



Consolidated Financial Statements

**For the periods ending
March 31, 2018 and 2017**

AGUAS ANDINAS S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A. AND SUBSIDIARIES

This document contains the following:

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

Consolidated Statements of Financial Position
As of March 31, 2018 and December 31, 2017
(Thousands of pesos - Th\$)

| ASSETS | Note | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|--|-------------|----------------------------|----------------------------|
| CURRENT ASSETS | | | |
| Cash & cash equivalents | 7 | 23,965,530 | 18,808,340 |
| Other current financial assets | 8 | 8,047,633 | |
| Other non-financial assets | | 1,526,119 | 1,359,205 |
| Trade debtors & other accounts receivable | 8 | 119,044,921 | 113,515,790 |
| Accounts receivable from related entities | 9 | 415,681 | 560,633 |
| Inventories | 10 | 4,100,867 | 3,925,378 |
| Tax assets | | 11,245,909 | 12,449,415 |
| Total current assets other than assets or groups of assets for disposal classified as held for sale or held to be distributed to the owners | | 168,346,660 | 150,618,761 |
| TOTAL CURRENT ASSETS | | 168,346,660 | 150,618,761 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 8 | 7,852,912 | 7,807,734 |
| Other non-financial assets | | 910,005 | 895,341 |
| Receivables | 8 | 4,718,843 | 2,276,380 |
| Intangible assets other than goodwill | 11 | 226,758,042 | 227,084,499 |
| Goodwill | 12 | 36,233,012 | 36,233,012 |
| Property, plant & equipment | 13 | 1,360,003,119 | 1,351,763,816 |
| Deferred tax assets | 24 | 21,499,108 | 20,200,593 |
| TOTAL NON-CURRENT ASSETS | | 1,657,975,041 | 1,646,261,375 |
| TOTAL ASSETS | | 1,826,321,701 | 1,796,880,136 |

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

Consolidated Statements of Financial Position
As of March 31, 2018 and December 31, 2017
(Thousands of Chilean pesos - Th\$)

| EQUITY AND LIABILITIES | Note | 31-03-2018 | 31-12-2017 |
|--|-------------|----------------------|----------------------|
| | | Th\$ | Th\$ |
| CURRENT LIABILITIES | | | |
| Other financial liabilities | 8 | 109,953,766 | 63,045,352 |
| Trade creditors & other accounts payable | 8 | 67,253,694 | 106,129,106 |
| Accounts payable to related entities | 9 | 24,483,959 | 43,591,633 |
| Other provisions | 15 | 2,475,377 | 2,603,819 |
| Tax liabilities | | 5,080,026 | 12,639 |
| Provisions for employee benefits | 19 | 1,542,497 | 5,473,412 |
| Other non-financial liabilities | | 17,249,002 | 16,255,942 |
| Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale | | 228,038,321 | 237,111,903 |
| TOTAL CURRENT LIABILITIES | | 228,038,321 | 237,111,903 |
| NON-CURRENT LIABILITIES | | | |
| Other financial liabilities | 8 | 787,600,316 | 802,978,167 |
| Other accounts payable | 8 | 1,012,871 | 982,075 |
| Other provisions | 15 | 1,309,926 | 1,301,105 |
| Deferred tax liabilities | 24 | 37,589,212 | 37,820,849 |
| Provisions for employee benefits | 19 | 16,188,026 | 15,328,801 |
| Other non-financial liabilities | 8 | 8,362,984 | 8,057,759 |
| TOTAL NON-CURRENT LIABILITIES | | 852,063,335 | 866,468,756 |
| TOTAL LIABILITIES | | 1,080,101,656 | 1,103,580,659 |
| EQUITY | | | |
| Issued capital | 3 | 155,567,354 | 155,567,354 |
| Accumulated earnings | 3 | 381,022,323 | 328,964,934 |
| Share premium | 3 | 164,064,038 | 164,064,038 |
| Other equity participations | 3 | -5,965,550 | -5,965,550 |
| Equity attributable to owners of the controller | | 694,688,165 | 642,630,776 |
| Non-controller participations | 4 | 51,531,880 | 50,668,701 |
| TOTAL EQUITY | | 746,220,045 | 693,299,477 |
| TOTAL EQUITY & LIABILITIES | | 1,826,321,701 | 1,796,880,136 |

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

Comprehensive Revenues Statements by Consolidated Nature
As of March 31, 2018 and 2017
(Thousands of Chilean pesos - Th\$)

| STATEMENT OF RESULTS BY NATURE | Note | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|--|-------|--------------------|--------------------|
| Revenues from ordinary activities | 17 | 152,479,378 | 145,869,714 |
| Raw materials & consumables used | | -9,889,790 | -8,364,134 |
| Employee benefit expenses | 19 | -14,391,733 | -12,799,067 |
| Charges for depreciation & amortization | 11-13 | -18,855,839 | -17,794,254 |
| Other expenses, by nature | 21 | -30,097,598 | -28,915,796 |
| Other (losses) gains | 5 | 2,014,615 | 91,894 |
| Financial income | 5 | 1,387,311 | 1,577,091 |
| Financial costs | 5 | -6,983,093 | -7,560,501 |
| Exchange differences | 20 | -28,922 | 390 |
| Results of indexation adjustments | 22 | -4,584,317 | -3,300,106 |
| Earnings before taxes | | 71,050,012 | 68,805,231 |
| Charge for income taxes | 24 | -18,129,444 | -16,877,856 |
| Earnings from continuing operations | | 52,920,568 | 51,927,375 |
| Earnings | | 52,920,568 | 51,927,375 |
| Earnings attributable to: | | | |
| Owners of the controller | | 52,057,389 | 50,837,259 |
| Earnings attributable to non-controller participations | 4 | 863,179 | 1,090,116 |
| Earnings | | 52,920,568 | 51,927,375 |
| Earnings per share | | | |
| Basic earnings per share from continuing operations | 24 | 8.508 | 8.308 |
| Basic earnings per share | | 8.508 | 8.308 |

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

**Comprehensive Revenues Statements by Consolidated Nature
As of March 31, 2018 and 2017
(Thousands of Chilean pesos - Th\$)**

| STATEMENT OF COMPREHENSIVE RESULTS | Nota | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|--|------|--------------------|--------------------|
| | | | |
| Earnings | | 52,920,568 | 51,927,375 |
| | | | |
| | | | |
| TOTAL COMPREHENSIVE RESULT | | 52,920,568 | 51,927,375 |
| Comprehensive result attributable to | | | |
| Result attributable to owners of the controller | | 52,057,389 | 50,837,259 |
| Result attributable to non-controller participations | 4 | 863,179 | 1,090,116 |
| Total comprehensive result | | 52,920,568 | 51,927,375 |

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

Consolidated Statements of Direct Cash Flows
As of March 31, 2018 and 2017
(Thousands of Chilean pesos - Th\$)

| Statement of direct cash flow | Note | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|---|----------|--------------------|--------------------|
| Proceeds classes from operating activities | | 177,241,873 | 164,393,900 |
| Proceeds of sales of goods & services | | 176,491,840 | 164,178,166 |
| Proceeds of insurance claims, annuities & other benefits | | 232,778 | 32,745 |
| Other proceeds from operating activities | | 517,255 | 182,989 |
| Payment classes from operating activities | | -93,202,498 | -83,943,914 |
| Payments to suppliers of goods & services | | -58,451,014 | -46,977,989 |
| Payments to & on behalf of employees | | -20,657,728 | -17,321,599 |
| Payments of insurance premiums, annuities & other obligations | | -34,801 | -3,337,723 |
| Other operating activity payments | | -14,058,955 | -16,306,603 |
| Cash flow from (used in) operating activities | | -22,258,990 | -21,919,649 |
| Interest paid | | -7,218,869 | -7,532,327 |
| Interest received | | 62,333 | 302,839 |
| Income taxes paid (refunded) | | -14,511,309 | -14,097,712 |
| Other cash inflows (outflows) | | -591,145 | -592,449 |
| Cash flow from (used in) operating activities | | 61,780,385 | 58,530,337 |
| Proceeds of sales of property, plant & equipment | | 1,600,298 | 11,263 |
| Purchases of property, plant & equipment | | -33,123,790 | -24,067,840 |
| Purchases of intangible assets | | -204,515 | -425,892 |
| Interest received | | 0 | 148 |
| Other cash inflows (outflows) | | -1,177,282 | -1,207,503 |
| Cash flow from (used in) investment activities | | -32,905,289 | -25,689,824 |
| Proceeds of long-term loans | | 3,975,944 | 968,552 |
| Proceeds of short-term loans | | 44,533,417 | 3,925,210 |
| Proceeds of loans, classified as financing activities | | 48,509,361 | 4,893,762 |
| Loan repayments | | -28,375,700 | -6,531,549 |
| Dividends paid | | -43,851,567 | -44,074,534 |
| Cash flow from (used in) financing activities | | -23,717,906 | -45,712,321 |
| Net increase (decrease) in cash & cash equivalents | | 5,157,190 | -12,871,808 |
| Cash & cash equivalents at start of the period | | 18,808,340 | 64,876,443 |
| Cash & cash equivalents at end of the period | 7 | 23,965,530 | 52,004,635 |

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

**Statement of Changes in Consolidated Net Equity
As of March 31, 2018 and 2016 (unaudited)
(Thousands of Chilean pesos - Th\$)**

| Statement of changes in equity | Note | Issued Capital | Share premium | Other participations in the equity | Accumulated earnings (losses) | Equity attributable to owners of the controller | Non-controller participations | Total equity |
|----------------------------------|------|----------------|---------------|------------------------------------|-------------------------------|---|-------------------------------|--------------|
| | | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ |
| Initial balance as of 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 | | 0 | 0 | 0 | 52,057,389 | 52,057,389 | 863,179 | 52,920,568 |
| Total changes in equity | | 0 | 0 | 0 | 52,057,389 | 52,057,389 | 863,179 | 52,920,568 |
| Closing balance as of 31-03-2018 | 3-4 | 155,567,354 | 164,064,038 | -5,965,550 | 381,022,323 | 694,688,165 | 51,531,880 | 746,220,045 |

| Statement of changes in equity | Note | Issued Capital | Share premium | Other participations in the equity | Accumulated earnings (losses) | Equity attributable to owners of the controller | Non-controller participations | Total equity |
|----------------------------------|------|----------------|---------------|------------------------------------|-------------------------------|---|-------------------------------|--------------|
| | | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ |
| Initial balance as of 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 | | 0 | 0 | 0 | 50,837,259 | 50,837,259 | 1,090,116 | 51,927,375 |
| Total changes in equity | | 0 | 0 | 0 | 50,837,259 | 50,837,259 | 1,090,116 | 51,927,375 |
| Closing balance as of 31-03-2017 | 3-4 | 155,567,354 | 164,064,038 | -5,965,550 | 371,328,597 | 684,994,439 | 53,815,361 | 738,809,800 |

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



Notes on the consolidated financial statements

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Note 1. GENERAL INFORMATION

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

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

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

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

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

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

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



Note 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of Preparation

These Interim Consolidated Financial Statements corresponds to the statement of consolidated financial position as of March 31, 2018 and December 31, 2017 and to the statements of comprehensive results, changes in net equity and cash flows for the period ended at March 31, 2018 and 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (hereinafter "IASB"), and represents the comprehensive, explicit and unreserved adoption of IFRS.

