640
Total public obligations	26,846,934	47,603,115	40,783,885	44,623,059	8,972,331	62,048,896	54,010,404	54,061,201	62,821,461	42,387,160	27,156,376	53,233,322	35,479,544	26,070,290	586,097,978



Reconciliation of financial liabilities

The following is a reconciliation between initial and final balances of other financial liabilities:

Other current financial liabilities	Initial balance 31-12-2017	Discharges	Payments	Assignments	Final balance 31-12-2018
Bank loans	7,436,617	24,492,934	(24,436,123)	(3,989,781)	3,503,647
Bonds	40,406,918	3,191,827	(30,543,587)	1,982,172	15,037,330
Reimbursable financial contributions	15,201,817	3,036,088	(2,623,884)	(191,682)	15,422,339
Total	63,045,352	30,720,849	(57,603,594)	(2,199,291)	33,963,316

Other non-current financial liabilities	Initial balance 31-12-2017	Discharges	Payments	Assignments	Final balance 31-12-2018
Bank loans	88,735,865	64,248,905	(44,248,905)	(16,216,656)	92,519,209
Bonds	545,691,060	113,369,845	(7,515,955)	(4,584,840)	646,960,110
Reimbursable financial contributions	168,551,242	13,265,467	(13,089,756)	4,306,907	173,033,860
Total	802,978,167	190,884,217	(64,854,616)	(16,494,589)	912,513,179

8.5 Risk management

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

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

i. Credit risk

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

Aguas Andinas and its subsidiary water utilities have an atomized market. This means that a particular customer's credit is not significant.

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



Credit risk	31-12-2018 Th\$	31-12-2017 Th\$
Gross exposure per balance sheet for risks of accounts receivable	155,540,875	148,930,572
Gross exposure per estimates of risks of accounts receivable	(34,211,483)	(33,121,765)
Net exposure, risk concentration	121,329,392	115,808,807

Account activity of credit risk, accounts receivable	31-12-2018 Th\$	31-12-2017 Th\$
Initial balance	(33,121,765)	(31,310,035)
Increase in existing provisions	(3,914,038)	(5,931,800)
Reductions	2,824,320	4,120,070
Changes, total	(1,089,718)	(1,811,730)
Final balance	(34,211,483)	(33,121,765)

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

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

Aging of the gross debt	31-12-2018 Th\$	31-12-2017 Th\$
Less than 3 months	110,083,882	112,230,512
Between 3 and 6 months	4,678,272	3,145,423
Between 6 and 8 months	1,822,807	1,617,244
More than 8 months	38,947,604	31,920,756
Total	155,532,565	148,913,935

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

Gross debt due	31-12-2018 Th\$	31-12-2017 Th\$
Less than 3 months	11,485,973	11,105,825
Between 3 and 6 months	1,987,895	1,703,062
Between 6 and 8 months	948,253	818,105
Total	14,422,121	13,626,992

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

ii. Liquidity risk

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

Management monitors the Group's liquidity reserve as a function of expected cash flows.

Preventive measures taken to manage liquidity risk include the following:

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

Maturity structure (non-discounted flows)

Maturity structure	Up to 90 days		From 91 days to 1 year		From 13 months to 3 years		More than 3 years to 5 years		More than 5 years	
	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate
Bank loans	4,117,289	3.25%	12,292,739	3.67%	27,182,855	3.57%	56,624,413	3.94%	122,086,475	2.91%
Bonds	630,252	3.21%	4,824,985	3.44%	46,270,484	3.43%	40,843,768	3.50%	13,783,091	3.83%
AFR	2,997,666	3.87%	23,456,692	3.87%	64,550,231	2.75%	75,489,502	2.37%	809,510,780	3.70%
Trade accounts and other accounts payable	129,622,149	0.00%	13,771,290	0.00%	377,520	0.00%	140,095	0.00%	465,720	0.00%
Total	137,367,356		54,345,706		138,381,090		173,097,778		945,846,066	

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

iii. Interest rate risk

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

Debt instruments	Rate	%
Bank loans	Variable	10.15%
Bonds	Fixed	69.94%
AFR	Fixed	19.91%
Total		100.00%



Interest rate sensitivity analysis

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

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

Company	Nominal debt amount (Th\$)	Variable rate	Points (+/-)	Impact on result (Th\$) (+/-)
Aguas Andinas, consolidated	96,022,856	TAB 180 days	28	271,408

8.6 Cash equivalents

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

Sociedad	Instruments	31-12-2018 Th\$	31-12-2017 Th\$
Aguas Andinas S.A.	Time deposits	29,400,000	-
Aguas Andinas S.A.	Mutual funds	4,525,000	1,699,440
Aguas Cordillera S.A.	Mutual funds	-	245,063
Essal S.A.	Time deposits	1,792,391	12,682,088
EcoRiles S.A.	Mutual funds	220,000	382,099
Gestión y Servicios S.A.	Time deposits	584,570	-
Gestión y Servicios S.A.	Mutual funds	390,000	395,102
Total		36,911,961	15,403,792

The Company and Subsidiaries make investments with portfolio limits of 40% maximum of the total by issuing institution, and limits by instruments corresponding to: mutual funds, 10% of the mutual fund's cash assets and term deposits, 10% of the equity bank cash.



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

The core concepts included in this account are:

Trade accounts and other accounts payable	Currency	31-12-2018 Th\$	31-12-2017 Th\$
Subcontractors	CLP	46,517,905	35,332,618
Suppliers	CLP	22,849,266	22,417,488
Suppliers	USD	48,205,090	27,337,474
Suppliers	EUR	903,099	166,687
Dividends	CLP	99,658	530,032
Accrued products and services	CLP	17,545,125	14,036,751
Personnel	CLP	4,221,514	3,472,936
Documents payable	CLP	2,640,953	1,940,548
Others	CLP	410,829	411,346
Subtotal current		143,393,439	105,645,880
AFR potable water	CLP	730,021	727,838
Suppliers for current investments	CLP	182,919	183,842
Sundry creditors	CLP	70,395	70,395
Subtotal non-current		983,335	982,075
Total current and non-current		144,376,774	106,627,955

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

Trade Accounts

Current Fiscal year

Current trade accounts according to term	31-12-2018			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
Up to 30 days	11,577,843	22,520,176	229,274	34,327,293
Between 31 and 60 days	3,237,666	6,521,436	30,993	9,790,095
Between 61 and 90 day	-	435,541	-	435,541
Entre 91 y 120 days	-	26,793	-	26,793
Between 121 and 365 days	-	228,113	-	228,113
Total	14,815,509	29,732,059	260,267	44,807,835



Overdue trade accounts according to term	31-12-2018			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
Up to 30 days	-	458,332	4,979	463,311
Between 31 and 60 days	2,582,452	60,118	198,854	2,841,424
Between 61 and 90 days	663,178	24,747	45,366	733,291
Entre 91 y 120 days	312,414	20,577	388	333,379
Between 121 and 365 days	1,581	22,696	1,451	25,728
More than 365 days	171	2,618	90	2,879
Total	3,559,796	589,088	251,128	4,400,012

Previous Fiscal year

Current trade accounts according to term	31-12-2017			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
Up to 30 days	5,073,112	12,583,597	532,266	18,188,975
Between 31 and 60 days	132,107	-	-	132,107
Between 61 and 90 day	-	11,330	-	11,330
Between 91 and 120 days	-	-	-	-
Between 121 and 365 days	3,642,509	-	-	3,642,509
Total	8,847,728	12,594,927	532,266	21,974,921

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

8.8 Fair value of financial instruments

Fair value of financial instruments recorded at amortized cost.

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



	31-12-2018	
	Amortized cost Th\$	Fair value Th\$
Cash equivalents		
Investments acknowledged at fair value	36,911,961	36,911,961
Term deposits, level 1	31,776,961	31,776,961
Mutual funds, level 1	5,135,000	5,135,000
Other financial liabilities		
Financial liabilities acknowledged at amortized cost	946,476,495	1,008,772,293
Bank debt, level 2	96,022,856	95,667,281
Bonds, level 1	661,997,440	724,648,813
AFR, level 3	188,456,199	188,456,199

Methodology and assumptions used in the calculation of fair value

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

- The amortized cost of time deposits and mutual funds is a good approximation of fair value as they are short-term operations.
- The amortized cost of AFR liabilities is a good approximation of fair value as they are not very liquid in the market, but their issue rate is determined in line with the regulation (Decree Law No. 70).
- The fair value of bonds was determined upon market price references as these instruments are traded on the market under normal conditions and with a high level of liquidity.
- The fair value of bank debt was determined by updating the cash flows of each loan (principal and interest disbursements) to a swap curve interpolated rate for the remaining term. This term corresponds to the number of days between the financial statement closing date and the cash disbursement date.

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

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



- Level 3 includes fair-value measurement methodologies based on valuation techniques which include data on the assets and liabilities valued, which are not based on observable market data.

8.9 Other non-current financial assets

It corresponds mainly to the acquisition of shares of Sociedad Eléctrica Puntilla S.A. (EPSA), for an amount as of December 31, 2018 and December 31, 2017 of M \$7,835,395 and Th\$7,790,217 respectively (note 2.2, letter H, ii), over which the group does not have control or significant influence. The balances of Th\$17,517 in both periods correspond to other financial investments.

Associated with this acquisition, an obligation is maintained with the Asociación Sociedad de Canalistas del Maipo, referring to the commitment not to move the water rights in force to the contract date in an amount of Th\$7,294,709 as of December 31, 2018 and 31 of December 2017.

Note 9. DISCLOSURE OF INFORMATION ABOUT 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 deleted in the consolidation process and are not broken down in this note.