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

Functional and presentation currency

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

New accounting pronouncements

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

| Standards and Interpretations | Date of mandatory application |
|---|--|
| IFRS 9, Financial instruments, classification and measurement | Annual periods starting or after January 1, 2018 |
| IFRS 15, Revenue from Contracts with Customers | Annual periods starting or after January 1, 2018 |
| IFRIC 22, Foreign currency transactions and prepayments | Annual periods starting or after January 1, 2018 |

| Improvements | Date of mandatory application |
|--|--|
| IFRS 1, Adoption of IFRS for the first time | Annual periods starting or after January 1, 2018 |
| IFRS 2, Share-based payments | Annual periods starting or after January 1, 2018 |
| IFRS 4, Insurance contracts | Annual periods starting or after January 1, 2018 |
| IAS 28, Investments in Associates and Joint Ventures | Annual periods starting or after January 1, 2018 |
| IAS 40, Investment properties | Annual periods starting or after January 1, 2018 |



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

| Standards and Interpretations | Date of mandatory application |
|--|--|
| IFRS 16, Leases | Annual periods starting or after January 1, 2019 |
| IFRIC 23, Treatment of uncertain tax positions | Annual periods starting or after January 1, 2019 |
| Conceptual Framework | Annual periods starting or after January 1, 2020 |
| IFRS 17, Insurance Contracts | Annual periods starting or after January 1, 2021 |

| Improvements | Date of mandatory application |
|---|--|
| IFRS 3, Business combinations | Annual periods starting or after January 1, 2019 |
| IFRS 9, Financial Instruments | Annual periods starting or after January 1, 2019 |
| IFRS 11, Joint Agreements | Annual periods starting or after January 1, 2019 |
| IAS 12, Income Tax | Annual periods starting or after January 1, 2019 |
| IAS 23, Cost on loans | Annual periods starting or after January 1, 2019 |
| IAS 28, Investments in associates | Annual periods starting or after January 1, 2019 |
| IAS 19, Employee Benefits | Annual periods starting or after January 1, 2019 |
| IFRS 10 and IAS 28, Consolidated Financial Statements | Determined |

The Management of the Company is analyzing the eventual impact that the above standards and amendments have in the financial statements. However, those whose entry into force is in annual periods initiated January 1, 2019 onwards have been analyzed and it is estimated that will not have relevant effects in the preparation and presentation of future financial statements.

Accounting Policy Note IFRS 9 and IFRS 15 in the Financial Statements as of March 31, 2018

IFRS 9, "Financial instruments" whose final version was issued in July 2014. Establishes the principles for the financial information on financial assets and liabilities, to present useful and relevant information to the users of the financial statements to the evaluation of amounts, calendar and uncertainty of entity's future cash flows.

Introduces a "more prospective" model of expected credit losses for impairment accounting and a focus substantially reformed for hedge accounting. Entities has the option to apply early earnings and losses accounting for fair value changes with the "own credit risk" for the financial liabilities designated at fair value with results change, without apply IFRS 9' other requirements. Its application is mandatory from January 1, 2018 and its early adoption is permitted.

The IFRS 9 requires that the Group record expected credit losses of all its debt, loan and trade debtors' securities, either on a twelve-month basis or for life.

As of December 31, 2017, the Company made an evaluation of its trade debtors policy credit losses (described in Note 1, letter H), concluding that this policy consider implicitly an expected loss model according to the requirement of the present standard. This evaluation is based in the available and sustainable information of credit risk.



According to presented above, model of losses determination for impairment associated with credit risk will not change, there are no effects in the preparation and presentation of the Company' financial statements as of March 31, 2018.

IFRS 15, "Revenue from Contracts with Customers", issued in May 2014, establishes the principles that the entity will apply to presented useful information for the users of the financial statements on nature, amount, calendar and uncertainty in the earnings of ordinary activities and cash flows that arise from a contract with a client. This new standard pretend to improve the inconsistencies and weaknesses of IAS 18 and give a model that will facilitate the comparability of different industries and region' companies. Provides a new model to earnings recognition and more detail requirements for contracts with multiple elements. Its application is mandatory from January 1, 2018 and its early adoption is permitted.

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

Aguas Andinas S.A. estimates that the entry into force of this standard has not effects in the recognition of earnings coming from contracts with clients.

Responsibility for the information and estimates made

The information contained in these interim consolidated financial statements is the responsibility of the Board of Directors of the Company, which states that it has applied all principles and criteria included in the International Financial Reporting Standards (IFRS). The Board of Directors, in a meeting held on May 23, 2018 approved these consolidated financial statements.

The consolidated financial statements of Aguas Andinas S.A. and Subsidiaries for the period 2017 were approved by the board at its meeting held on March 28, 2018.

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

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

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



2.2 Accounting Policies

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

A. Consolidation Basis

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

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

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

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

| Tax ID | Company | Direct % | Indirect % | Total 2018 (%) | Direct % | Indirect % | Total 2017 (%) |
|--------------|---|-----------|------------|----------------|-----------|------------|----------------|
| 96.809.310-K | Aguas Cordillera S.A. | 99.990030 | 0.00997 | 100.000000 | 99.990030 | 0.00997 | 100.000000 |
| 89.221.000-4 | Aguas Manquehue S.A. | 0.000400 | 99.999600 | 100.00000 | 0.000400 | 99.999600 | 100.00000 |
| 96.967.550-1 | Análisis Ambientales S.A. | 99.000000 | 1.00000 | 100.00000 | 99.000000 | 1.00000 | 100.00000 |
| 96.945.210-3 | Ecoriles S.A. | 99.038500 | 0.961500 | 100.00000 | 99.038500 | 0.961500 | 100.00000 |
| 96.579.800-5 | Empresa de Servicios Sanitarios de Los Lagos S.A. | 2.506500 | 51.00000 | 53.50650 | 2.506500 | 51.00000 | 53.50650 |
| 96.828.120-8 | Gestión y Servicios S.A. | 97.847800 | 2.152200 | 100.00000 | 97.847800 | 2.152200 | 100.00000 |
| 96.897.320-7 | Inversiones Iberaguas Ltda. | 99.999998 | 0.000002 | 100.00000 | 99.999998 | 0.000002 | 100.00000 |
| 76.190.084-6 | Aguas del Maipo S.A. | 82.649996 | 17.350004 | 100.00000 | 82.649996 | 17.350004 | 100.00000 |

B. Operative segments

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

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

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



C. Intangible assets other than goodwill

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

i. Intangible assets acquired separately

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

ii. Amortization method for intangibles:

Intangibles with defined useful lives

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

Computer programs

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

Intangibles with indefinite useful lives

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

Determination of useful life

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

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

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

D. Goodwill

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



The valuation of assets and liabilities acquired is made provisionally on the date control of the company is taken, and then revised within a maximum of one year from the acquisition date. Until the fair value of assets and liabilities is determined definitively, the difference between the acquisition price and the book value of the acquired company is shown provisionally as goodwill.

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

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

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

E. Property, plant and equipment

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

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

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

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

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

Useful life

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

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

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



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

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

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

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

Fixed asset sales policy

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

F. Impairment of tangible and intangible assets except goodwill

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

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

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

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



G. Leases

i. Financial leases

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

ii. Operative leases

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

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

iii. Implicit leases

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

H. Financial assets

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

Financial assets are classified in the following categories:

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

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

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

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



i. Effective interest-rate method

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

ii. Financial assets at fair value with changes in results

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

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

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

iii. Loans and accounts receivable

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

Trade debtors and other accounts receivable.

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

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

Policy for impairment of commercial debtors and other accounts receivable

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

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

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



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

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

A 100% provision is made for overdue notes receivable.

I. Inventories

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

J. Dividend policy

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

Additionally and prior authorization of the Ordinary Shareholder Meeting, it can be distributed the remaining 70% as additional dividend, as long as the present level of capitalization is maintained and is compatible with the investment policies.

K. Foreign currency transactions

Assets and liabilities in foreign currency are shown at their respective exchange rates at the close of each period, these being:

| Currency | 31-03-2018 \$ | 31-12-2017 \$ |
|-----------------|-------------------------|-------------------------|
| US Dollar | 603.39 | 614.75 |
| Euro | 741.90 | 739.15 |

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

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

L. Financial liabilities

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



M. Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

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

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

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

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

N. Provisions and contingent liabilities

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

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



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

O. Employee benefits

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

Aguas Andinas S.A.

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

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

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

ESSAL S.A.

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

The advances granted to personnel
There are no benefits of this kind in the other subsidiaries.

P. Revenues tax and deferred taxes

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

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



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

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

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

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

Q. Ordinary revenue

Policy for accounting for ordinary revenue

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

Policy for booking of ordinary revenue from sales of goods

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

Policy for booking of ordinary revenue from sales of services

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

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

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

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



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

Method used for determining state of termination of services

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

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

R. Earnings per share

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

During period March 31, 2018 and 2016, the Group has not carried out any kind of operation with a potential diluting effect that supposes that diluted earnings per share are any different to basic earnings per share.

S. Information on the environment

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

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

T. Consolidated statement of cash flows

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

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

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

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

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



U. Construction contracts

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

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

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

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

V. Capitalized financing costs

Interest-bearing loans policy:

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

Interest-cost capitalization policy:

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

W. Reclassifications

As of March 31, 2018 have not been made reclassifications.



Note 3. EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER

The capital of the Company is divided into 6,118,965,160 nominative shares of no par value, completely subscribed and paid as of March 31, 2018, with 94.97% corresponding to series A and 5.03% to series B.

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

The composition of each series is as follows:

| | 31-03-2018 | 31-12-2017 |
|-----------------|---------------|---------------|
| Series A Shares | 5,811,030,417 | 5,811,030,417 |
| Series B Shares | 307,934,743 | 307,934,743 |

The capital as of March 31, 2018 and December 31, 2017 amounts to Th\$155,567,354.

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

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

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

No dividend payments has been agreed in period ended at March 31, 2018

Dividend payment was agreed in period ended at March 31, 2018 according to the following detail:

- The Ordinary Shareholders' Meeting held on December 14, 2017 was agreed unanimously to distribute between shareholders the amount of \$Th41,984,668 as interim dividend, charged to the earnings of period 2017. Because of this, the interim dividend N°65 of the Company amounted to \$6.8614 per share. This payment was payable from January 24, 2018.
- The Ordinary Shareholders' Meeting held on April 24, 2017 agreed to distribute 89.88% of net earnings for 2017 deducting the interim dividend paid in January 2017. Because of this, the dividend N° 64 of the Company amounted to Th\$93,357,051 equivalent to \$15.2570 per share. This payment was payable from May 22, 2017 being entitled to 6,118,965,160 shares.

• Provision for minimum dividend

In accordance with the policy described in Note 2.2. Letter J, the Company has made no provision for the minimum dividend as of March 31, 2018 and December 31, 2017.



• Accumulated Earnings

The amounts booked for revaluation of land and intangible assets and other adjustments on the first adoption of IFRS are included in accumulated earnings and are subject to restrictions on their distribution as they first have to be booked as realized, through their use or sale, as established in IFRS 1, IAS 16 and Circular N° 456 of June 20, 2008 of the Superintendence of Securities and Insurance. Also included is the amount corresponding to the actuarial gains and losses determined since 2009, as a result of variations in the obligations for defined benefit plans. The total balance of accumulated earnings as of March 31, 2018 and December 31, 2017 amounted to Th\$381,022,323 and Th\$328,964,934 respectively.