Accounts receivable from related entities

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

Tax Identification Number related party	Name of related party	Relationship	Nature of transaction with related parties	Guarantee	31-12-2018 Th\$	31-12-2017 Th\$
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Related to the controller	Lab analysis and sampling services	Without guarantee	-	366
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Insurance collection La Farfana	UF 7.656,06	-	205,168
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Insurance collection Mapocho Trebal	UF 10.377,4	-	278,096
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Lab analysis and sampling services	Without guarantee	4,232	8,138
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Office space leasing	Without guarantee	404	399
76.432.328-9	Gestion Hidrica Minera Ltda.	Related to the controller	Lab analysis and sampling services	Without guarantee		-
65.113.732-2	Corporación Chilena de Investigación del Water SpA.	Related to the controller	Lab analysis and sampling services	Without guarantee	414	-
65.113.732-2	Corporación Chilena de Investigación del Water SpA.	Related to the controller	Leases	Without guarantee	1,393	-
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Lab analysis and sampling services	Without guarantee	26,766	19,485
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Bid bases	Without guarantee	-	66
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Consulting services in support of technical inspection of effluent treatment plants in CMPC Santa Fe. Project Fruits of the Maipo	Without guarantee	-	33,628
No ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	Without guarantee	32,010	-
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Material sales	Without guarantee	25,964	15,287
Total					91,183	560,633



Accounts payable to related entities

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

Tax Identification Number of the related party	Name of related party	Relationship	Nature of transaction with related parties	Period	Guarantee	31-12-2018	31-12-2017
						Th\$	Th\$
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Project to update operative control center CCO 2.0	30 days	Bid bond of \$30,899	1,453,134	1,079,276
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	SCADA platform	30 days	Without guarantee	28,462	7,115
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	San Antonio arsenic plant	30 days	Bid bond of \$24,264	1,230,939	1,786,747
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero plant	30 days	Bid bond of UF 66,809,74	4,534,306	7,129,098
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Expansion Talagante plant	30 days	Without guarantee	1,173,221	932,641
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Plan to adequate to La Farfana's biofactory treatment plant	30 days	Bid bond of UF 1,048,050	3,030,768	3,260,791
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Nitrogen removal and plan to adequate to biofactory of Mapocho-Trebal's treatment plant.	30 days	Bid bond of UF 1,048,050	3,678,499	3,718,527
65.113.732-2	Corporación Chilena de Investigación del Water SpA.	Related to the controller	Consulting services	30 days	Without guarantee	97,322	184,854
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Virtual platform, Siebel	30 days	Without guarantee	78,265	113,361
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Procurement of materials	60 days	Contract performance bond of Th\$279,298	8,182	815,433
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Implementation of geographic information system, Essal S.A.	30 days	Contract performance bond of UF887	-	6,579
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Continuous maintenance consulting services	30 days	Without guarantee	368,916	188,612
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Service contract for Process reengineering and implementation of new information systems for customer service	30 days	Contract performance bond of Th\$845,149	102,855	142,137
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Services of operation, maintenance and rehabilitation of digesters	90 days	Contract performance bond of UF357,863	1,468,596	2,563,461



			wastewater plant Mapocho - Trebal				
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Operating services Planta Biogás	30 days	Without guarantee	167,783	105,347
96.799.790-0	Servicios y Proyectos Ambientales S.A.	Related to the controller	Environmental monitoring services	30 days	Without guarantee	-	3,377
No ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	30 days	Without guarantee	426,413	277,451
No ID	Aqua Development Network S.A.	Related to the controller	Consulting services	30 days	Without guarantee	41,712	0
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends payable	30 days	Without guarantee	21,656,113	21,035,299
96.817.230-1	EPSA Electrica Puntilla S.A.	A common board member	Property Rental	30 days	Without guarantee	5,657	-
96.817.230-1	EPSA Electrica Puntilla S.A.	A common board member		30 days	Without guarantee	-	11,013
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	A common board member	Performance management System	30 days	Without guarantee	-	10,000
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	A common board member	Dividends for payment	30 days	Without guarantee	497,487	483,226
59.066.560-6	Suez International	Related to the controller	Payment status for equipment supplies, assembly and commissioning of the second stage of the Mapocho Sewage treatment plant, 4th Module	30 days	Contract performance bond of UF 218,320	-	220,514
Total						40,048,630	44,074,859



Transactions with related entities

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

Tax ID N° related party	Name of related party	Relationship	Nature of transactions with related parties	31-12-2018		31-12-2017	
				Th\$		Th\$	
				Amount	Effects on result (Charge)/Credit	Amount	Effects on result (Charge)/Credit
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Process reengineering service contract and implementation of new customer service	976	(976)	1,019,235	(1,019,235)
No tax ID number	Aqua Development Network	Related to controller	Integrated talent management contract	674,891	(674,891)	1,003,829	(1,003,829)
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Procurement of materials and maintenance of Siebel's virtual platform, continuous consulting and maintenance	2,438,083	(2,008,062)	2,264,623	(2,201,648)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Chamisero plant	2,199,887	-	6,302,180	(58,306)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	San Antonio arsenic plant	(536,968)	-	1,710,756	(11,600)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Project to update operative control center CCO 2.0	3,821,359	(486,321)	3,113,835	(63,670)
59.066.560-6	Suez International	Related to controller	Supply of equipment, assembly and start-up of second stage of Mapocho Wastewater Treatment Plant, module 4	4,971,917	-	3,631,109	-
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Operating services, maintenance and rehabilitation of digestors of wastewater treatment plant Mapocho - Trebal	1,351,915	-	8,445,330	(5,239,223)
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Operating services, maintenance and rehabilitation of digestors of wastewater treatment plant La Farfana	-	-	12,764,170	(10,143,011)
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Operating services and maintenance Planta Biogás	-	-	329,351	(329,351)



76.746.454-1	Suez Biofactoría Andina SpA.	Related to controller	Operation, maintenance and adequation of Biofactory treatment plant.	71,781,751	(2,168,104)	12,086,671	(9,019,614)
96.817.230-1	Eléctrica Puntilla S.A.	Shared board member	Compensation for lower flow, water purchases and electric energy	1,197,134	(1,042,371)	443,287	(443,287)
65.113.732-2	Corporación Chilena de Investigación del Water	Related to controller	Study about management of resilient urban hydraulic infrastructure with respect to hydrological and geological risks; full appraisal	239,179	(239,179)	379,828	(246,888)
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Controller	Paid dividends	68,979,435	-	68,878,954	-

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

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

	31-12-2018	31-12-2017
	Th\$	Th\$
Board of Directors	428,581	424,113
Directors' Committee	45,130	46,250
Total	473,711	470,363

Correspond only to fees associated with their functions defined and agreed upon at ordinary shareholders ' meeting.

At the end of the fiscal year 2018, the list of the senior managers and executives of the Company and Subsidiaries included 84 professionals. The total wages received during the year totaled \$6,804 million and the seniority compensation for senior executives amounted to \$2,130 million.



Information on 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 Board Members and/or executives other than their fees and compensation.

Note 10. INVENTORIES

The table below shows the detail by inventory class as of December 31, 2018 and December 31, 2017:

Types of inventories	31-12-2018	31-12-2017
	Th\$	Th\$
Goods	2,220,622	2,648,383
Production supplies	1,510,242	1,177,531
Other inventories	4,792	102,347
Obsolescence estimate	(99,268)	(2,883)
Total	3,636,388	3,925,378

The cost of the inventories recognized as an expense in the statement of results as of December 31, 2018 and 2017 amounts to Th\$11.240.422 and Th\$11.339.400, respectively.

Additionally, an estimate is submitted for impairment of inventories that include amounts related to obsolescence derived from low turnover, obsolescence by damage and/or its market price is greater than 20%. The account activity for the above estimate is the following:

	31-12-2018	31-12-2017
	Th\$	Th\$
Initial balance	(2,883)	(2,883)
Price provision	(15,624)	-
Obsolescence provision	(52,810)	-
Damage provision	(30,834)	-
Reversal of provision	2,883	-
Total impairment estimate	(99,268)	(2,883)



Note 11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	31-12-2018	31-12-2017
	Th\$	Th\$
Intangible assets, net	224,864,424	227,084,499
Trademarks, net	15,933	13,000
Computer programs, net	5,700,799	7,910,586
Other intangible assets, net*	219,147,692	219,160,913
Intangible assets, gross	282,823,147	280,804,446
Trademarks, gross	15,933	13,000
Computer programs, gross	50,717,784	48,876,011
Other intangible assets, gross*	232,089,430	231,915,435
Intangible assets, accumulated Amortization	(57,958,723)	(53,719,947)
Computer programs, accumulated Amortization	(45,016,985)	(40,965,425)
Other intangible assets, accumulated Amortization	(12,941,738)	(12,754,522)

*Water rights, easements and other rights.



Account activity of intangible assets as of December 31, 2018

Account activity of intangible assets	Trademarks, net Th\$	Computer programs, net Th\$	Other intangible assets, net Th\$	Total Th\$
Initial balance	13,000	7,910,586	219,160,913	227,084,499
Amortization	-	(4,051,560)	(187,216)	(4,238,776)
Increases (reductions) for transfers	-	1,740,932	(58,904)	1,682,028
Increases (reductions) for other changes	2,933	100,841	238,494	342,268
Disposals and withdrawal from service	-	-	(5,595)	(5,595)
Changes, Total	2,933	(2,209,787)	(13,221)	(2,220,075)
Final balance	15,933	5,700,799	219,147,692	224,864,424

Account activity of intangible assets as of December 31, 2017

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



Detailed disclosure of information on intangible assets (gross value)

Current fiscal year 31-12-2018

Account activity of intangible assets	Trademarks, gross Th\$	Computer software, gross Th\$	Other Intangible assets, gross Th\$	Total Th\$
Initial balance as of 01-01-2018	13,000	48,876,011	231,915,435	280,804,446
Increases (reductions) for transfers	-	1,740,932	(58,904)	1,682,028
Increases (reductions) for other changes	2,933	100,841	238,494	342,268
Disposals and withdrawal from service	-	-	(5,595)	(5,595)
Changes, total	2,933	1,841,773	173,995	2,018,701
Final balance as of 31-12-2018	15,933	50,717,784	232,089,430	282,823,147

Previous fiscal year 31-12-2017

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



Detailed disclosure of information on intangible assets (accumulated amortization)

Current fiscal year 31-12-2018

Intangible assets account activity	Trademarks, accumulated Amortization	Computer programs, accumulated Amortization	Other intangible assets, accumulated Amortization	Total
	Th\$	Th\$	Th\$	Th\$
Initial balance as at 01-01-2018	-	(40,965,425)	(12,754,522)	(53,719,947)
Amortization	-	(4,051,560)	(187,216)	(4,238,776)
Changes, Total	-	(4,051,560)	(187,216)	(4,238,776)
Final balance as at 31-12-2018	-	(45,016,985)	(12,941,738)	(57,958,723)

Previous fiscal year 31-12-2017

Account activity of intangible assets	Trademarks, accumulated amortization	Computer software, accumulated amortization	Other intangible assets, accumulated amortization	Total
	Th\$	Th\$	Th\$	Th\$
Initial balance as of 01-01-2017	-	(35,557,157)	(12,567,307)	(48,124,464)
Amortization	-	(5,408,268)	(187,215)	(5,595,483)
Changes, total	-	(5,408,268)	(187,215)	(5,595,483)
Final balance as of 31-12-2017	-	(40,965,425)	(12,754,522)	(53,719,947)



Detail of significant individual intangible assets (other assets):

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

Company	31-12-2018			31-12-2017		
	Water rights Th\$	Easements Th\$	Other Th\$	Water rights Th\$	Easements Th\$	Other Th\$
Aguas Andinas S.A.	76,598,437	8,364,563	4,574,022	76,364,281	8,407,422	4,761,309
Aguas Cordillera S.A.	92,732,673	7,761,932	-	92,732,686	7,761,932	-
Aguas Manquehue S.A.	21,924,557	866,673	-	21,954,837	866,673	-
Essal S.A.	5,622,185	1,095,557	-	5,609,125	1,095,557	-
Aguas del Maipo S.A.	13,700	-	-	13,700	-	-
EcoRiles S.A.	13,700	-	-	13,700	-	-
Gestión y Services S.A.	13,700	-	-	13,700	-	-
Análisis Ambientales S.A.	13,700	-	-	13,700	-	-
Consolidation adjustments	(333,913)	(113,794)	-	(333,913)	(113,796)	-
Total	196,598,739	17,974,931	4,574,022	196,381,816	18,017,788	4,761,309

Intangible assets with indefinite useful lives

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

Commitments for acquiring intangible assets

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

Company	Th\$
Aguas Andinas S.A.	894,120
Aguas Manquehue S.A.	40,000
Essal S.A.	897,852
Total	1,831,972



Note 12. GOODWILL

The table below shows the detail of goodwill for the different Cash Generating Units (CGUs) or CGU groups to which they have been assigned as of December 31, 2018 and 2017:

Tax Identification Number	Company	31-12-2018 Th\$	31-12-2017 Th\$
96.809.310-k	Aguas Cordillera S.A.	33,823,049	33,823,049
96.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	343,332	343,332
96.897.320-7	Inversiones Iberaguas Ltda.	2,066,631	2,066,631
Total		36,233,012	36,233,012



Note 13. PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	Net values		Gross values		Accumulated depreciation	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Total	1.440.093.131	1.351.763.816	2.725.238.716	2.571.086.250	(1.285.145.585)	(1.219.322.434)
Land	159,536,229	160,461,335	159,536,229	160,461,335	-	-
Buildings	79,624,966	79,601,087	113,252,042	111,011,034	(33,627,076)	(31,409,947)
Machinery	115,993,853	120,338,507	384,958,947	363,844,849	(268,965,094)	(243,506,342)
Transport vehicles	958,353	1,320,419	5,102,427	5,866,755	(4,144,074)	(4,546,336)
Fixed installations and accessories	1,407,509	1,315,585	6,291,229	5,992,005	(4,883,720)	(4,676,420)
Computer equipment	2,460,174	3,659,346	14,284,065	13,921,577	(11,823,891)	(10,262,231)
Improvements to leased assets	234,177	64,266	806,931	597,279	(572,754)	(533,013)
Constructions in progress	226,774,354	156,563,062	226,774,354	156,563,062	-	-
Additional works	21,892,366	22,349,067	44,316,092	43,248,022	(22,423,726)	(20,898,955)
Production facilities	173,754,928	167,598,083	328,291,901	316,220,864	(154,536,973)	(148,622,781)
Potable water networks	192,291,391	174,661,097	514,892,514	492,846,317	(322,601,123)	(318,185,220)
Sewage networks	249,193,038	246,165,604	534,440,825	519,580,232	(285,247,787)	(273,414,628)
Wastewater treatment plants	168,050,123	169,331,810	232,373,341	228,440,366	(64,323,218)	(59,108,556)
Other facilities	47,699,634	48,103,767	158,049,182	150,469,536	(110,349,548)	(102,365,769)
Out-of-service goods	222,036	230,781	1,868,637	2,023,017	(1,646,601)	(1,792,236)



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

Property, plant and equipment	31-12-2018	Aguas Andinas S.A	Aguas Cordillera S.A	Aguas Manquehue S.A	Essal S.A	Others
	Th\$	%	%	%	%	%
Land	159,536,229	75%	13%	1%	11%	0%
Buildings	79,624,966	75%	4%	2%	17%	3%
Machinery	115,993,853	76%	6%	3%	13%	3%
Transport vehicles	958,353	87%	0%	0%	10%	3%
Fixed installations and accessories	1,407,509	69%	3%	0%	10%	18%
Computer equipment	2,460,174	87%	1%	0%	10%	2%
Improvements to leased assets	234,177	81%	0%	0%	0%	19%
Construction in progress	226,774,354	71%	8%	9%	12%	0%
Additional works	21,892,366	80%	6%	3%	11%	1%
Production facilities	173,754,928	64%	14%	13%	9%	0%
Potable water networks	192,291,391	68%	16%	2%	14%	0%
Sewerage networks	249,193,038	83%	2%	4%	11%	0%
Wastewater treatment plants	168,050,123	92%	0%	0%	6%	1%
Other facilities	47,699,634	73%	7%	6%	10%	4%
Goods out of service	222,036	30%	70%	0%	0%	0%
Total	1,440,093,131	75%	8%	5%	11%	1%

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

Type of assets	Cost 31-12-2018 Th\$	Fair value 31-12-2018 Th\$
Buildings	79,624,966	112,991,593
Additional works	21,892,366	35,846,093
Production facilities	173,754,928	283,542,686
Potable water networks	192,291,391	402,742,164
Sewage networks	249,193,038	409,139,303
Wastewater treatment plants	168,050,123	184,203,062
Other facilities	47,699,634	48,543,193
Machinery and equipment	115,993,853	128,168,578
Total	1.048.500.299	1.605.176.672



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

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



Account activity of property, plant and equipment as of December 31, 2018 (net values)

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from constructions in progress	Other increases (decreases)	Disposal and withdrawals from service	Total changes	Final balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,461,335	-	58,903	41,948	(1,025,957)	(925,106)	159,536,229
Buildings	79,601,087	(2,245,955)	1,569,810	714,702	(14,678)	23,879	79,624,966
Machinery	120,338,507	(25,510,942)	13,145,270	8,021,019	(1)	(4,344,654)	115,993,853
Transport vehicles	1,320,419	(453,132)	129,550	72,545	(111,029)	(362,066)	958,353
Fixed installations and accessories	1,315,585	(207,553)	251,739	47,738	-	91,924	1,407,509
Computer equipment	3,659,346	(1,561,660)	215,394	147,094	-	(1,199,172)	2,460,174
Improvements to leased assets	64,266	(39,741)	64,999	144,653	-	169,911	234,177
Construction in progress	156,563,062	-	(58,984,644)	130,120,937	(925,001)	70,211,292	226,774,354
Additional works	22,349,067	(1,564,306)	768,303	343,898	(4,596)	(456,701)	21,892,366
Production facilities	167,598,083	(5,963,222)	9,510,498	2,624,481	(14,912)	6,156,845	173,754,928
Potable water networks	174,661,097	(7,585,423)	12,978,119	12,266,887	(29,289)	17,630,294	192,291,391
Sewage networks	246,165,604	(12,874,297)	9,496,203	6,406,072	(544)	3,027,434	249,193,038
Wastewater treatment plants	169,331,810	(5,214,662)	3,608,476	324,499	-	(1,281,687)	168,050,123
Other facilities	48,103,767	(7,999,170)	5,505,350	2,089,687	-	(404,133)	47,699,634
Goods out of service	230,781	(8,746)	-	-	1	(8,745)	222,036
Class of properties, plant and equipment, net	1,351,763,816	(71,228,809)	(1,682,030)	163,366,160	(2,126,006)	88,329,315	1,440,093,131



Account activity of property, plant and equipment al December 31, 2017 (net value)

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from constructions in progress	Other increases (decreases)	Disposal and withdrawals from service	Total changes	Final balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,070,637	-	3,785	641,797	(254,884)	390,698	160,461,335
Buildings	74,440,293	(2,172,183)	8,178,116	(805,590)	(39,549)	5,160,794	79,601,087
Machinery	99,318,272	(24,663,592)	34,940,644	10,925,891	(182,708)	21,020,235	120,338,507
Transport vehicles	1,861,338	(500,554)	107,734	35,620	(183,719)	(540,919)	1,320,419
Fixed installations and accessories	701,742	(176,375)	431,694	358,524	-	613,843	1,315,585
Computer equipment	2,659,948	(1,529,250)	1,174,847	1,353,801	-	999,398	3,659,346
Improvements to leased assets	61,285	(29,654)	32,239	396	-	2,981	64,266
Construction in progress	180,506,784	-	(114,682,738)	90,797,576	(58,560)	(23,943,722)	156,563,062
Additional works	21,252,123	(1,535,090)	2,351,518	282,036	(1,520)	1,096,944	22,349,067
Production facilities	162,939,794	(6,029,543)	9,821,279	866,553	-	4,658,289	167,598,083
Potable water networks	163,124,828	(7,164,493)	7,189,676	11,511,813	(727)	11,536,269	174,661,097
Sewage networks	247,188,146	(12,445,369)	3,849,660	7,573,167	-	(1,022,542)	246,165,604
Wastewater treatment plants	143,756,791	(5,041,328)	28,827,826	1,837,109	(48,588)	25,575,019	169,331,810
Other facilities	36,448,254	(7,502,170)	15,936,914	3,221,057	(288)	11,655,513	48,103,767
Goods out of service	239,851	(9,070)	-	-	-	(9,070)	230,781
Class of properties, plant and equipment, net	1,294,570,086	(68,798,671)	(1,836,806)	128,599,750	(770,543)	57,193,730	1,351,763,816



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

Current fiscal year 31-12-2018

Concept	Initial balance Th\$	Depreciation Th\$	Increases (decreases) for other changes Th\$	Disposal and withdrawal from service Th\$	Total changes Th\$	Final balance Th\$
Land	160,461,335	58,903	41,948	(1,025,957)	(925,106)	159,536,229
Buildings	111,011,034	1,569,810	714,626	(43,428)	2,241,008	113,252,042
Machinery	363,844,849	13,145,270	8,021,019	(52,191)	21,114,098	384,958,947
Transport vehicles	5,866,755	129,550	72,545	(966,423)	(764,328)	5,102,427
Fixed installations and accessories	5,992,005	251,739	47,738	(253)	299,224	6,291,229
Computer equipment	13,921,577	215,394	147,094	-	362,488	14,284,065
Improvements to leased assets	597,279	64,999	144,653	-	209,652	806,931
Construction in progress	156,563,062	(58,984,644)	130,120,937	(925,001)	70,211,292	226,774,354
Additional works	43,248,022	768,303	343,898	(44,131)	1,068,070	44,316,092
Production facilities	316,220,864	9,510,498	2,624,481	(63,942)	12,071,037	328,291,901
Potable water networks	492,846,317	12,978,119	12,266,887	(3,198,809)	22,046,197	514,892,514
Sewage networks	519,580,232	9,496,203	6,406,148	(1,041,758)	14,860,593	534,440,825
Wastewater treatment plants	228,440,366	3,608,476	324,499	-	3,932,975	232,373,341
Other facilities	150,469,536	5,505,350	2,089,687	(15,391)	7,579,646	158,049,182
Goods out of service	2,023,017	-	-	(154,380)	(154,380)	1,868,637
Class of properties, plant and equipment, gross	2,571,086,250	(1,682,030)	163,366,160	(7,531,664)	154,152,466	2,725,238,716