Additionally, as of December 31, 2017, modifications were made to the calculation parameters in the actuarial earnings and losses on compensation, which generated a register in accumulated results of Th\$978.783. (see note 2.2. O)

• Share premiums.

The amount registered in share premiums is the premium on the sale of shares produced in 1999 due to the capital increase. The balance as of March 31, 2018 and December 31, 2017 amounted to Th\$164,064,038 in each period.

• Other participations in equity.

Other participations refer to the monetary correction of paid capital of the year 2008, the year of transition to IFRS, in accordance with Circular N° 456 of the Superintendence of Securities and Insurance, and the effects of businesses combinations of companies under common control made in 2007 and 2008. The balance as of March 31, 2018 and December 31, 2017 amounted to Th\$-5,965,550.

Note 4. EQUITY ATTRIBUTABLE TO NON-CONTROLLER PARTICIPATIONS

The detail broken down by Company of the effects caused by the third party participation in the equity and results as of March 31, 2018 and December 31, 2017 are as follows:

| Company | % Participation | | Non-controller participations | | | |
|-----------------------|-----------------|------------|-------------------------------|--------------------|--------------------|--------------------|
| | 31-03-2018 | 31-03-2017 | Equity | | Result | |
| | % | % | 31-03-2018 Th\$ | 31-12-2017 Th\$ | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
| Aguas Cordillera S.A. | 0.00997% | 0.00997% | 21,084 | 20,295 | 791 | 795 |
| Essal S.A. (1) | 46.49350% | 46.49350% | 51,510,796 | 50,648,406 | 862,388 | 1,089,321 |
| Total | | | 51,531,880 | 50,668,701 | 863,179 | 1,090,116 |

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

The dividends paid to non-controlling participations of the subsidiary Essal S.A amounted to Th\$1,880,131 as of March 31, 2018 and Th\$2,086,812 as of December 31, 2017.



Note 5. OTHER REVENUE AND EXPENSES

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

| Non-operating revenue & expenses | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|--|----------------------------|----------------------------|
| Gain (loss) on sale of non-current assets, not held for sale | 1,833,886 | 55,874 |
| Other earnings | 191,015 | 47,694 |
| Discarded projects | -10,286 | -11,674 |
| Other (losses) earnings | 2,014,615 | 91,894 |
| Bank loans | -900,908 | -1,054,532 |
| AFR interest expenses | -1,525,809 | -1,720,427 |
| Bond interest expense | -4,291,501 | -4,622,202 |
| Other interest costs | -159,635 | -125,806 |
| Amortization of loan agreement complementary costs | -105,240 | -37,534 |
| Financial costs | -6,983,093 | -7,560,501 |
| Interest income | 1,131,660 | 1,253,164 |
| Gain on redemption & extinction of debt | 255,651 | 323,927 |
| Financial income | 1,387,311 | 1,577,091 |

Note 6. FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

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

Summarized financial information of subsidiaries (Statement of Financial Position) as of March 31, 2018

| 31-03-2018 | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Equity |
|---|-----------------------|---------------------------|----------------------------|--------------------------------|---------------|
| Subsidiaries | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ |
| Aguas Cordillera S.A. | 16,080,174 | 270,303,936 | 45,841,776 | 29,054,229 | 211,488,105 |
| Aguas Manquehue S.A. | 5,104,270 | 89,778,022 | 14,611,684 | 24,437,780 | 55,832,828 |
| Inversiones Iberaguas Ltda. | 29,039 | 67,216,605 | 28,456 | 0 | 67,217,188 |
| Empresa de Servicios Sanitarios de Los Lagos S.A. | 28,427,918 | 158,218,868 | 12,079,233 | 95,156,000 | 79,411,553 |
| EcoRiles S.A. | 5,378,997 | 493,725 | 2,299,549 | 0 | 3,573,173 |
| Gestión y Servicios S.A. | 6,299,553 | 761,326 | 3,459,057 | 42,551 | 3,559,271 |
| Análisis Ambientales S.A. | 2,278,207 | 5,219,885 | 2,546,702 | 0 | 4,951,390 |
| Aguas del Maipo S.A. | 1,453,049 | 14,327,958 | 6,512,482 | 106,354 | 9,162,171 |



Summarized financial information of subsidiaries (Statement of Comprehensive Results) as of March 31, 2018

| 31-03-2018 | Result for the period | Ordinary revenue | Operating expenses (-) | Other net expenses (-) / revenue (+) |
|---|-----------------------|------------------|------------------------|--------------------------------------|
| Subsidiaries | Th\$ | Th\$ | Th\$ | Th\$ |
| Aguas Cordillera S.A. | 7,929,196 | 17,597,784 | -9,567,360 | -101,228 |
| Aguas Manquehue S.A. | 1,954,611 | 5,327,205 | -2,601,894 | -770,700 |
| Inversiones Iberaguas Ltda. | 1,432,426 | 0 | -1,543 | 1,433,969 |
| Empresa de Servicios Sanitarios de Los Lagos S.A. | 2,816,283 | 14,601,416 | -9,592,537 | -2,192,596 |
| EcoRiles S.A. | 454,622 | 3,175,802 | -2,558,533 | -162,647 |
| Gestión y Servicios S.A. | 182,650 | 2,157,271 | -2,039,852 | 65,231 |
| Análisis Ambientales S.A. | 199,288 | 2,093,905 | -1,818,974 | -75,643 |
| Aguas del Maipo S.A. | 49,949 | 228,388 | -146,011 | -32,428 |

Summarized financial information of subsidiaries (Statement of Financial Position) through December 31, 2017

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

Summarized financial information of subsidiaries (Statement of Comprehensive Results) as of March 31, 2017

| 31-03-2017 | Result for the period | Ordinary revenue | Operating expenses (-) | Other net expenses (-) / revenue (+) |
|---|-----------------------|------------------|------------------------|--------------------------------------|
| Subsidiaries | Th\$ | Th\$ | Th\$ | Th\$ |
| Aguas Cordillera S.A. | 7,978,202 | 17,220,209 | -8,801,780 | -440,227 |
| Aguas Manquehue S.A. | 1,731,771 | 4,834,843 | -2,428,986 | -674,086 |
| Inversiones Iberaguas Ltda. | 1,647,887 | 0 | -1,498 | 1,649,385 |
| Empresa de Servicios Sanitarios de Los Lagos S.A. | 3,324,128 | 13,799,588 | -8,470,650 | -2,004,810 |
| EcoRiles S.A. | 389,013 | 3,446,808 | -2,947,034 | -110,761 |
| Gestión y Servicios S.A. | 130,865 | 1,914,398 | -1,823,531 | 39,998 |
| Análisis Ambientales S.A. | 302,157 | 1,963,882 | -1,551,506 | -110,219 |
| Aguas del Maipo S.A. | -132,473 | 0 | -127,117 | -5,356 |



Detail of significant subsidiaries

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

| Name of significant subsidiary | Aguas Cordillera S.A. | Aguas Manquehue S.A. | Essal S.A. |
|--|-----------------------|----------------------|---------------|
| Chilean Tax ID | 96.809.310-k | 89.221.000-4 | 96.579.800-5 |
| Functional currency | Chilean pesos | Chilean pesos | Chilean pesos |
| Percentage share in significant subsidiary | 99.99003% | 100.00000% | 53.50650% |
| Percentage voting rights in significant subsidiary | 99.99003% | 100.00000% | 53.50650% |
| Percentage of consolidated values | | | |
| Contribution margin | 10.13% | 3.44% | 4.56% |
| Property, plant and equipment | 8.14% | 4.82% | 11.10% |
| Net income for the period | 11.45% | 3.75% | 1.91% |

Note 7. CASH AND CASH EQUIVALENTS

The composition is as follows:

| Cash & cash equivalents | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|------------------------------|--------------------|--------------------|
| Banks | 3,693,891 | 3,404,548 |
| Term deposits (see note 8.6) | 8,971,639 | 12,682,088 |
| Mutual Funds (see note 8.6) | 11,300,000 | 2,721,704 |
| Total | 23,965,530 | 18,808,340 |

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

Detail of some items of the statement of cash flows

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

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



Note 8. FINANCIAL INSTRUMENTS

8.1 Capital risk management

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

8.2 Significant accounting policies

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



8.3 Classes of financial instruments

Below is presented a summary of the financial instruments through March 31, 2018 and December 31, 2017:



| Classes of financial instruments | Currency | Note | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|---|----------|------|--------------------|--------------------|
| Total financial assets | | | 8,047,633 | 0 |
| Advance payment | CLP | 8.9 | 8,046,326 | 0 |
| Coverage | CLP | 8.9 | 1,307 | 0 |
| Total trade debtors and other accounts receivable, current | | | 119,044,921 | 113,515,790 |
| Trade debtors and other accounts receivable | CLP | 8.5 | 119,028,129 | 113,435,556 |
| Trade debtors and other accounts receivable | USD | 8.5 | 1,301 | 24,567 |
| Trade debtors and other accounts receivable | EUR | 8.5 | 15,491 | 55,667 |
| Information of related entities, current | | | 415,681 | 560,633 |
| Accounts receivable to related entities | CLP | 9 | 415,681 | 560,633 |
| Total financial assets, current | | | 119,460,602 | 114,076,423 |
| Rights receivable | CLP | 8.5 | 4,718,843 | 2,276,380 |
| Other financial assets | CLP | 8.10 | 7,852,912 | 7,807,734 |
| Total financial assets, non-current | | | 12,571,755 | 10,084,114 |
| Total financial liabilities | | | | |
| Other financial liabilities, current | | | 109,953,766 | 63,045,352 |
| Bank loans | CLP | 8.4 | 50,848,981 | 7,436,617 |
| Bonds | CLP | 8.4 | 44,295,527 | 40,406,918 |
| Reimbursable financial contributions (AFR) | CLP | 8.4 | 14,809,258 | 15,201,817 |
| Trade accounts and other payable accounts, current | | | 67,253,694 | 106,129,106 |
| Trade accounts and other payable accounts | CLP | 8.7 | 67,157,540 | 105,432,887 |
| Trade accounts and other payable accounts | USD | 8.7 | 16,219 | 166,187 |
| Trade accounts and other payable accounts | EUR | 8.7 | 79,935 | 530,032 |
| Information on related entities, current | | | 24,483,959 | 43,591,633 |
| Accounts payable to related entities | CLP | 9 | 24,483,959 | 43,591,633 |
| Total financial liabilities, current | | | 201,691,419 | 212,766,091 |
| Total financial liabilities, non-current | | | 787,600,316 | 802,978,167 |
| Bank loans | CLP | 8.4 | 68,735,864 | 88,735,865 |
| Bonds | CLP | 8.4 | 548,992,025 | 545,691,060 |
| Reimbursable financial contributions (AFR) | CLP | 8.4 | 169,872,427 | 168,551,242 |
| Other payable accounts | | | 1,012,870 | 982,075 |
| Other payable accounts | CLP | 8.7 | 1,012,870 | 982,075 |
| Total financial liabilities, non-current | | | 788,613,186 | 803,960,242 |