Previous fiscal year 31-12-2017 (gross value)

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



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

Current fiscal year 31-12-2018

Concept	Initial balance	Depreciation	Increases (decreases) for other changes	Disposal and withdrawal from service	Total changes	Final balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Buildings	(31,409,947)	(2,245,955)	76	28,750	(2,217,129)	(33,627,076)
Machinery	(243,506,342)	(25,510,942)	-	52,190	(25,458,752)	(268,965,094)
Transport vehicles	(4,546,336)	(453,132)	-	855,394	402,262	(4,144,074)
Fixed installations and accessories	(4,676,420)	(207,553)	-	253	(207,300)	(4,883,720)
Computer equipment	(10,262,231)	(1,561,660)	-	-	(1,561,660)	(11,823,891)
Improvements to leased assets	(533,013)	(39,741)	-	-	(39,741)	(572,754)
Construction in progress	(20,898,955)	(1,564,306)	-	39,535	(1,524,771)	(22,423,726)
Production facilities	(148,622,781)	(5,963,222)	-	49,030	(5,914,192)	(154,536,973)
Potable water networks	(318,185,220)	(7,585,423)	-	3,169,520	(4,415,903)	(322,601,123)
Sewage networks	(273,414,628)	(12,874,297)	(76)	1,041,214	(11,833,159)	(285,247,787)
Wastewater treatment plants	(59,108,556)	(5,214,662)	-	-	(5,214,662)	(64,323,218)
Other facilities	(102,365,769)	(7,999,170)	-	15,391	(7,983,779)	(110,349,548)
Goods out of service	(1,792,236)	(8,746)	-	154,381	145,635	(1,646,601)
Class of properties, plant and equipment, accumulated depreciation	(1,219,322,434)	(71,228,809)	-	5,405,658	(65,823,151)	(1,285,145,585)



Previous fiscal year 31-12-2017 (accumulated depreciation)

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



The following table shows the amounts committed by each consolidated group company on account of their respective property, plant and equipment purchases for the year 2019:

Company	Th\$
Aguas Andinas S.A.	102,736,143
Aguas Cordillera S.A.	7,489,133
Aguas Manquehue S.A.	2,241,548
Essal S.A.	15,102,018
Ecoriles S.A.	106,220
Gestión y Servicios S.A.	40,000
Análisis Ambientales S.A.	353,413
Total	128,068,475

Temporarily idle property, plant and equipment:

Company	Gross value Th\$	Accumulated depreciation Th\$	Net value Th\$
Aguas Andinas S.A.	1,594,305	(1,526,741)	67,564
Aguas Cordillera S.A.	274,332	(119,860)	154,472
Total	1,868,637	(1,646,601)	222,036

Restrictions of ownership for property, plant and equipment

As of December 31, 2018 and 2017, property, plant and equipment have not affected by ownership restrictions, nor are they affected by obligations pursuant to the provisions of IAS 16 paragraph 74 (a).

Financial lease contracts

As of December 31, 2018 and 2017, there is no property, plant and equipment kept under financial lease contracts, pursuant to para. 31 of IAS 17.

Note 14. IMPAIRMENT OF ASSET VALUE

Disclosure of information on asset impairment by cash generating unit

Each company as a whole is defined as a Cash Generating Unit (CGU), as each one is individually capable of generating future economic benefits and represents the smallest group of assets that generate independent cash flows. Pursuant to the regulations, the Company will evaluate, at the closing of each



financial position statement, whether there is any sign of impairment of value of any asset. If there is, the Company will estimate the amount recoverable for the asset. Assets with an indefinite useful life and goodwill will be subject to the impairment test, at the latest, at the closing of the fiscal year or upon detecting any sign.

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

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

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

At the end of the year 2018, the respective deterioration tests were carried out, based on estimates and projections provided by the Group. These estimates indicated that the benefits attributable to the shares with lower associated values exceed individually the consolidated book value of the same in all cases, as well as the intangible assets with indefinite useful life were assessed to be of a higher value than that registered in books.

As of December 31, 2018 there is no record of asset impairment nor are there indications of asset impairment.

Note 15. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

Below is a breakdown of the heading as of December 31, 2018 and December 31, 2017:

Classes of provisions	31-12-2018 Th\$	31-12-2017 Th\$
Provisions for legal claims *	2,992,246	2,603,819
Other provisions, current	2,992,246	2,603,819
Other provisions, non-current	1,341,233	1,301,105
Provisions, non-current	1,341,233	1,301,105



* According to the policy established by Company subsidiaries regarding the treatment of collateral documents associated with the projects awarded to the group's companies, a charge to results was made in those cases in which guarantees are expected to be executed by Company clients.

The account activity of the fiscal year's current provisions is the following:

Legal claims	31-12-2018 Th\$	31-12-2017 Th\$
Balance for initial provisions	2,603,819	2,628,225
Increase in existing provisions	891,679	302,543
Provision used	(549,895)	(161,112)
Other increases (decreases)	46,643	(165,837)
Changes in provisions, total	388,427	(24,406)
Total	2,992,246	2,603,819

The provisions under this item are as follows:

1.- Legal claims

The Company registers the provision corresponding to lawsuits derived from its operations, originated mainly by sanction processes carried out by auditing entities. Additionally, Aguas Andinas and its subsidiaries are parties to civil and labor lawsuits whose sentences are pending in the corresponding courts of justice.

The provisions associated to pending lawsuits filed against the Company are reflected under the item "Provisions", as established by IAS 37. In those cases where Management considers them unlikely to prosper and to not represent a clear likelihood of material loss, they have not been so provisioned.

What follows is a description of legal claims that are likely to affect the Company:

The Superintendence for Sanitation Services (SISS), has levied fines against Aguas Andinas S.A. and Subsidiaries, mainly for not complying with instructions and breaching the continuity and quality of the service provided by the Company. The total number of complaints filed in 2018 amount to UTA 3.517.- which were paid out prior to initiating the claim processes of each case. The final sentences are pending.

Additionally, Aguas Andinas S.A. was notified of the initiation of sanction procedures by the Superintendence of Sanitary Services. The foregoing corresponds to alleged breaches in the delivery of the service. Currently, there are judicial complaints and lawsuits pending to be resolved, consequently,



it is yet premature to estimate an outcome. The Company considers that it did not incur such infringements, therefore, it expects that such complaint and lawsuit procedures will be admitted.

The **Secretaría Regional Ministerial de Salud RM**, (Ministry of Health's metropolitan region's office) has pending sanctioning processes against Aguas Andinas, initiated via a resolution for alleged infringements in the service provided. Judicial complaints and claims are currently in process. Fines range from 1 to 2000 UTM.

Labor lawsuits: Aguas Andinas was directly or alternatively sued, regarding labor demands whose matter corresponds mainly to unjustified dismissals. The total amount of such lawsuits amounts to Th \$370,811.- The judicial proceedings are pending in the respective courts or administrative bodies concerned

2.- Other non-current provisions

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

B.- Contingent liabilities

1.- Aguas Andinas S. A was sued for damages allegedly suffered by a mining company, by the installation of company infrastructure on land where the claimant would have mining appurtenances, causing to it an alleged damage by preventing the extraction of minerals. The amount claimed totaled Th\$1,093,564. A sentence was issued, and the counterclaim was fully rejected, thus condemning Aguas Andinas to pay the sum of Th\$185,538. An appeal for annulment was filed that was admitted and deemed incorporated in the plaintiff's appeal.

2.- On June 9, 2017, as a result of a potable water main break that affected the commune of Providencia, Aguas Andinas S.A. had to compensate the damage to third parties. In consideration of said emergency, the Company is being audited by the Superintendence of Sanitation Services. The Company submitted its reply to such charges; which are now pending to be resolved by the authority.

3.- The Company was sued by the National Consumer Service due to service shutoffs in February and April 2017. The lawsuit objective is to make the courts establish fines and compensations for each of the users affected by the water shutoffs.

4.- Aguas Andinas was sued by the Municipality of Providencia for the damages caused by the Potable Water Main break on June 9, 2016. The lawsuit, filed in the 22nd Civil Court of Santiago, contemplates the payment of municipal rights for the execution of works to repair the streets damaged by the flood for an amount of Th\$557,965. The lawsuit is at its probationary stage.



5. Aguas Cordillera was sued via an ordinary suit filed before Santiago's 11th Civil Court on grounds of the establishment of easements. The amount claimed was Th\$3,689,946. The lawsuit is at its probationary stage.

The company and subsidiaries are party to other small claim offence proceedings. They are considered to have no adverse material impact in the financial statements of the respective companies.

Note 16. GUARANTEES AND RESTRICTIONS

a) Direct guarantees

Policies and performance bonds have been granted to several institutions, especially to the Superintendence of Sanitation Services, to guarantee the conditions for the provision of services and development programs in the Company's concession areas; to SERVIU Metropolitano, to guarantee the replacement of paving; and to other institutions, for Th\$45.873.654 and Th\$40.556.790 as of December 31, 2018 and 2017, respectively.



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

Guarantee beneficiary	Debtor's name	Type of guarantee	31-12-2018 Th\$	31-12-2017 Th\$
ASOCIACION DE CANALISTAS DEL MAIPO	A. Andinas S.A.	Performance bond	7,870,828	7,608,765
CGE DISTRIBUCION	A. Andinas S.A.	Performance bond	53,349	53,349
COMITE INNOVA CHILE	A. Andinas S.A.	Performance bond	292,061	64,634
CONSTRUCTORA SAN FRANCISCO	A. Andinas S.A.	Performance bond	159,055	175,126
DGAC	A. Andinas S.A.	Performance bond	22,053	0
DIRECCION VIALIDAD	A. Andinas S.A.	Performance bond	185,351	169,418
DIRECCION OBRAS HIDRAULICAS	A. Andinas S.A.	Performance bond	1,112,280	1,125,773
GOB REG METROP	A. Andinas S.A.	Performance bond	79,973	0
I MUNICIPALIDAD DE RENCA	A. Andinas S.A.	Performance bond	27,566	0
MUNICIPALIDAD LA FLORIDA	A. Andinas S.A.	Performance bond	490,348	448,788
I MUN LAS CONDES	A. Andinas S.A.	Performance bond	10,000	0
I MUNICIPALIDAD DE PAINE	A. Andinas S.A.	Performance bond	19,837	0
I MUNICIPALIDAD DE SAN BERNARDO	A. Andinas S.A.	Performance bond	17,419	0
MUNICIPALIDAD DE LA REINA	A. Andinas S.A.	Performance bond	68,914	66,995
MUNICIPALIDAD PEÑALOEN	A. Andinas S.A.	Performance bond	44,762	43,516
MUNICIPALIDAD PROVIDENCIA	A. Andinas S.A.	Performance bond	56,730	110,301
MUNICIPALIDAD DE SANTIAGO	A. Andinas S.A.	Performance bond	30,636	24,922
INMOB MACUL S.A.	A. Andinas S.A.	Performance bond	55,132	0
MIN DE OBR PUBLI	A. Andinas S.A.	Performance bond	3,372,537	0
SERVIU METROPOLITANO	A. Andinas S.A.	Performance bond	8,030,960	8,762,875
S.I.S.S.	A. Andinas S.A.	Performance bond	8,269,329	6,932,974
SOC CONC AUT CEN	A. Andinas S.A.	Performance bond	55,132	0
SOC CONCE MELIPI	A. Andinas S.A.	Performance bond	41,349	0
ASOCIACION DE CANALISTAS DEL MAIPO	A. Cordillera S.A.	Performance bond	951,834	925,327
MUNICIPALIDAD LAS CONDES	A. Cordillera S.A.	Performance bond	156,000	173,000
MUNICIPALIDAD DE LO BARNECHEA	A. Cordillera S.A.	Performance bond	13,783	99,448
MUNICIPALIDAD VITACURA	A. Cordillera S.A.	Performance bond	55,132	53,596
MINISTERIO OOPP DIR. DE AGUAS	A. Cordillera S.A.	Performance bond	410,234	398,810
SENCORP S.A.	A. Cordillera S.A.	Performance bond	313,974	305,231
SERVIU METROPOLITANO	A. Cordillera S.A.	Performance bond	450,866	624,557



S.I.S.S.	A. Cordillera S.A.	Performance bond	1,263,671	1,235,769
ASOCIACION DE CANALISTAS DEL MAIPO	A.Manquehue S.A.	Performance bond	1,459,092	1,418,460
IL MUN DE LO BAR	A.Manquehue S.A.	Performance bond	88,514	0
MUNICIPALIDAD VITACURA	A.Manquehue S.A.	Performance bond	11,026	10,719
S.I.S.S.	A.Manquehue S.A.	Performance bond	1,226,237	1,025,538
SUPERINT SERV SA	A.Manquehue S.A.	Performance bond	73,518	0
DIRECCION OBRAS HIDRAULICAS	Essal S.A.	Performance bond	1,678,920	1,707,147
DIRECCION VIALIDAD	Essal S.A.	Performance bond	21,722	74,358
REGIONAL GOVERNMENT OF THE LOS RÍOS REGION.	Essal S.A.	Performance bond	49,475	56,208
MUNICIPALIDAD DE PAILLACO	Essal S.A.	Performance bond	31,094	246,526
SERVIU METROPOLITANO	Essal S.A.	Performance bond	157,191	156,003
COMPANY CONCESIONARIA DE LOS LAGOS	Essal S.A.	Performance bond	27,357	27,357
S.I.S.S.	Essal S.A.	Ins. Policy	3,053,444	3,000,265
CODELCO	Anam S.A.	Performance bond	17,904	17,769
DIRECTEMAR	Anam S.A.	Performance bond	115,226	0
GOBIERNO REGIONAL V REGION VALPARAISO	Anam S.A.	Performance bond	24,862	24,862
SUPERINTENDENCIA DEL MEDIO AMBIENTE	Anam S.A.	Performance bond	35,066	34,857
ENAP REFINERIAS	Anam S.A.	Performance bond	18,439	0
SERVIU METROPOLITANO	Gest. y Serv. S.A.	Performance bond	2,990,428	2,222,993
Total			45,060,610	39,426,236

b) Bond issue restrictions

i) Aguas Andinas S.A.

The Company must adhere to the following restrictions and obligations upon issuing bonds in the national market:

1. Sending to bondholder representatives a copy of its Consolidated Financial Statements, and those of its Subsidiary Corporations registered in the Financial Market Commission, both the quarterly as well as the annual audited statements, on the same deadline as they are to be delivered to the Financial Market Commission, plus any other public information which it provides to the Commission.
2. Registering in its accounting books the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements and/or those of its Subsidiaries.



3. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries such as the Company.
4. The Company is obligated to ensure that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
5. Maintaining, at the end of each quarter in the Issuer's Financial Statements, a debt ratio not exceeding 1.5 times. Nonetheless, the above limit is adjusted according to the quotient of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index as of December 2009. For all, the aforementioned limit will be adjusted up to a maximum of 2 times.

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

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

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

As of December 31, 2018, the abovementioned accounts are (Th\$):

Total current liabilities	242,318,524
Total non-current liabilities	976,742,178
Total IFRS liabilities	1,219,060,702
Third-party guarantees (*)	1,130,600
Total liabilities	1,220,191,302
Total assets	1,906,052,099
Total current liabilities	(242,318,524)
Total non-current liabilities	(976,742,178)
Total net equity	686,991,397

The debt ratio was 1.78 times as of December 31, 2018.

* The amount of all joint debtors, simple or joint bonds, joint assumption of debt or other personal or real guarantees that the Issuer or its subsidiaries have granted to secure third-party obligations, except:



(i) those granted by the Issuer or its Subsidiaries for obligations undertaken by other Subsidiaries of the Issuer, (ii) those granted by Subsidiaries for obligations of the Issuer, and (iii) those granted to public institutions to ensure compliance with public sanitation legislation and execution of works in public spaces.

The debt limit variation as of December 31, 2018 was the following:

31-12-2009	31-12-2018	Accumulated inflation	Base	Limit
90.28	119.45	31.97%	1.5	1.98

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

The Company complies with all the covenants established in the bond indentures as of December 31, 2018 and December 31, 2017.

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

The Company must adhere to the following restrictions and obligations upon issuing bonds in the national market:

1. Sending to bondholder representatives a copy of its Consolidated Financial Statements, both the quarterly as well as the annual audited statements, on the same deadline as they are to be delivered to the Financial Market Commission, plus any other public information which it provides to the Commission.
2. Registering in its accounting books the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements.
3. Maintaining insurance to reasonably protect its assets, in line with the usual practices for industries such as the Company.
4. The Company is obligated to ensure that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
5. Maintaining a debt ratio not exceeding 1.29 times, measured on the basis of balance figures, defined as the Liability/Equity ratio.

As of 2010, the above limit was adjusted according to the quotient of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index as of December 2009. This limit will be adjusted up to a maximum of 2 times (Debt = Liabilities/Total net equity). As of December 31, 2018, the debt ratio was 1.48 times and 1.51 times for the BESSALC and BESSALB series, respectively.



6. Maintaining an Ebitda /Financial Expenses ratio of no less than 3.5 times. as of December 31, 2018, the ratio was 7.2 times.
7. Not to sell, assign or transfer essential assets.

The Company complies with all obligations the established in the bond indentures as of December 31, 2018 and December 31, 2017.



c) Bank loan restrictions

i) Aguas Andinas S.A.

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

1. Maintaining a debt ratio no higher than 1.5 times, measured on the basis of the figures in its consolidated balances. Nonetheless, the above limit is adjusted according to the quotient of the consumer price index for the month in which the debt ratio is calculated and the consumer price index as at December 2009. Nonetheless, the above limit will be adjusted to a maximum ratio of 2 times. For the financial year ended December 31, 2018, the debt ratio variation is 1.98 times. To this end, the level of indebtedness shall be defined as the liability/total net equity ratio. As of December 31, 2018, the debt ratio is 1.78 times.
2. A prohibition on the disposal of or losing holder's rights on essential assets, except for contributions or transfers of essential assets to Subsidiary Companies.
3. Send to the various banks with which the company maintains loans, copies of the individual and consolidated financial statements, both quarterly and annual audited, within a period not exceeding 5 days of their submission to the Financial Market Commission.
4. Recording in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements.
5. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries of a nature similar to that of the Company.
6. Submitting a certificate signed by the Company's General Manager declaring compliance with the loan agreement obligations.
7. A prohibition to distribute dividends, except for the obligatory minimum if there is a situation of default or delay in the payment of any loan installment.
8. Maintaining a financial hedging ratio equal to or over 3 times, measured on the basis of the figures contained in its consolidated individual balances, defined as the ratio between operating Revenue plus depreciation during the financial year and the amortization of intangible assets divided by financial expenses. As of December 31, 2018, the Company's financial hedging ratio is 10.32 times.
9. A prohibition on liquidating or dissolving the Company, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present Subsidiaries.
10. The Company undertakes to ensuring that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.



ii) Aguas Cordillera S.A.

The Company has the following obligations and restrictions for obtaining loan agreements with a national bank:

1. Maintaining a debt ratio no higher than 1.5 times, measured on the basis of the figures in its consolidated balances. Nonetheless, the above limit is adjusted according to the quotient of the consumer price index for the month in which the debt ratio is calculated and the consumer price index as at December 2009. Nonetheless, the above limit will be adjusted to a maximum ratio of 2 times. To this end, the level of indebtedness shall be defined as the liability/total net equity ratio. As of December 31, 2018, the debt ratio is 0.61 times.
2. Maintaining a financial hedging ratio equal to or over 3 times, measured on the basis of the figures contained in its consolidated individual balances, defined as the ratio between operating Revenue plus depreciation during the financial year and the amortization of intangible assets divided by financial expenses. As of December 31, 2018, the Company's financial hedging ratio is 16.09 times.
3. Sending a copy of both the quarterly and the audited individual consolidated financial statements to the different banks the Company has asked for loans, within five days of their submission to the Financial Market Commission.
4. Submitting a certificate issued by the Company's General Manager stating compliance with the loan agreement obligations.
5. Maintaining all rights, licenses, permits, trademarks, franchises, concessions or relevant parts thereof in full force.
6. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices of industries of a nature similar to that of the Company.
7. Ensuring that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

iii) Essal S.A.