8.4 Information to disclose on financial liabilities

Other financial liabilities

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

Reimbursable financial contributions (AFRs)

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

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

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

The details of reimbursable financial contributions as of March 31, 2018 and December 31, 2017 are as follows:

Reimbursable Financial Contributions, current portion

| Registration No. or Identification of the Instrument | Currency indexation unit | Residual UF 31-03-2018 | Book value | | Contract real interest rate | Effective rate | Placement in Chile or abroad | Issuing company | Issuer tax ID | Type of repayment | Secured (Yes/ No) |
|--|--------------------------|---------------------------|-------------------|-------------------|-----------------------------|----------------|------------------------------|----------------------|---------------|-------------------|-------------------|
| | | | 31-03-2018 | 31-12-2017 | | | | | | | |
| | | | Th\$ | Th\$ | | | | | | | |
| AFR | UF | 405,132 | 11,123,703 | 12,371,284 | 3.51% | 3.38% | Chile | AguasAndinas S.A. | 61.808.000-5 | At maturity | No |
| AFR | UF | 99,090 | 2,715,926 | 2,306,972 | 3.23% | 3.14% | Chile | AguasCordillera S.A. | 96.809.310-k | At maturity | No |
| AFR | UF | 35,299 | 969,629 | 523,561 | 3.16% | 3.11% | Chile | AguasManquehue S.A. | 89.221.000-4 | At maturity | No |
| Total | | 539,521 | 14,809,258 | 15,201,817 | | | | | | | |



Reimbursable Financial Contributions, non-current portion

| Registration No. or Identification of the Instrument | Currency indexation unit | Residual UF 31-03-2018 | Book value | | Maturity Date | Contract real interest rate | Effective rate | Issuing company | Issuer tax ID | Type of repayment | Secured (Yes/No) |
|--|--------------------------|---------------------------|--------------------|--------------------|---------------|-----------------------------|----------------|----------------------|---------------|-------------------|------------------|
| | | | 31-03-2018 Th\$ | 31-12-2017 Th\$ | | | | | | | |
| AFR | UF | 4,422,496 | 120,321,668 | 118,712,970 | 22-03-2033 | 3.31% | 3.23% | AguasAndinasS.A. | 61.808.000-5 | At maturity | No |
| AFR | UF | 839,003 | 22,823,697 | 23,465,635 | 03-01-2033 | 3.31% | 3.24% | AguasCordillera S.A. | 96.809.310-k | At maturity | No |
| AFR | UF | 638,816 | 17,378,934 | 17,241,804 | 20-10-2032 | 3.18% | 3.10% | AguasManquehue S.A. | 89.221.000-4 | At maturity | No |
| AFR | UF | 346,652 | 9,348,128 | 9,130,833 | 07-03-2033 | 3.52% | 3.52% | Essal S.A | 96.579.800-5 | At maturity | No |
| Total | | 6,246,967 | 169,872,427 | 168,551,242 | | | | | | | |



The detail of bank loans as of March 31, 2018 and December 31, 2017 is as follows:

Total bank loans, current period

| Debtor tax no. | 61808.000-5 | 61808.000-5 | 61808.000-5 | 61808.000-5 | 96.809.310-K | 96.579.800-5 | 96.579.800-5 | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|--------------|----------------|-------------|
| Debtor name | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Cordillera S.A. | Essal S.A. | Essal S.A. | |
| Debtor country | Chile | Chile | Chile | Chile | Chile | Chile | Chile | |
| Creditor tax ID | 97.004.000-5 | 97.006.000-6 | 97.006.000-6 | 97.080.000-K | 97.032.000-8 | 97.004.000-7 | 97.006.000-6 | |
| Bank or financial institution | Banco de Chile | Banco BCI | Banco BCI | Banco BICE | Banco BBVA | Banco BCI | Banco de Chile | |
| Currency or indexation unit | CLP | CLP | CLP | CLP | CLP | CLP | CLP | |
| Repayment method | Semi-annual | At maturity | At maturity | At maturity | At maturity | At maturity | At maturity | |
| Effective rate | 3.22% | 2.80% | 3.14% | 2.77% | 3.20% | 3.43% | 3.58% | |
| Nominal rate | 3.22% | 2.80% | 3.14% | 2.77% | 3.20% | 3.43% | 3.58% | |
| Nominal value | | | | | | | | |
| To 1 year | 6,572,276 | 12,008,310 | 55,467 | 12,010,960 | 20,055,111 | 114,048 | 32,809 | 50,848,981 |
| To 90 days | 0 | 0 | 0 | 0 | 0 | 114,048 | 32,809 | 146,857 |
| Over 90 days to 1 year | 6,572,276 | 12,008,310 | 55,467 | 12,010,960 | 20,055,111 | 0 | 0 | 50,702,124 |
| Over 1 to 3 years | 33,648,710 | 19,270,304 | 0 | 0 | 0 | 9,000,000 | 2,500,000 | 64,419,014 |
| Over 1to 2 years | 13,805,658 | 19,270,304 | 0 | 0 | 0 | 0 | 2,500,000 | 35,575,962 |
| Over 2 to 3 years | 19,843,052 | 0 | 0 | 0 | 0 | 9,000,000 | 0 | 28,843,052 |
| Over 3 to 5 years | 4,316,850 | 0 | 0 | 0 | 0 | 0 | 0 | 4,316,850 |
| Over 3 to 4 years | 4,316,850 | 0 | 0 | 0 | 0 | 0 | 0 | 4,316,850 |
| Total nominal values | 44,537,836 | 31,278,614 | 55,467 | 12,010,960 | 20,055,111 | 9,114,048 | 2,532,809 | 119,584,845 |
| Book value | | | | | | | | |
| Current bank loans | 6,572,276 | 12,008,310 | 55,467 | 12,010,960 | 20,055,111 | 114,048 | 32,809 | 50,848,981 |
| To 90 days | 0 | 0 | 0 | 0 | 0 | 114,048 | 32,809 | 146,857 |
| Over 90 days to 1 year | 6,572,276 | 12,008,310 | 55,467 | 12,010,960 | 20,055,111 | 0 | 0 | 50,702,124 |
| Non-current bank loans | 37,965,560 | 19,270,304 | 0 | 0 | 0 | 9,000,000 | 2,500,000 | 68,735,864 |
| Over 1 to 3 years | 33,648,710 | 19,270,304 | 0 | 0 | 0 | 9,000,000 | 2,500,000 | 64,419,014 |
| Over 1to 2 years | 13,805,658 | 19,270,304 | 0 | 0 | 0 | 0 | 2,500,000 | 35,575,962 |
| Over 2 to 3 years | 19,843,052 | 0 | 0 | 0 | 0 | 9,000,000 | 0 | 28,843,052 |
| Over 3 to 5 years | 4,316,850 | 0 | 0 | 0 | 0 | 0 | 0 | 4,316,850 |
| Over 3 to 4 years | 4,316,850 | 0 | 0 | 0 | 0 | 0 | 0 | 4,316,850 |
| Total bank loans | 44,537,836 | 31,278,614 | 55,467 | 12,010,960 | 20,055,111 | 9,114,048 | 2,532,809 | 119,584,845 |

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

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



Balances of bank loans, previous period

| | | | | | | |
|--------------------------------------|--------------------|--------------------|-----------------------|------------------|------------------|-------------------|
| Debtor tax no. | 61808.000-5 | 61808.000-5 | 96.809.310-K | 96.579.800-5 | 96.579.800-5 | |
| Debtor name | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Cordillera S.A. | Essal S.A. | Essal S.A. | |
| Debtor country | Chile | Chile | Chile | Chile | Chile | |
| Creditor tax ID | 97.004.000-5 | 97.006.000-6 | 97.032.000-8 | 97.004.000-7 | 97.006.000-6 | |
| Bank or financial institution | Banco de Chile | Banco BCI | Banco BBVA | Banco BCI | Banco de Chile | |
| Currency or indexation unit | CLP | CLP | CLP | CLP | CLP | |
| Repayment method | Semi-annual | At maturity | At maturity | At maturity | At maturity | |
| Effective rate | 4.44% | 4.32% | 4.41% | 3.43% | 3.58% | |
| Nominal rate | 4.44% | 4.32% | 4.41% | 3.43% | 3.58% | |
| Nominal value | | | | | | |
| To 1 year | 6,938,153 | 222,679 | 228,472 | 44,579 | 2,734 | 7,436,617 |
| Over 90 days to 1year | 6,938,153 | 222,679 | 228,472 | 44,579 | 2,734 | 7,436,617 |
| Over 1 to 3 years | 21,947,457 | 19,270,304 | 20,000,000 | 9,000,000 | 2,500,000 | 72,717,761 |
| Over 1to 2 years | 13,805,658 | 0 | 20,000,000 | 0 | 2,500,000 | 36,305,658 |
| Over 2 to 3 years | 8,141,799 | 19,270,304 | 0 | 9,000,000 | 0 | 36,412,103 |
| Over 3 to 5 years | 16,018,104 | 0 | 0 | 0 | 0 | 16,018,104 |
| Over 3 to 4 years | 16,018,104 | 0 | 0 | 0 | 0 | 16,018,104 |
| Total nominal values | 44,903,714 | 19,492,983 | 20,228,472 | 9,044,579 | 2,502,734 | 96,172,482 |
| Book value | | | | | | |
| Current bank loans | 6,938,153 | 222,679 | 228,472 | 44,579 | 2,734 | 7,436,617 |
| Over 90 days to 1year | 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 to 3 years | 21,947,457 | 19,270,304 | 20,000,000 | 9,000,000 | 2,500,000 | 72,717,761 |
| Over 1to 2 years | 13,805,658 | 0 | 20,000,000 | 0 | 2,500,000 | 36,305,658 |
| Over 2 to 3 years | 8,141,799 | 19,270,304 | 0 | 9,000,000 | 0 | 36,412,103 |
| Over 3 to 5 years | 16,018,104 | 0 | 0 | 0 | 0 | 16,018,104 |
| Over 3 to 4 years | 16,018,104 | 0 | 0 | 0 | 0 | 16,018,104 |
| Total bank loans | 44,903,714 | 19,492,983 | 20,228,472 | 9,044,579 | 2,502,734 | 96,172,482 |

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

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



The detail of bonds outstanding as of March 31, 2018 and December 31, 2017 is as follows:

Total public obligations, current period

| Debtor tax no. | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 96.579.800-5 | 96.579.800-5 |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|--------------|
| Debtor name | AguaAndinas S.A. | AguaAndinas S.A. | AguaAndinas S.A. | AguaAndinas S.A. | AguaAndinas S.A. | AguaAndinas S.A. | AguaAndinas S.A. | AguaAndinas S.A. | AguaAndinas S.A. | Essal S.A. | Essal S.A. |
| Debtor country | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile |
| Registration number | 580 | 630 | 655 | 713 | 778 | 778 | 806 | 777 | 806 | 284 | 870 |
| Series | BAGUA-J | BAGUA-M | BAGUA-P | 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 | 01-04-2036 | 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 | UF | UF | UF | UF | UF | UF | UF | UF | UF | UF | UF |
| Repayment period | At maturity | At maturity | At maturity | At maturity | At maturity | At maturity | At maturity | Semi-annual | Semi-annual | Semi-annual | Semi-annual |
| Effective rate | 4.14% | 4.16% | 3.82% | 3.81% | 3.50% | 3.18% | 3.16% | 2.34% | 3.34% | 6.63% | 2.93% |
| Nominal rate | 4.00% | 4.20% | 3.86% | 3.80% | 3.50% | 3.30% | 3.00% | 2.40% | 3.20% | 6.00% | 2.80% |
| Nominal value | | | | | | | | | | | |
| To 1 year | 26,886,591 | 487,351 | 384,225 | 504,421 | 464,921 | 168,122 | 531,997 | 293,035 | 779,888 | 3,768,651 | 343,859 |
| To 90 days | 0 | 0 | 0 | 0 | 0 | 0 | 531,997 | 293,035 | 779,888 | 0 | 0 |
| Over 90 daysto 1year | 26,886,591 | 487,351 | 384,225 | 504,421 | 464,921 | 168,122 | 0 | 0 | 0 | 3,768,651 | 343,859 |
| Over 1 to 3 years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,049,303 | 0 | 6,244,962 | 0 |
| Over 1to 2years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,349,768 | 0 | 3,122,481 | 0 |
| Over 2to 3years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,699,535 | 0 | 3,122,481 | 0 |
| Over 3 to 5 years | 0 | 46,896,745 | 40,197,210 | 53,596,280 | 53,596,280 | 61,635,722 | 42,877,024 | 16,748,838 | 53,596,280 | 23,418,628 | 26,966,890 |
| Over 3to 4years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,699,535 | 0 | 3,122,481 | 0 |
| Over 4to 5years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,699,535 | 0 | 3,122,481 | 0 |
| Over 5 years | 0 | 46,896,745 | 40,197,210 | 53,596,280 | 53,596,280 | 61,635,722 | 42,877,024 | 3,349,768 | 53,596,280 | 17,173,666 | 26,966,890 |
| Total nominal values | 26,886,591 | 47,384,096 | 40,581,435 | 54,100,701 | 54,061,201 | 61,803,844 | 43,409,021 | 27,091,176 | 54,376,168 | 33,432,241 | 27,310,749 |
| Book value | | | | | | | | | | | |
| Current bank loans | 27,289,564 | 993,159 | 781,385 | 1,011,764 | 935,697 | 707,808 | 167,710 | 147,203 | 313,328 | 3,681,750 | 343,859 |
| To 90 days | 322,674 | 993,159 | 781,385 | 1,011,764 | 935,697 | 707,808 | 0 | 0 | 0 | 0 | 0 |
| Over 90 daysto 1year | 26,966,890 | 0 | 0 | 0 | 0 | 0 | 167,710 | 147,203 | 313,328 | 3,681,750 | 343,859 |
| Non-current bank loans | 0 | 47,389,566 | 40,611,247 | 53,849,873 | 53,933,780 | 62,986,116 | 42,203,928 | 27,004,968 | 52,878,212 | 32,287,429 | 26,239,040 |
| Over 1 to 3 years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,751,242 | 0 | 6,066,682 | 0 |
| Over 1to 2years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,751,242 | 0 | 3,033,341 | 0 |
| Over 2to 3years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,033,341 | 0 |
| Over 3 to 5 years | 0 | 47,389,566 | 40,611,247 | 53,849,873 | 53,933,780 | 62,986,116 | 42,203,928 | 20,253,726 | 52,878,212 | 26,220,747 | 26,239,040 |
| Over 3to 4years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,751,242 | 0 | 3,033,341 | 0 |
| Over 4to 5years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,751,242 | 0 | 3,033,341 | 0 |
| Over 5 years | 0 | 47,389,566 | 40,611,247 | 53,849,873 | 53,933,780 | 62,986,116 | 42,203,928 | 6,751,242 | 52,878,212 | 20,154,065 | 26,239,040 |
| Total bank loans | 27,289,564 | 48,382,725 | 41,392,632 | 54,861,637 | 54,869,477 | 63,693,924 | 42,371,638 | 27,152,171 | 53,191,540 | 35,969,179 | 26,582,899 |



Total public obligations, previous period

| Debtor tax no. | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 61.808.000-5 | 96.579.800-5 | 96.579.800-5 |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------|--------------|
| Debtor name | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Andinas S.A. | Aguas Andinas S.A. | Essal S.A. | Essal S.A. |
| Debtor country | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile |
| Registration number | 580 | 630 | 655 | 713 | 778 | 778 | 806 | 777 | 806 | 284 | 870 | |
| Series | BAGUA-J | BAGUA-M | BAGUA-P | 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 | 01-04-2036 | 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 | UF | UF | UF | UF | UF | UF | UF | UF | UF | UF | UF | |
| Repayment period | At maturity | At maturity | At maturity | At maturity | At maturity | At maturity | At maturity | Semi-annual | Semi-annual | Semi-annual | Semi-annual | |
| Effective rate | 4.16% | 4.15% | 3.82% | 3.8% | 3.50% | 3.23% | 3.16% | 2.33% | 3.34% | 6.63% | 2.93% | |
| Nominal rate | 4.00% | 4.20% | 3.86% | 3.80% | 3.50% | 3.30% | 3.00% | 2.40% | 3.20% | 6.00% | 2.80% | |
| Nominal value | | | | | | | | | | | | |
| To 1 year | 26,886,591 | 487,351 | 384,225 | 504,421 | 464,921 | 168,122 | 531,997 | 293,035 | 779,888 | 3,102,941 | 0 | 40,372,861 |
| To 90 days | 0 | 0 | 0 | 0 | 0 | 0 | 531,997 | 293,035 | 779,888 | 3,102,941 | 0 | 4,707,861 |
| Over 90 daysto 1year | 26,886,591 | 487,351 | 384,225 | 504,421 | 464,921 | 168,122 | 0 | 0 | 0 | 0 | 0 | 35,665,000 |
| Over 1 to 3 years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,049,303 | 0 | 6,205,882 | 0 | 19,232,756 |
| Over 1to2years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,349,768 | 0 | 3,102,941 | 0 | 9,430,280 |
| Over 2to3years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,699,535 | 0 | 3,102,941 | 0 | 9,802,476 |
| Over 3 to 5 years | 0 | 46,896,745 | 40,197,210 | 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 |
| Over 3to4years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,699,535 | 0 | 3,102,941 | 0 | 9,802,476 |
| Over 4to5years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,699,535 | 0 | 3,102,941 | 0 | 9,802,476 |
| Over 5years | 0 | 46,896,745 | 40,197,210 | 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 values | 26,886,591 | 47,384,096 | 40,581,435 | 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 |
| Book value | | | | | | | | | | | | |
| Current bank loans | 26,846,934 | 499,483 | 393,454 | 501,681 | 464,921 | 114,930 | 496,076 | 309,752 | 726,472 | 3,311,599 | 0 | 40,406,918 |
| To 90 days | 0 | 0 | 0 | 0 | 0 | 0 | 496,076 | 309,752 | 726,472 | 3,311,599 | 0 | 4,843,899 |
| Over 90 daysto 1year | 26,846,934 | 499,483 | 393,454 | 501,681 | 464,921 | 114,930 | 0 | 0 | 0 | 0 | 0 | 35,563,019 |
| Non-current bank loans | 0 | 47,103,632 | 40,390,431 | 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 |
| Over 1 to 3 years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,067,484 | 0 | 6,027,600 | 0 | 19,072,508 |
| Over 1to2years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,355,828 | 0 | 3,013,800 | 0 | 9,347,052 |
| Over 2to3years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,711,656 | 0 | 3,013,800 | 0 | 9,725,456 |
| Over 3 to 5 years | 0 | 47,103,632 | 40,390,431 | 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 |
| Over 3to4years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,711,656 | 0 | 3,013,800 | 0 | 9,725,456 |
| Over 4to5years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,711,656 | 0 | 3,013,800 | 0 | 9,725,456 |
| Over 5years | 0 | 47,103,632 | 40,390,431 | 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 bank loans | 26,846,934 | 47,603,115 | 40,783,885 | 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 |



8.5 Risk management

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

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

i.Credit risk

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

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

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

| Credit risk | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|---|----------------------------|----------------------------|
| Gross exposure per balance sheet for risks of accounts receivable | 158,981,411 | 148,913,935 |
| Gross exposure per estimates of risks of accounts receivable | -35,217,647 | -33,121,765 |
| Net exposure, risk concentration | 123,763,764 | 115,792,170 |
| | | |
| Movement of credit risk, accounts receivable | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
| Initial balance as of 01-01-2018 | -33,121,765 | -31,310,035 |
| Increase in existing provisions | -2,096,383 | -5,931,800 |
| Reductions | 501 | 4,120,070 |
| Changes, total | -2,095,882 | -1,811,730 |
| Closing balance as of 31-03-2018 | -35,217,647 | -33,121,765 |

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



The following shows the composition of gross debt by age:

| Ageing of gross debt | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|-----------------------------|----------------------------|----------------------------|
| Less than three months | 113,251,463 | 112,230,512 |
| Three to six months | 3,861,311 | 3,145,423 |
| Six to eight months | 1,699,393 | 1,617,244 |
| More than eight months | 40,169,244 | 31,920,756 |
| Total | 158,981,411 | 148,913,935 |

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

| Past-due gross debt | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|----------------------------|----------------------------|----------------------------|
| Less than three months | 14,150,412 | 11,105,825 |
| Three to six months | 2,302,078 | 1,703,062 |
| Six to eight months | 896,708 | 818,105 |
| Total | 17,349,198 | 13,626,992 |

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

ii. Liquidity risk

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

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

Preventive measures taken to manage liquidity risk include the following:

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



Maturity structure (non-discounted flows)

| Maturity structure | Up to 90 days | | 91 days to 1 year | 13 months to 3 years | | More than 5 years | |
|---|-------------------|------------------------|-------------------|----------------------|------------------------|--------------------|------------------------|
| | Th\$ | Contract interest rate | Th\$ | Th\$ | Contract interest rate | Th\$ | Contract interest rate |
| Bank loans | 24,198,859 | 2.79% | 28,878,950 | 4,385,704 | 3.22% | | - |
| Bonds | 14,158,393 | 4.00% | 41,378,852 | 53,143,111 | 2.81% | 72,576,384 | 3.55% |
| AFR | 5,318,225 | 3.51% | 10,042,954 | 51,507,557 | 3.84% | 132,563,167 | 3.01% |
| Trade accounts and other payable accounts | 54,206,872 | - | 13,046,822 | - | - | 925,420 | - |
| Total | 97,882,349 | | 93,347,578 | 109,036,372 | | 846,064,971 | |

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

iii. Interest rate risk

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

| Debt instruments | Rate | % |
|------------------|----------|----------------|
| Bank loans | Variable | 13.32% |
| Bonds | Fixed | 66.10% |
| AFR | Fixed | 20.58% |
| Total | | 100.00% |

Interest rate sensitivity analysis

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

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

| Company | Nominal amount of debt (Th\$) | Variable rate | Points (+/-) |
|----------------------------|-------------------------------|---------------|--------------|
| Aguas Andinas Consolidated | 119,584,845 | 180-day TAB | 90.3 |