The Subsidiary has obligations arising from obtaining loans from a national bank without compromised financial indexes or associated restrictions.

As of December 31, 2018 the Company and its Subsidiary Utilities comply with all requirements established in the loan agreements with accrediting Banks, as well as with all the provisions of DFL. No. 382 of the General Sanitation Services Act of 1988, and its Regulations (D.S. MOP No. 1199/2004, published in November 2005).



d) Third party guarantees

As of December 31, 2018 and December 31, 2017, the Company has received documents in guarantee for Th\$42,150,481 and Th\$26.219,928, respectively, arising mainly from work contracts with construction companies to guarantee due performance. Additionally, there are also other guarantees for services contracts and for the acquisition of materials toward ensuring their timely delivery.

Contractor or Supplier		31-12-2018 Th\$	Maturity date
A DENHAM Y CIA LTDA	A. Andinas S.A.	231,470	31-12-2021
AES GENER S.A.	A. Andinas S.A.	275,658	01-04-2022
AMEC CADE ING.Y DES PROY. LTDA	A. Andinas S.A.	104,154	12-08-2019
BAPA S.A.	A. Andinas S.A.	261,259	02-02-2019
BAPA S.A.	A. Andinas S.A.	125,079	13-08-2019
BRENNTAG CHILE LTDA.	A. Andinas S.A.	111,960	05-12-2019
BROTEC CONSTRUCCIÓN LTDA.	A. Andinas S.A.	2,454,844	31-01-2020
C. DE PETROLEOS DE CHILE COPEC S.A.	A. Andinas S.A.	463,514	15-03-2019
CONSORCIO BAPA GRAMATEC SPA	A. Andinas S.A.	363,781	28-12-2019
CONSORCIO NAC. DE DIST. Y LOG. S.A.	A. Andinas S.A.	110,263	03-06-2020
CONSTRUCTORA CARRAN S.A.	A. Andinas S.A.	154,368	28-05-2019
CONSTRUCTORA OLBERTZ LTDA.	A. Andinas S.A.	181,684	30-09-2019
CONSTRUCTORA OLBERTZ LTDA.	A. Andinas S.A.	549,164	30-11-2019
CONSTRUCTORA PEREZ Y GOMEZ LTDA	A. Andinas S.A.	257,017	01-08-2019
CONSTRUCTORA PEREZ Y GOMEZ LTDA	A. Andinas S.A.	466,065	31-08-2019
CONSTRUCTORA VALKO S A	A. Andinas S.A.	2,454,844	30-01-2020
DALCO INGENIERIA LTDA.	A. Andinas S.A.	227,693	30-08-2019
DALCO INGENIERIA LTDA.	A. Andinas S.A.	268,381	30-10-2019
DALCO INGENIERIA LTDA.	A. Andinas S.A.	369,464	30-01-2020
ECHEVERRIA IZQUIERDO ING. Y CONSTRU	A. Andinas S.A.	502,968	24-01-2019
ECHEVERRIA IZQUIERDO ING. Y CONSTRU	A. Andinas S.A.	1,274,174	28-02-2019
EIFFAGE ENERGIA CHILE LTDA	A. Andinas S.A.	261,259	25-01-2019
EMP.DEPURADORA DE A.S. MAPOCHO EL T	A. Andinas S.A.	14,302,346	31-12-2019
EMPRESA NACIONAL DE ENERGIA ENEX S.	A. Andinas S.A.	722,800	29-12-2019
GYO INGENIERIA LTDA.	A. Andinas S.A.	147,680	18-06-2019
ICAFAL INGENIERIA Y CONSTRUCCION S.	A. Andinas S.A.	200,346	12-01-2019
ING. Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	377,860	27-03-2019
INGENIERIA Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	140,692	16-05-2019



INGENIERIA Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	279,467	22-05-2019
INGENIERIA Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	412,577	05-07-2019
INGENIERIA Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	110,357	31-07-2019
INGENIERIA Y CONSTRUCCION MST LTDA.	A. Andinas S.A.	337,598	06-08-2020
INLAC S.A.	A. Andinas S.A.	176,439	31-10-2019
INLAC S.A.	A. Andinas S.A.	139,982	31-01-2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	A. Andinas S.A.	110,263	18-11-2019
INMOB. Y COMERCIAL QUILICURA LTDA.	A. Andinas S.A.	385,921	28-10-2020
INMOBILIARIA LOS SIRIOS S.A.	A. Andinas S.A.	137,829	30-03-2019
INMOBILIARIA MONTE ACONCAGUA S.A.	A. Andinas S.A.	220,526	16-11-2019
LEVEL 3 CHILE S.A.	A. Andinas S.A.	103,234	30-11-2019
SUEZ MEDIOAMBIENTE CHILE S.A.	A. Andinas S.A.	377,860	27-03-2019
SUEZ MEDIOAMBIENTE CHILE S.A.	A. Andinas S.A.	100,031	28-12-2020
SUEZ MEDIOAMBIENTE CHILE S.A.	A. Andinas S.A.	851,498	30-05-2022
VAPOR INDUSTRIAL SPA	A. Andinas S.A.	287,200	28-02-2019
I C M S.A.	A. Cordillera S.A.	158,305	30-10-2019
OBRASCON HUARTE LAIN, S.A.	A. Cordillera S.A.	137,829	30-10-2019
SACYR CHILE S.A.	A. Cordillera S.A.	137,829	30-10-2019
SUEZ MEDIOAMBIENTE CHILE S.A.	A. Cordillera S.A.	674,478	04-02-2019
INMOBILIARIA DG CUATRO LIMITADA	A.Manquehue S.A.	161,177	28-02-2019
INMOBILIARIA DG CUATRO LIMITADA	A.Manquehue S.A.	161,177	31-08-2019
INMOBILIARIA DG CUATRO LIMITADA	A.Manquehue S.A.	161,177	28-02-2020
SUEZ MEDIOAMBIENTE CHILE S.A.	A.Manquehue S.A.	1,857,140	01-04-2019
CLARO VICUÑA VALENZUELA S.A.	Essal S.A.	309,812	05-02-2019
ARTBASE INGENIERIA CONSTRUCCION Y SERVICES LTDA.	Essal S.A.	130,766	16-04-2019
COMPANY CONSTRUCTORA SCHWERTER Y ASOCIADOS LTDA.	Essal S.A.	102,040	28-12-2019
Total		35,383,299	



Note 17. CURRENT REVENUE

The table below shows the Current revenue generated by the Group's Companies:

Classes of current revenue	31-12-2018 Th\$	31-12-2017 Th\$
Current revenue		
Sales of goods	6,663,187	6,719,378
Provision of services	523,456,507	500,597,979
Insurance repayment	284,986	2,223,220
Total	530,404,680	509,540,577

Note 18. LEASING

Disclosure of information on operational leasing as a lessor

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

Future non-cancellable minimum future lease receivables, lessees	31-12-2018 Th\$	31-12-2017 Th\$
Future non-cancellable minimum lease receivables, up to one year, lessees	2,387,889	2,831,275
Future minimum non-cancellable lease receivables, up to one year and less than 5 years, lessees	5,216,879	5,979,441
Total non-cancellable minimum future lease receivables	7,604,768	8,810,716
Minimum lease payments under operational leases	4,311,878	3,362,982
Total lease and sublease installments acknowledged in the statement of result	4,311,878	3,362,982

Significant operative leasing agreements:

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

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



Disclosure of information on operative leasing as lessors

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

Future non-cancellable minimum future lease receivables, lessors	31-12-2018 Th\$	31-12-2017 Th\$
Future non-cancellable minimum lease receivables, up to one year, lessors	311,649	311,649
Amount of contingent revenue acknowledged in the statement of results	676,327	676,327
Total	987,976	987,976

Significant operative leasing agreements by the lessor

Revenues from these sources are negligible for the Company.

Note 19. EMPLOYEE BENEFITS

The Company, at the consolidated level, has a workforce of 2,117 employees, of which 82 are Managers and senior executives. Employees included in collective bargaining agreements and those with individual employment contracts containing special indemnity clauses total 1,755 and 24, respectively, whereas 338 workers are under the provisions of the Labor Code.

During the month of January 2018, the subsidiary Aguas Andinas S.A. culminated the anticipated collective bargaining with the unions of employees, operators and professions No. 1, 2 and 3. The agreement implies the signing of a new collective agreement that replaces the current instrument and expires in July. The agreement was signed on 29 January 2018, taking effect for 3 years.

The current collective bargaining agreements of Aguas Cordillera S.A., and personnel of Aguas Manquehue S.A., were signed on December 1, 2014 and December 23, 2014, with Unions No. 1 and 2 and with the Workers and Supervisors Union, respectively; all of them with a 4-year term.

The current collective bargaining agreements of Anam S.A. and EcoRiles S.A., were signed on December 2015 and April 2017, respectively; both for a 3-year term. The personnel of those Subsidiaries are governed by the provisions contained in articles 159, 160 and 161 of the Labor Code, for which no severance pay provisions have been made.

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

Policies about defined benefit plans

Workers who are not party to the collective bargaining agreements of Aguas Andinas S.A. and its subsidiaries are governed by the provisions contained in articles 159, 160 and 161 of the Labor Code, for which no severance pay provision have been made.



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

For workers who are party to or were incorporated into collective bargaining agreements in force at the date of the consolidated financial statements, the actuarial valuation calculation is applied by seniority.

Accounting policies regarding the acknowledgment of actuarial gains and losses of specific benefits plans.

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

Actuarial gains and losses on indemnities deriving from changes in estimates or in turnover, mortality, wage increases, or discount rates are booked directly as other comprehensive results in accordance with the revised IAS 19, directly affecting Equity, which are later reclassified as Accumulated Results. The application of this procedure began in 2013 following the effective date of revised IAS 19. Up until 2012, all variations in estimates and parameters used determined a direct effect on results for the year.

Actuarial assumptions

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

Participants in each plan: These benefits cover all workers who participate in a union agreement (indicated above) and workers with individual contracts including an indemnity clause in any event. Workers included in the calculation of the actuarial indemnity by company: Aguas Andinas S.A.: 906; Aguas Cordillera S.A.: 90; Aguas Manquehue S.A.: 14; Essal S.A.: 330 and Gestión y Services 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 for target workers during fiscal year 2018 is the following: 7.10%; Aguas Cordillera S.A.: 4.8%; Aguas Manquehue S.A.: 0.00% and Essal S.A.: 6.2%. Disabled workers and early retirements have not been considered due to their infrequent occurrence.