8.6 Cash equivalents

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

| Company | Instruments | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|--------------------------|--------------|--------------------|--------------------|
| Aguas Andinas S.A. | Mutual Funds | 7,720,000 | 1,699,440 |
| Aguas Cordillera S.A. | Mutual Funds | 860,000 | 245,063 |
| Análisis Ambientales S.A | Mutual Funds | 120,000 | 0 |
| Gestión y Servicios S.A. | Mutual Funds | 1,200,000 | 395,102 |
| Eco-Riles S.A. | Mutual Funds | 1,400,000 | 382,099 |
| Essal S.A. | Term deposit | 8,971,639 | 12,682,088 |
| Total | | 20,271,639 | 15,403,792 |

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

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

The principal concepts included in this account are the following:

| Trade creditors & other accounts payable, current | Currency | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|---|----------|--------------------|--------------------|
| Subcontractors | CLP | 23,333,522 | 37,896,079 |
| Suppliers | CLP | 24,655,933 | 27,337,474 |
| Suppliers | USD | 16,219 | 166,687 |
| Suppliers | EUR | 79,935 | 530,032 |
| Dividends | CLP | 71,215 | 22,900,714 |
| Accrued products and services | CLP | 13,046,822 | 14,036,751 |
| Personnel | CLP | 3,210,207 | 3,472,936 |
| Payable documents | CLP | 2,416,901 | 1,940,548 |
| Others | CLP | 422,940 | 411,346 |
| Sub-total current | | 67,253,694 | 108,692,567 |
| AFR drinking water | CLP | 765,314 | 727,838 |
| Suppliers for investments in progress | CLP | 177,161 | 183,842 |
| Various creditors | CLP | 70,395 | 70,395 |
| Sub total non-current | | 1,012,870 | 982,075 |
| | | | |
| Total current & non-current | | 68,266,564 | 109,674,642 |



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

Trade Accounts

Current period

| Current trade accounts according to term | 31-03-2018 | | |
|--|------------------|-------------------|---------------|
| | Goods | Services | Other |
| | Th\$ | Th\$ | Th\$ |
| To 30 days | 4,153,442 | 11,076,739 | 69,014 |
| From 31 to 60 days | 427,340 | 3,070 | 0 |
| From 91 to 120 days | 0 | 1,821,255 | 0 |
| From 121 to 365 days | 0 | 1,840,957 | 0 |
| Total | 4,580,782 | 14,742,021 | 69,014 |

| Overdue trade accounts according to term | 31-03-2018 | | |
|--|------------------|------------------|---------------|
| | Goods | Services | Other |
| | Th\$ | Th\$ | Th\$ |
| To 30 days | 239,275 | 1,975,118 | 20,112 |
| From 31 to 60 days | 1,202,726 | 808,991 | 53,955 |
| From 61 to 90 days | 655,915 | 44,836 | 13,379 |
| From 91 to 120 days | 89,208 | 47,252 | 8,431 |
| From 121 to 365 days | -298 | 42,841 | 215 |
| More than 365 days | 14,873 | 143,391 | 51 |
| Total | 2,201,699 | 3,062,429 | 96,143 |

Previous period

| Current trade accounts according to term | 31-12-2017 | | |
|--|------------------|-------------------|----------------|
| | Goods | Services | Other |
| | Th\$ | Th\$ | Th\$ |
| To 30 days | 5,073,112 | 12,583,597 | 532,266 |
| From 31 to 60 days | 132,107 | 0 | 0 |
| From 61 to 90 days | 0 | 11,330 | 0 |
| From 91 to 120 days | 0 | 0 | 0 |
| From 121 to 365 days | 3,642,509 | 0 | 0 |
| Total | 8,847,728 | 12,594,927 | 532,266 |

| Overdue trade accounts according to term | 31-12-2017 | | |
|--|------------------|------------------|---------------|
| | Goods | Services | Other |
| | Th\$ | Th\$ | Th\$ |
| To 30 days | 68,501 | 2,477,956 | 46,012 |
| From 31 to 60 days | 1,861,175 | 1,101,558 | 2,863 |
| From 61 to 90 days | 276,955 | 50,860 | 14 |
| From 91 to 120 days | 0 | 0 | 0 |
| From 121 to 365 days | 8,109 | 14,363 | 39 |
| More than 365 days | 0 | 150,849 | 18 |
| Total | 2,214,740 | 3,795,586 | 48,946 |



8.8 Fair value of financial instruments

Fair value of financial instruments booked at amortized cost.

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

| | 31-03-2018 | |
|---|------------------------|--------------------|
| | Amortized cost Th\$ | Fair value Th\$ |
| Cash equivalents | | |
| Investments booked at fair value | 20,271,639 | 20,271,639 |
| Term deposits, level 1 | 8,971,639 | 8,971,639 |
| Mutual funds, level 1 | 11,300,000 | 11,300,000 |
| Other financial liabilities | | |
| Financial liabilities booked at amortized cost | 897,554,082 | 955,677,743 |
| Bank debt, level 2 | 119,584,845 | 120,731,228 |
| Bonds, level 1 | 593,287,552 | 650,264,830 |
| AFR, level 3 | 184,681,685 | 184,681,685 |

Methodology and assumptions used in the calculation of fair value

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

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

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

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



8.9 Other current financial assets

As of March 31, 2018, and according to established in respective contracts, it was delivered to Paying Bank and the Representative of Bondholders, an advance for a value of Th\$8,046,327 corresponding to available values for interest payment and bonds amortization, which became effective at April 1, 2018.

As of March 31, 2018, the Group presented the effect on the interim consolidated financial statements of the market valorization of hedge contracts by exchange rate, for an amount of Th\$1,306.

8.10 Other non-current financial assets

These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of Th\$7,835,395 as of March 31, 2018 and Th\$7,790,217 as of December 31, 2017 (see Note 2.2, letter h, ii), over which the Group has no control or significant influence. The balance of Th\$17,517 relates to other financial investments in both periods.

Related to this acquisition is an obligation with the Asociación Sociedad de Canalistas del Maipo not to move the location of current water rights to the contract date, for Th\$7,294,709 as of March 31, 2018 and December 31, 2017.

Note 9. INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

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



Accounts receivable from related entities

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

| Tax ID related party | Name of related party | Relationship | Nature of transaction with related parties | Security | 31-03-2018 Th\$ | 31-12-2016 Th\$ |
|-------------------------|--|---------------------------|---|-------------|--------------------|--------------------|
| 77.329.730-4 | Suez Inversiones Aguas del Gran Santiago Ltda. | Related to the controller | Laboratory analysis and sampling services | Unsecured | 366 | 366 |
| 76.746.454-1 | Suez Biofactoria Andina Spa. | Related to the controller | Insurance payment La Farfana | UF 7.656,06 | 136,779 | 205,168 |
| 76.746.454-1 | Suez Biofactoria Andina Spa. | Related to the controller | Insurance payment Mapocho Trebal | UF 10.377,4 | 185,397 | 278,096 |
| 65.113.732-2 | Cetaqua Spa. | Related to the controller | Insurance payment | Unsecured | 3,277 | 0 |
| 65.113.732-2 | Cetaqua Spa. | Related to the controller | Lease office | Unsecured | 1,363 | 0 |
| 65.113.732-2 | Cetaqua Spa. | Related to the controller | Plants's operation and maintenance | Unsecured | 10,590 | 0 |
| 76.078.231-9 | Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda. | Related to the controller | Laboratory analysis and sampling services | Unsecured | 0 | 8,138 |
| 77.274.820-5 | Inversiones Aguas Metropolitanas S.A. | Controller | Lease office | Unsecured | 403 | 399 |
| 77.441870-9 | Suez Medioambiente Chile S.A. | Related to the controller | Laboratory analysis and sampling services | Unsecured | 24,921 | 19,485 |
| 77.441870-9 | Suez Medioambiente Chile S.A. | Related to the controller | Basis proposed in tenders | Unsecured | 7 | 66 |
| 77.441870-9 | Suez Medioambiente Chile S.A. | Related to the controller | Counseling realized by support for technical inspection of Effluents Treatment Plants in CMPC Santa Fe. Frutos del Maipo Project. | Unsecured | 9,884 | 33,628 |
| 77.441870-9 | Suez Medioambiente Chile S.A. | Related to the controller | Contract Cleaning Collectors | Unsecured | 1012 | 0 |
| 76.080.553-K | Suez Advanced Solutions Chile Ltda. | Related to the controller | Sale of materials | Unsecured | 41,682 | 15,287 |
| Total | | | | | 415,681 | 560,633 |



Accounts payable to related entities

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

| Tax ID related party | Name of related party | Relationship | Nature of transaction with related parties | Period | Security | 31-03-2018 Th\$ | 31-12-2016 Th\$ |
|----------------------|--|---------------------------|---|---------|---|--------------------|--------------------|
| 77.44.1870-9 | Suez Medioambiente Chile S.A. | Related to the controller | Operational Control Center Update Project OCC 2.0 | 30 days | Guaranteed fulfillment of contract for Th\$30,899 | 1,097,679 | 1,079,276 |
| 77.44.1870-9 | Suez Medioambiente Chile S.A. | Related to the controller | SCADA Platform | 30 days | Unsecured | 7,115 | 7,115 |
| 77.44.1870-9 | Suez Medioambiente Chile S.A. | Related to the controller | Arsenic Plant San Antonio | 30 days | Guaranteed fulfillment of contract for Th\$24,264.05 | 1,786,747 | 1,786,747 |
| 77.44.1870-9 | Suez Medioambiente Chile S.A. | Related to the controller | Chamisero plant | 30 days | Guaranteed fulfillment of contract for UF 66,809.74 | 6,772,804 | 7,129,098 |
| 77.44.1870-9 | Suez Medioambiente Chile S.A. | Related to the controller | Talagante Plant Expansion | 30 days | Unsecured | 0 | 932,641 |
| 76.746.454-1 | Suez Biofactoria Andina Spa. | Related to the controller | Biofactory adaptation plan for La Farfana treatment plant | 30 days | Guaranteed fulfillment of contract for UF 1,048,050 | 2,823,039 | 3,260,791 |
| 76.746.454-1 | Suez Biofactoria Andina Spa. | Related to the controller | Nitrogen removal and biofactory adaptation plan for Mapocho-Trebal treatment plant | 30 days | Guaranteed fulfillment of contract for UF 1,048,050 | 2,977,030 | 3,718,527 |
| 65.113.732-2 | Corporación Chilena de Investigación del Agua SpA. | Related to the controller | Consultancies | 30 days | Unsecured | 78,177 | 184,854 |
| 76.080.553-K | Suez Advanced Solutions Chile Ltda. | Related to the controller | Virtual platform, Siebel | 30 days | Unsecured | 22,312 | 113,361 |
| 76.080.553-K | Suez Advanced Solutions Chile Ltda. | Related to the controller | Purchase of materials | 60 days | Guaranteed fulfillment of contract for Th\$279,298 | 736,420 | 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 | Guaranteed fulfillment of contract for UF 887 | 0 | 6,579 |
| 76.046.628-K | Asterión S.A. | Related to the controller | Evolutionary maintenance consulting service | 30 days | Unsecured | 0 | 188,612 |
| 76.046.628-K | Asterión S.A. | Related to the controller | Process re-engineering service contract and implementation of new customer service information systems | 30 days | Guaranteed fulfillment of contract for Th\$845,149 | 0 | 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 Mapocho-Trebal Wastewater Treatment Plant Digesters | 90 days | Guaranteed fulfillment of contract for UF357,863 | 2,539,593 | 2,563,461 |
| 76.078.231-9 | Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda. | Related to the controller | Biogas plant operation services | 30 days | Unsecured | 169,245 | 105,347 |
| 96.799.790-0 | Servicios y Proyectos Ambientales S.A. | Related to the controller | Environmental monitoring services | 30 days | Unsecured | 0 | 3,377 |
| Sin Rut | Aqua Development Network S.A. | Related to the controller | Integrated talent management contract | 30 days | Unsecured | 288,201 | 277,451 |
| Sin Rut | Aqua Development Network S.A. | Related to the controller | Consultancies | 30 days | Unsecured | 24,320 | 0 |
| 77.274.820-5 | Inversiones Aguas Metropolitanas S.A. | Controller | Dividends payable | 30 days | Unsecured | 0 | 21,035,299 |
| 96.817.230-1 | EPSA Electrica Puntilla S.A. | Common director | Recalculation of energy supply | 30 days | Unsecured | 0 | 11,013 |
| 70.009.410-3 | Asociación canalistas sociedad del canal del Maipo | Common director | Chamisero Plant, Batuco canal | 30 days | Unsecured | 10,000 | 10,000 |
| 59.066.560-6 | Suez International | Related to the controller | Payment status by concept of supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4 | 30 days | Security full compliance with contract for UF 218,320 | 5,151,277 | 220,514 |
| Total | | | | | | 24,483,959 | 43,591,633 |