Discount rate: For fiscal year 2018 the Company applied a discount rate 5.0%, which corresponds to a risk-free rate and long-term inflation projections.

Inflation rate: For making long-term estimates, in fiscal year 2018 the Company applied an inflation rate of 3.0%, as reported by the Central Bank of Chile.



Salary increase rates: The salary increase rates applied for fiscal year 2018 are as follows: Aguas Andinas S.A.: 3.30%; Aguas Cordillera S.A.: 2.7%; Aguas Manquehue S.A.: 2.40% and Essal S.A.: 3.07%.

General description of defined benefit plans

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

In the event of the death of a worker, an indemnity will be paid to his/her immediate family in accordance with article 60 of the Labor Code.

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

Workers of Aguas Andinas S.A. and its Subsidiaries who are not a party to their collective bargaining agreements are covered by their individual employment contracts. On the other hand, for non-utility companies; namely, Gestión y Servicios S.A., EcoRiles S.A., Anam S.A. and Aguas del Maipo S.A., the provisions of the Labor Code are applicable, except when individual employment contracts indicate otherwise. The indemnity provision is calculated by deducting employee advances.

The following table shows the account activity in actuarial provisions as of December 31, 2018 and December 31, 2017, which include provision account activity:

Provisions for employees' benefits	31-12-2018 Th\$	31-12-2017 Th\$
Account activity in actuarial provision		
Initial balance	16,245,576	17,285,712
Cost of services	1,260,866	1,294,818
Interest cost	1,645,624	711,341
Actuarial (gain) or losses	1,534,815	(1,340,799)
Benefits paid	(3,100,569)	(2,085,158)
Special compensation for seniority (1)	-	206,637
Provision for termination benefits	547,615	173,024
Subtotal	18,133,927	16,245,575
Profit sharing and bonuses	4,700,385	4,556,637
Total	22,834,312	20,802,212



The Balance Sheet includes the following balances:

Provisions for employees benefit	31-12-2018	31-12-2017
	Th\$	Th\$
Provision for employees benefit, current	5,496,070	5,473,412
Provision for employees benefit, non-current	17,338,241	15,328,801
Total	22,834,311	20,802,213

Expected payment flows

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

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

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

During fiscal year 2018 the Company, together with the Aguas Andinas' union workers and in the spirit of acknowledging the track record of personnel having serious health problems who, in turn, have a duly accredited a disabling disease that affects their performance or that does not allow them to resume the normal conditions of their duties or that are close to their legal age of retirement (in the understanding that this applies to women workers, with an indefinite-term work contract in force who turn 57 years of age and to men workers with an indefinite work contract in force, that turn 62 years of age) the option of accepting a Voluntary Retirement Plan. Also eligible to opt for this plan will be those workers that have already met their established retirement age, as required by article 3 of Decree Law No 3,500, in order to obtain their old-age pension, i.e. over 60 years of age for women and over 65 years of age for men (actual age).

According to the above-described benefit plans, the table below shows the flows for the current financial year:

Company	Number of employees	Expected payment flow Th\$	Year
Aguas Andinas S.A.	16	820,106	2019
Aguas Cordillera S.A.	4	161,565	2019
Essal S.A.	1	3,352	2019
Total	21	985,023	



Liabilities projected for December 31, 2019

In calculating the projected liabilities for indemnities at their actuarial value as of December 2019, as established in IAS 19, we have used the actuarial assumptions as of December 31, 2018, as already reported in this Note. The only amount that increased is the legal bonus, as a result of the increase in the minimum legal wage established in January of the present year.

The following table summarizes this situation by company:

Company	Number of employees	Costs for services Th\$	Costs for interests Th\$
Aguas Andinas S.A.	906	810,777	681,147
Aguas Cordillera S.A.	90	108,805	91,715
Aguas Manquehue S.A.	14	8,752	7,455
Essal S.A.	330	31,998	35,373
Gestión y Services S.A.	1	2,354	205
Total	1,341	962,686	815,895

Sensitivity of assumptions

The sensitivity of the main assumptions is based on the actuarial calculation as of December 31, 2018. The following impacts have been determined:

Discount rate	Base	Plus 0.5% Th\$	Minus 0.5% Th\$
Aguas Andinas S.A.	5.00%	-560,908	601,938
Aguas Cordillera S.A.	5.00%	-90,158	95,938
Aguas Manquehue S.A.	5.00%	-21,589	23,067
Essal S.A.	5.00%	-40,046	44,070
Total		-712,701	765,013

Turnover rate	Base	Plus 0.5% Th\$	Minus 0.5% Th\$
Aguas Andinas S.A.	7.10%	-628,125	672,910
Aguas Cordillera S.A.	4.80%	-98,699	104,567
Aguas Manquehue S.A.	0.00%	-22,564	0
Essal S.A.	6.20%	-44,549	49,049
Total		-793,937	826,526

Salary increment rate	Base	Plus 0.5% Th\$	Minus 0.5% Th\$
Aguas Andinas S.A.	3.30%	609,153	-572,492
Aguas Cordillera S.A.	2.70%	97,665	-92,551
Aguas Manquehue S.A.	2.40%	23,554	-22,223
Essal S.A.	3.10%	44,709	-40,949
Total		775,081	-728,215



Disclosures of benefits on termination of the contractual relationship

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

Profit sharing and bonuses

The Company has an obligation with its personnel with respect to profit-sharing bonuses payable the following year in February and March. The accrued participation payable to personnel, as stipulated in current contracts, is settled in February on the basis of the statement of financial position for the immediately-preceding financial year. As of December 31, 2018 and 2017, these amounts total Th\$3,214,450 y Th\$4,556,637, 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 Group Company.

Personnel expenses

Personnel expenses as of December 31, 2018 and 2017 are:

Personnel expenses	31-12-2018 Th\$	31-12-2017 Th\$
Wages and salaries	36,739,135	34,456,014
Defined benefits	16,525,933	15,464,917
Termination benefits	3,841,224	3,478,845
Other personnel expenses	2,047,095	2,148,528
Total	59,153,387	55,548,304



Note 20. EFFECT OF EXCHANGE DIFFERENCES

The table below summarizes the exchange differences:

Item	Currency	31-12-2018 Th\$	31-12-2017 Th\$
Trade debtors and other accounts receivable	EUR	(36,619)	271
Trade debtors and other accounts receivable	USD	(717)	(580)
Other financial assets	USD	145	-
Total variation liabilities		(37,191)	(309)
Trade accounts payable and other accounts payable	EUR	(15,826)	(9,651)
Trade accounts payable and other accounts payable	USD	(19,450)	18,948
Accounts payable from related entities	EUR	(11,091)	-
Total variation liabilities		(46,367)	9,297
Earnings (loss) from exchange differences		(83,558)	8,988

Note 21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature:

Other expenses by nature	31-12-2018 Th\$	31-12-2017 Th\$
Treatment plant operation	(25,879,842)	(25,635,865)
Services	(17,979,010)	(14,987,945)
Maintenance and repair of networks	(14,403,921)	(14,933,319)
Commercial services	(13,329,382)	(12,764,364)
Expenses for works requested by third parties	(10,014,480)	(11,335,985)
Maintenance of facilities and equipment	(8,151,903)	(7,360,079)
Leases	(7,708,393)	(7,199,468)
Withdrawal of waste and slurry	(5,884,761)	(6,683,156)
Contributions, patents, insurance and royalties	(6,483,442)	(6,243,669)
Overhead	(6,706,411)	(6,216,812)
Other	(5,816,781)	(7,101,809)
Total	(122,358,326)	(120,462,471)



Note 22. RESULTS BY INDEXED UNITS

The composition of the results by indexed units for periods ended December 31, 2018 and 2017, is the following:

Item	31-12-2018	31-12-2017
	Th\$	Th\$
Accounts receivable from related entities	4,485	467,148
Current tax assets	379,579	430,103
Trade debtors and other accounts receivable	(772,861)	90,479
Total variation liabilities	(388,797)	987,730
Other financial liabilities	(23,404,573)	(12,760,363)
Trade accounts payable and other accounts payable	881,302	(179,293)
Accounts payable to related companies	(92)	(209)
Other non-financial liabilities	(110,576)	6,232
Total variation liabilities	(22,633,939)	(12,933,633)
Earnings (loss) from adjustment units	(23,022,736)	(11,945,903)

Note 23. CAPITALIZED FINANCING COSTS

The table below summarizes the capitalized financing costs as of December 31, 2018 and December 31, 2017:

Disclosure of capitalized interest costs

Capitalized interest costs, property, plant and equipment		31-12-2018	31-12-2017
Rate of capitalized interest costs, property, plant and equipment	%	6.42	7.13
Amount of capitalized interest, property, plant and equipment	Th\$	3,215,456	2,201,924



Note 24. REVENUE TAXES AND DEFERRED TAXES

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

Statements of financial position	31-12-2018 Th\$	31-12-2017 Th\$
Deferred tax assets		20,200,593
Deferred tax liabilities	(35,452,801)	(37,820,849)
Net deferred tax position	(11,953,240)	(17,620,256)

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

Disclosure of deferred tax assets

Deferred tax assets	31-12-2018 Th\$	31-12-2017 Th\$
Water rights (amortization)	504,001	477,561
Provision for doubtful accounts	9,230,453	8,936,230
Provision for vacations	714,546	661,801
Litigation	807,907	703,031
Termination benefits	4,013,029	3,491,419
Other provisions	243,379	109,329
Variation monetary correction and depreciation assets	69,908,916	66,862,390
Deferred Revenue	1,969,571	1,969,571
La Dehesa reservoir transaction	389,058	378,223
Amortization	101	107
Other provisions	1,625,000	1,274,491
Deferred tax assets	89,405,961	84,864,153



Disclosure on deferred tax liabilities

Deferred tax liabilities	31-12-2018 Th\$	31-12-2017 Th\$
Depreciation fixed assets	18,637,043	18,168,997
Amortizations	645,687	475,077
Expense investment on related companies	114,266	114,266
Revaluation of land	24,349,342	24,584,755
Revaluation of water rights	46,834,696	46,838,629
Fair value of assets on purchase Essal S.A.	10,539,459	11,961,837
Other	238,708	340,848
Deferred tax liabilities	101,359,201	102,484,409
Net deferred tax position	-11,953,240	-17,620,256