Transactions with related entities

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

| Tax ID Related party | Name of related party | Relationship | Country | Nature of transaction with related parties | Currency | 31-03-2018 | | 31-03-2017 | |
|----------------------------|--|---------------------------|---------|--|----------|------------|---|------------|---|
| | | | | | | Th\$ | | Th\$ | |
| | | | | | | Amount | Effect on results (Charge)/ Credit | Amount | Effect on results (Charge)/ Credit |
| 76.080.553-K | Suez Advanced Solutions Chile Ltda. | Related to the controller | CL | Process re-engineering service contract and implementation of new customer service information systems | CLP | 976 | -976 | 210,265 | -210,265 |
| Sin Rut | Aqua Development Network | Related to the controller | CL | Integrated talent management contract | CLP | 229,026 | -229,026 | 0 | 0 |
| 76.080.553-K | Suez Advanced Solutions Chile Ltda. | Related to the controller | CL | Purchase of materials | CLP | 479,419 | -101,447 | 162,811 | -162,811 |
| 77.441870-9 | Suez Medioambiente Chile S.A. | Related to the controller | CL | Hydraulic efficiency project | CLP | 0 | 0 | 62,908 | |
| 77.441870-9 | Suez Medioambiente Chile S.A. | Related to the controller | CL | Chamisero plant | CLP | 1,363,641 | 0 | 168,169 | 0 |
| 77.441870-9 | Suez Medioambiente Chile S.A. | Related to the controller | CL | Arsenic Plant San Antonio | CLP | 1,362,902 | 0 | 757,550 | 0 |
| 77.441870-9 | Suez Medioambiente Chile S.A. | Related to the controller | CL | Operational Control Center Update Project OCC 2.0 | CLP | 530,119 | -275,682 | 0 | 0 |
| 59.066.560-6 | Suez International | Related to the controller | CL | Supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4 | CLP | 4,930,764 | 0 | 743,353 | 0 |
| 76.078.231-9 | Empresa Depuradora de Aguas Servidas Mapocho El Trebal | Related to the controller | CL | Services of operation, maintenance and rehabilitation of Mapocho-Trebal Wastewater Treatment Plant Digesters | CLP | 2,467,364 | -2,467,364 | 3,112,351 | -2,688,468 |
| 76.078.231-9 | Empresa Depuradora de Aguas Servidas Mapocho El Trebal | Related to the controller | CL | La Farfana Wastewater Treatment Plant operation and maintenance services | CLP | 0 | 0 | 4,167,057 | -3,307,849 |
| 76.746.454-1 | Suez Biofactoria Andina spa. | Related to the controller | CL | Water treatment plant operation and maintenance, construction works in Trebal plant | CLP | 8,123,472 | -6,416,223 | 0 | 0 |
| 96.817.230-1 | EPSA Eléctrica Puntilla S.A. | Common director | CL | Compensation for lower flow | CLP | 14,456 | -14,456 | 360,851 | -360,851 |
| 65.113.732-2 | Cetaqua Spa | Related to the controller | CL | Study on models of management of resilient urban hydraulic infrastructures in relation to hydrological and geological risks, sludge recovery | | 522 | -522 | 0 | 0 |
| 77.274.820-5 | Inversiones Aguas Metropolitanas S.A. | Controller | CL | Dividends paid | CLP | 21035,299 | 0 | 22,104,890 | 0 |

The criteria of materiality for reporting transactions with related entities are accumulated amounts of over Th\$25,000.

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

| | 31-03-2018 | 31-03-2017 |
|----------------------|---------------|---------------|
| | Th\$ | Th\$ |
| Directors | 77,181 | 82,013 |
| Directors' committee | 7,256 | 5,665 |
| Total | 84,437 | 87,678 |

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

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

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



Note 10. INVENTORIES

The detail by class of inventories through March 31, 2018 and December 31, 2017 is the following:

| Inventory class | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|-------------------------|--------------------|--------------------|
| Spares & meters | 2,560,083 | 2,645,500 |
| Supplies for production | 1,368,068 | 1,177,531 |
| Others | 172,716 | 102,347 |
| Total | 4,100,867 | 3,925,378 |

The cost of the inventories shown as an expense in the statement of results during March 31, 2018 and 2016 amounts to Th\$2,870,555 and Th\$2,756,705 respectively.

Note 11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

| | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|--|--------------------|--------------------|
| Intangible assets, net | 226,758,042 | 227,084,499 |
| Trademarks, net | 15,933 | 13,000 |
| Computer programs, net | 7,650,866 | 7,910,586 |
| Other intangible assets, net* | 219,091,243 | 219,160,913 |
| | | |
| Intangible assets, gross | 281,939,119 | 280,804,446 |
| Trademarks, gross | 15,933 | 13,000 |
| Computer programs, gross | 50,030,616 | 48,876,011 |
| Other intangible assets, gross | 231,892,570 | 231,915,435 |
| | | |
| Intangible assets, accumulated amortization | -55,181,077 | -53,719,947 |
| Computer programs, accumulated amortization | -42,379,750 | -40,965,425 |
| Other intangible assets, accumulated amortization | -12,801,327 | -12,754,522 |

*Corresponds to water rights, easements and others.



Movement of intangible assets as of March 31, 2018

| Intangible assets movements | Trademarks, net Th\$ | Computer programs, net Th\$ | Other intangible assets, net Th\$ | Total Th\$ |
|--|----------------------------|-----------------------------------|--|--------------------|
| Initial balance as of 01-01-2018 | 13,000 | 7,910,586 | 219,160,913 | 227,084,499 |
| Amortization | 0 | -1,414,325 | -46,805 | -1,461,130 |
| Increases (reductions) for transfers | 0 | 722,337 | 0 | 722,337 |
| Increases (reductions) for other changes | 2,933 | 432,268 | -22,865 | 412,336 |
| Changes, total | 2,933 | -259,720 | -69,670 | -326,457 |
| | | | | |
| Closing balance as of 31-03-2018 | 15,933 | 7,650,866 | 219,091,243 | 226,758,042 |

Movement of intangible assets as of December 31, 2017

| Intangible assets movements | 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 | 0 | -5,408,268 | -187,215 | -5,595,483 |
| Increases (reductions) for transfers | 0 | 1,836,974 | -158 | 1,836,816 |
| Increases (reductions) for other changes | 0 | 2,278,359 | 625,874 | 2,904,233 |
| Disposals and withdrawals from service | 0 | 0 | -12,551 | -12,551 |
| Changes, total | 0 | -1,292,935 | 425,950 | -866,985 |
| | | | | |
| Closing balance as of 31-12-2017 | 13,000 | 7,910,586 | 219,160,913 | 227,084,499 |

Disclosure information on intangible assets (gross value)

Current period 31-03-2018

| Intangible assets movements | Trademarks, gross Th\$ | Computer programs, 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 | 0 | 722,337 | 0 | 722,337 |
| Increases (reductions) for other changes | 2,933 | 432,268 | -22,865 | 412,336 |
| Changes, total | 2,933 | 1,154,605 | -22,865 | 1,134,673 |
| | | | | |
| Closing balance as of 31-03-2018 | 15,933 | 50,030,616 | 231,892,570 | 281,939,119 |



Previous period 31-12-2017

| Intangible assets movements | Trademarks, gross Th\$ | Computer programs, 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 | 0 | 1,836,974 | -158 | 1,836,816 |
| Increases (reductions) for other changes | 0 | 2,278,359 | 625,874 | 2,904,233 |
| Disposals and withdrawals from service | 0 | 0 | -12,551 | -12,551 |
| Changes, total | 0 | 4,115,333 | 613,165 | 4,728,498 |
| | | | | |
| Closing balance as of 31-12-2017 | 13,000 | 48,876,011 | 231,915,435 | 280,804,446 |

Disclosure information on intangible assets (accumulated amortization)

Current period 31-03-2018

| Intangible assets movements | Trademarks, accumulated amortization Th\$ | Computer programs, accumulated amortization Th\$ | Other intangible assets, accumulated amortization Th\$ | Total Th\$ |
|---|--|--|---|--------------------|
| Initial balance as of 01-01-2018 | 0 | -40,965,425 | -12,754,522 | -53,719,947 |
| Amortization | 0 | -1,414,325 | -46,805 | -1,461,130 |
| Changes, total | 0 | -1,414,325 | -46,805 | -1,461,130 |
| | | | | |
| Closing balance as of 31-03-2018 | 0 | -42,379,750 | -12,801,327 | -55,181,077 |

Previous period 31-12-2017

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



Detail of significant individual intangible assets (others):

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

| Company | 31-03-2018 | | | 31-12-2017 | | |
|---------------------------|--------------------|-------------------|------------------|--------------------|-------------------|------------------|
| | Water rights | Easements | Others | Water rights | Easements | Others |
| | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ |
| Aguas Andinas S.A. | 76,364,512 | 8,408,413 | 4,715,340 | 76,364,281 | 8,407,422 | 4,761,309 |
| Aguas Cordillera S.A. | 92,732,686 | 7,761,932 | 0 | 92,732,686 | 7,761,932 | 0 |
| Aguas Manquehue S.A. | 21,928,820 | 866,673 | 0 | 21,954,837 | 866,673 | 0 |
| Essal S.A. | 5,610,215 | 1,095,557 | 0 | 5,609,125 | 1,095,557 | 0 |
| Aguas del Maipo S.A. | 13,700 | 0 | 0 | 13,700 | 0 | 0 |
| Ecoriles S.A. | 13,700 | 0 | 0 | 13,700 | 0 | 0 |
| Gestión y Servicios S.A. | 13,700 | 0 | 0 | 13,700 | 0 | 0 |
| Análisis Ambientales S.A. | 13,700 | 0 | 0 | 13,700 | 0 | 0 |
| Total | 196,691,033 | 18,132,575 | 4,715,340 | 196,715,729 | 18,131,584 | 4,761,309 |