Asset account activity on deferred taxes

Asset account activity on deferred taxes	31-12-2018 Th\$	31-12-2017 Th\$
Deferred tax assets, initial balance	84,864,153	84,697,048
Increases (decreases) in deferred tax assets	1,201,059	(456,516)
Increases (decreases) for variation in monetary correction and assets depreciation	3,046,526	(2,001)
Increases (decreases) for bad debt provision	294,223	625,622
Changes in deferred tax assets	4,541,808	167,105
Changes in deferred tax assets, total	89,405,961	84,864,153

Liability account activity on deferred taxes

Liability account activity on deferred taxes	31-12-2018 Th\$	31-12-2017 Th\$
Deferred tax assets, initial balance	102,484,409	102,615,565
Increases (decreases) in deferred tax assets	297,170	1,212,200
Increases (decreases) for variation in monetary correction and assets depreciation	(1,422,378)	(1,343,356)
Increases (decreases) for bad debt provision	(1,125,208)	(131,156)
Changes in deferred tax assets	101,359,201	102,484,409



Earnings' tax expense

Revenue (charge) for Corporate Revenue taxes by current and deferred parts	31-12-2018 Th\$	31-12-2017 Th\$
Charge for current taxes	(51,450,110)	(34,893,316)
Previous financial year adjustment tax expense	(216,089)	(169,861)
Charge for current Corporate Revenue tax	(51,666,199)	(35,063,177)
Deferred Revenue (charge) for taxes related to creation and reversal of timing differences	5,378,014	1,473,976
Charge for single tax (disallowed expenses)	(218,237)	(82,252)
Earnings (charge) for other taxes	5,159,777	1,391,724
Earnings' tax expense	(46,506,422)	(33,671,453)

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

	31-12-2018 Th\$	31-12-2017 Th\$
Tax expense using the statutory rate	(50,172,690)	(48.404.834)
Permanent difference for monetary correction tax equity	4,076,156	2.634.021
Permanent difference for disallowed expenses	(218,237)	(132.752)
Permanent difference for previous financial year's Corporate Revenue tax	(216,089)	(173.082)
Other permanent differences	24,438	(263.978)
Adjustment to tax charge using the statutory rate	3,666,268	2.064.209
Tax expense using the statutory rate	(46,506,422)	(46.340.625)

Reconciliation of the statutory tax rate and the effective tax rate

	31-12-2018	31-12-2017
Statutory tax rate	27.00%	25.50%
Permanent difference for monetary correction tax equity	-2.19%	-1.39%
Permanent difference for disallowed expenses	0.12%	0.07%
Permanent difference for previous financial year's Corporate Revenue tax	0.12%	0.09%
Other permanent differences	-0.02%	0.14%
Effective tax rate	25.03%	24.41%



Note 25. EARNINGS PER SHARE

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

Earnings per share		31-12-2018	31-12-2017
Earnings attributable to shareholders in equity of the controller	Th\$	136,056,517	139,620,280
Results available to common shareholders, basic	Th\$	136,056,517	139,620,280
Weighted average number of shares, basic		6,118,965,160	6,118,965,160
Earnings per share	\$	22,235	22,818

Disclosure of information on diluted earnings (losses) per share

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

Note 26. BUSINESS SEGMENTS

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

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

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

Description of types of products and services that provide regular Revenue from 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 includes the subsidiaries Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A., and Essal S.A. through Iberaguas Ltda.

The Non-Water segment consists of environmental analysis, liquid waste treatment (Riles) and comprehensive engineering services, plus the sale of sanitation service and energy project products.



The subsidiaries included are EcoRiles S.A., Anam S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A.



General information on result totals, assets, liabilities and equity.

General information on result totals	31-12-2018		31-12-2017	
	Water Th\$	Non-water Th\$	Water Th\$	Non-water Th\$
Revenues from regular activities with external customers	504,692,040	25,712,641	484,300,578	25,239,999
Revenues from regular activities between segments	1,172,343	4,311,876	989,298	4,314,127
Raw materials and consumables used	(29,616,364)	(9,896,250)	(25,086,612)	(10,043,948)
Employees benefit expenses	(51,663,217)	(7,544,201)	(48,419,753)	(7,230,674)
Operating expenses	(120,533,467)	(6,971,666)	(118,800,873)	(6,657,188)
Depreciation and amortization	(74,224,202)	(1,271,095)	(73,722,846)	(699,021)
Other revenues and expenses	(825,519)	(271,241)	2,306,663	329,304
Financial Revenue	5,898,244	95,959	5,928,429	224,228
Financial costs	(29,994,480)	(140,329)	(31,125,774)	(86,145)
Result of indexation and exchange differences	(23,128,443)	22,148	(11,958,387)	21,474
Corporate Revenue tax charge	(45,486,954)	(1,019,468)	(45,056,455)	(1,284,170)
Earnings of the segment	136,289,981	3,028,374	139,354,268	4,127,986
Earnings of the segment attributable to controller's property owners	133,028,143	3,028,374	135,492,295	4,127,986
Earnings (losses) by segment attributable to non-controller shares	3,261,838	-	3,861,973	-

Totals on assets, liabilities and equity general information	31-12-2018		31-12-2017	
	Water Th\$	Non-water Th\$	Water Th\$	Non-water Th\$
Current assets	160,097,263	15,288,955	142,790,325	14,731,411
Non-current assets	1,718,816,311	20,176,274	1,626,875,139	20,251,891
Total assets	1,878,913,574	35,465,229	1,769,665,464	34,983,302
Current liabilities	236,740,972	13,904,255	230,408,065	14,472,469
Non-current liabilities	976,643,094	99,085	866,317,420	151,337
Equity attributable to owners of the controller	617,158,766	21,461,889	622,271,278	20,359,496
Non-controller shares	48,370,742	-	50,668,701	-
Total assets and liabilities	1,878,913,574	35,465,229	1,769,665,464	34,983,302



Significant line items of revenues and expenses by segment

Water and Non-Water Segments

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

Revenue

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

Detail of significant revenue line items

Water Segment

The significant items of ordinary revenues are mainly related to the potable water and sewage water business, that is, Revenue from the sale of water, overconsumption, variable charge, fixed charge, sewage service, sewer use and wastewater treatment.

Tariffs

The most important factor determining the results of the Company's operations and financial position are the tariffs set for its regulated sales and services. As regulated companies, Aguas Andinas and its water utility subsidiaries are regulated by the SISS and their tariffs are set in accordance with the D.F.L. No. 70 of 1988 on Sanitation Service Tariffs.

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

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

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



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

Non-Water Segment

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

Detail of significant expense items

Water Segment

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

Non-Water Segment

The significant expense items are mainly the payment of wages, the cost of materials for sale and Corporate Revenue tax Payments.

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

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

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

There are no differences in the nature of the measurement of results, since the standard dictates that there are no accounting policies showing different criteria for assigning costs or similar items.

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



Reconciliation of revenues from regular activities	31-12-2018 Th\$	31-12-2017 Th\$
Revenues from regular activities of the segments	535,888,900	514,844,002
Elimination of ordinary activity revenues between segments	(5,484,220)	(5,303,425)
Revenues from regular activities	530,404,680	509,540,577

Reconciliation of earnings	31-12-2018 Th\$	31-12-2017 Th\$
Total consolidated earnings (loss) of segments	139,318,355	143,482,254
Consolidation of elimination of earnings (loss) between segments	(3,261,838)	(3,861,974)
Consolidation of earnings (loss)	136,056,517	139,620,280

Reconciliation of segment assets, liabilities and equity of segments	31-12-2018 Th\$	31-12-2017 Th\$
Reconciliation of assets		
Consolidation total assets of segments	1,914,378,803	1,804,648,766
Elimination of accounts between segments	(8,326,704)	(7,768,630)
Total assets	1,906,052,099	1,796,880,136
Reconciliation of liabilities		
Consolidation total liabilities of segments	1,227,387,406	1,111,349,291
Elimination of accounts between segments	(8,326,704)	(7,768,632)
Total liabilities	1,219,060,702	1,103,580,659
Reconciliation of equity		
Consolidation total equities of segments	638,620,655	642,630,776
Equity attributable to owners of the controller	638,620,655	642,630,776

Information about main customers

Main customers of the water utility segment:

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

Main customers of the non-water utility segment:

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



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

Water utility segment

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

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

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

Non-water utility segment

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

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



Note 27. ENVIRONMENT

Disclosure of information on environment-related investments.

The following information on environment-related investments is disclosed in compliance with Circular No. 1901 of October 30, 2008, of the Financial Market Commission.

The table below summarizes the environment-related investments:

Aguas Andinas S.A.

Project name	31-12-2018 Th\$	31-12-2017 Th\$
Expansion and upgrade PTAS Buin Maipo	1,596,552	30,787
Expansion and upgrade PTAS Curacaví	501,322	1,709,635
Expansion and upgrade PTAS El Monte	1,097,243	2,867
Expansion and upgrade PTAS San José de Maipo	46,471	2,145
Expansion and upgrade PTAS Talagante	3,623,144	1,358,967
Expansion and upgrade PTAS other localities.	5,948	26,013
Upgrade and renewal of clearing equipment and facilities.	1,047,679	1,162,682
La Farfana Plant	4,518,641	3,567,160
Mapocho - Trebal Plant	16,212,808	9,381,667
El Rutal handling and disposal of slurry external platform.	6,755	17,403
Total	28,656,563	17,259,326

Aguas Manquehue S.A.

Project name	31-12-2018 Th\$	31-12-2017 Th\$
Upgrade and renewal of clearing equipment and facilities.	26,590	60,863
Total	26,590	60,863

Aguas del Maipo S.A.

Project name	31-12-2018 Th\$	31-12-2017 Th\$
Biogas clearing plant	-	6,121,864
Total	-	6,121,864



Essal S.A.

Project name	31-12-2018 Th\$	31-12-2017 Th\$
Upgrade disposal infrastructure	23,781	149,612
Upgrade EDAR system	673,808	285,144
Renewal of treatment and disposal equipment	101,253	104,899
Total	798,842	539,655

Environmental investments projected for the financial year 2019:

Company	Th\$
Aguas Andinas S.A.	22,554,769
Aguas Manquehue S.A.	113,317
Essal S.A.	863,177
Total	23,531,263

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

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

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

The projected disbursements are expected to be made in 2019.

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



Note 28. EVENTS OCCURRING AFTER THE CLOSING OF THE BALANCE SHEET

As of the date of issue of these consolidated financial statements, the Management of the Company's and its Subsidiaries are not aware of any subsequent events that could affect their financial position as of December 31, 2018.

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