Intangible assets with undefined useful lives

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

Commitments for acquiring intangible assets

Commitments for acquisitions of intangible assets for the 2018 period relate to water rights, easements and computer programs necessary for the normal operation of the Group's companies, and in particular for new works under development or in preliminary study stages, plus the expansion of concession zones, shown as follows:

| Company | Th\$ |
|-----------------------|------------------|
| Aguas Andinas S.A. | 1,365,039 |
| Aguas Cordillera S.A. | 9,955 |
| Aguas Manquehue S.A. | 76,014 |
| Essal S.A. | 286,900 |
| Total | 1,737,908 |



Note 12. GOODWILL

The detail of goodwill follows for the different Cash Generating Units (CGUs) or groups to which they are assigned, through March 31, 2018 and December 31, 2017:

| Tax ID | Company | 31-03-2018 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 & equipment, net (amounts in miles of \$) | Net value | | Gross value | | Accumulated depreciation | |
|--|---------------|---------------|---------------|---------------|--------------------------|----------------|
| | 31-03-2018 | 31-12-2017 | 31-03-2018 | 31-12-2017 | 31-03-2018 | 31-12-2017 |
| | 1,360,003,119 | 1,351,763,816 | 2,596,263,511 | 2,571,086,250 | -1,236,260,392 | -1,219,322,434 |
| Land | 159,704,275 | 160,461,335 | 159,704,275 | 160,461,335 | | |
| Buildings | 79,691,129 | 79,601,087 | 111,630,597 | 111,011,034 | -31,939,468 | -31,409,947 |
| Machinery | 118,541,279 | 120,338,507 | 368,204,931 | 363,844,849 | -249,663,652 | -243,506,342 |
| Transport vehicles | 1,323,180 | 1,320,419 | 5,876,861 | 5,866,755 | -4,553,681 | -4,546,336 |
| Fixed installations & accessories | 1,356,376 | 1,315,585 | 6,080,709 | 5,992,005 | -4,724,333 | -4,676,420 |
| Computer equipment | 3,383,102 | 3,659,346 | 14,065,236 | 13,921,577 | -10,682,134 | -10,262,231 |
| Improvements to leased assets | 57,529 | 64,266 | 597,279 | 597,279 | -539,750 | -533,013 |
| Construction in progress | 165,351,958 | 156,563,062 | 165,351,958 | 156,563,062 | | |
| Additional works | 22,313,720 | 22,349,067 | 43,559,210 | 43,248,022 | -21,245,490 | -20,898,955 |
| Production facilities | 167,359,418 | 167,598,083 | 317,389,343 | 316,220,864 | -150,029,925 | -148,622,781 |
| Drinking water networks | 178,235,989 | 174,661,097 | 498,256,689 | 492,846,317 | -320,020,700 | -318,185,220 |
| Sewerage networks | 247,039,866 | 246,165,604 | 523,618,951 | 519,580,232 | -276,579,085 | -273,414,628 |
| Wastewater treatment plants | 168,075,188 | 169,331,810 | 228,449,916 | 228,440,366 | -60,374,728 | -59,108,556 |
| Other facilities | 47,341,532 | 48,103,767 | 151,608,919 | 150,469,536 | -104,267,387 | -102,365,769 |
| Goods out of service | 228,578 | 230,781 | 1,868,637 | 2,023,017 | -1,640,059 | -1,792,236 |



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

| Property, plant & equipment | 31-03-2018 | Aguas Andinas S.A | Aguas Cordillera S.A | Aguas Manquehue S.A | Essal S.A | Others |
|-----------------------------------|----------------------|-------------------|----------------------|---------------------|------------|-----------|
| | Th\$ | % | % | % | % | % |
| Land | 159,704,275 | 75% | 13% | 1% | 11% | 0% |
| Buildings | 79,691,129 | 75% | 4% | 2% | 17% | 2% |
| Machinery | 118,541,279 | 79% | 6% | 3% | 11% | 1% |
| Transport vehicles | 1,323,180 | 89% | 0% | 0% | 9% | 2% |
| Fixed installations & accessories | 1,356,376 | 69% | 1% | 0% | 11% | 19% |
| Computer equipment | 3,383,102 | 87% | 0% | 0% | 10% | 3% |
| Improvements to leased assets | 57,529 | 10% | 0% | 0% | 0% | 90% |
| Construction in progress | 165,351,958 | 58% | 10% | 11% | 17% | 4% |
| Additional works | 22,313,720 | 81% | 5% | 3% | 11% | 0% |
| Production facilities | 167,359,418 | 63% | 15% | 14% | 8% | 0% |
| Drinking water networks | 178,235,989 | 69% | 17% | 2% | 12% | 0% |
| Sewerage networks | 247,039,866 | 84% | 2% | 4% | 10% | 0% |
| Wastewater treatment plants | 168,075,188 | 93% | 0% | 0% | 6% | 1% |
| Other facilities | 47,341,532 | 75% | 7% | 6% | 11% | 1% |
| Goods out of service | 228,578 | 32% | 68% | 0% | 0% | 0% |
| Total | 1,360,003,119 | 75% | 8% | 5% | 11% | 1% |

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

| Class | Cost | Fair value |
|-----------------------------|----------------------|----------------------|
| | 31-03-2018 | |
| | Th\$ | Th\$ |
| Buildings | 79,691,129 | 114,333,424 |
| Additional works | 22,313,720 | 36,719,652 |
| Production facilities | 167,359,418 | 280,124,713 |
| Drinking water networks | 178,235,989 | 406,382,144 |
| Sewerage networks | 247,039,866 | 421,419,247 |
| Wastewater treatment plants | 168,075,188 | 185,375,516 |
| Other facilities | 47,341,532 | 48,133,499 |
| Machines and equipment | 118,541,279 | 134,041,067 |
| Total | 1,028,598,121 | 1,626,529,262 |

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

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



Movements in property, plant and equipment through March 31, 2018 (Net Value)

| Concept | Initial balance | Depreciation | Increases (reductions) for transfers from construction in progress | Other increases (decreases) | Disposals & withdrawals from service | Total changes | Closing balance |
|--|----------------------|--------------------|--|-----------------------------|--------------------------------------|------------------|----------------------|
| | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ |
| Land | 160,461,335 | 0 | 0 | 8,321 | -765,381 | -757,060 | 159,704,275 |
| Buildings | 79,601,087 | -554,166 | 653,477 | 5,409 | -14,678 | 90,042 | 79,691,129 |
| Machinery | 120,338,507 | -6,209,502 | 4,052,293 | 359,981 | 0 | -1,797,228 | 118,541,279 |
| Transport vehicles | 1,320,419 | -116,080 | 126,551 | 4,189 | -11,899 | 2,761 | 1,323,180 |
| Fixed installations & accessories | 1,315,585 | -48,165 | 113,038 | -24,082 | 0 | 40,791 | 1,356,376 |
| Computer equipment | 3,659,346 | -419,903 | 87,611 | 56,048 | 0 | -276,244 | 3,383,102 |
| Improvements to leased assets | 64,266 | -6,737 | 0 | 0 | 0 | -6,737 | 57,529 |
| Construction in progress | 156,563,062 | 0 | -16,263,624 | 25,052,520 | 0 | 8,788,896 | 165,351,958 |
| Additional works | 22,349,067 | -385,576 | 272,583 | 82,239 | -4,593 | -35,347 | 22,313,720 |
| Production facilities | 167,598,083 | -1,456,172 | 1,254,027 | -21,606 | -14,914 | -238,665 | 167,359,418 |
| Drinking water networks | 174,661,097 | -1,849,526 | 4,504,582 | 932,350 | -12,514 | 3,574,892 | 178,235,989 |
| Sewerage networks | 246,165,604 | -3,164,381 | 3,389,402 | 649,241 | 0 | 874,262 | 247,039,866 |
| Wastewater treatment plants | 169,331,810 | -1,266,172 | 10,225 | -675 | 0 | -1,256,622 | 168,075,188 |
| Other facilities | 48,103,767 | -1,916,126 | 1,077,497 | 76,394 | 0 | -762,235 | 47,341,532 |
| Goods out of service | 230,781 | -2,203 | 0 | 0 | 0 | -2,203 | 228,578 |
| Class of property, plant & equipment, net | 1,351,763,816 | -17,394,710 | -722,338 | 27,180,329 | -823,979 | 8,239,303 | 1,360,003,119 |

Movements in property, plant and equipment through December 31, 2017 (Net Value)

| Concept | Initial balance | Depreciation | Increases (reductions) for transfers from construction in progress | Other increases (decreases) | Disposals & withdrawals from service | Total changes | Closing balance |
|--|----------------------|--------------------|--|-----------------------------|--------------------------------------|-------------------|----------------------|
| | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ |
| Land | 160,070,637 | 0 | 3,785 | 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 & accessories | 701,742 | -176,375 | 431,694 | 358,524 | 0 | 613,843 | 1,315,585 |
| Computer equipment | 2,659,948 | -1,529,250 | 1,174,847 | 1,353,801 | 0 | 999,398 | 3,659,346 |
| Improvements to leased assets | 61,285 | -29,654 | 32,239 | 396 | 0 | 2,981 | 64,266 |
| Construction in progress | 180,506,784 | 0 | -114,682,738 | 90,797,576 | -58,560 | -23,943,722 | 156,563,062 |
| Additional works | 21,252,123 | -1,535,090 | 2,351,518 | 282,036 | -1,520 | 1,096,944 | 22,349,067 |
| Production facilities | 162,939,794 | -6,029,543 | 9,821,279 | 866,553 | 0 | 4,658,289 | 167,598,083 |
| Drinking water networks | 163,124,828 | -7,164,493 | 7,189,676 | 11,511,813 | -727 | 11,536,269 | 174,661,097 |
| Sewerage networks | 247,188,146 | -12,445,369 | 3,849,660 | 7,573,167 | 0 | -1,022,542 | 246,165,604 |
| Wastewater treatment plants | 143,756,791 | -5,041,328 | 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 | 0 | 0 | 0 | -9,070 | 230,781 |
| Class of property, plant & 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 information for property, plant and equipment (gross value)

Current period 31-03-2018

| Concept | Initial balance | Increases (reductions) for transfers from Construction in progress | Other increases (decreases) | Disposals & withdrawals from service | Total changes | Closing balance |
|--|----------------------|--|-----------------------------|--------------------------------------|-------------------|----------------------|
| | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ |
| Land | 160,461,335 | 0 | 8,321 | -765,381 | -757,060 | 159,704,275 |
| Buildings | 111,011,034 | 653,477 | 5,333 | -39,247 | 619,563 | 111,630,597 |
| Machinery | 363,844,849 | 4,052,293 | 359,981 | -52,192 | 4,360,082 | 368,204,931 |
| Transport vehicles | 5,866,755 | 126,551 | 4,189 | -120,634 | 10,106 | 5,876,861 |
| Fixed installations & accessories | 5,992,005 | 113,038 | -24,082 | -252 | 88,704 | 6,080,709 |
| Computer equipment | 13,921,577 | 87,611 | 56,048 | 0 | 143,659 | 14,065,236 |
| Improvements to leased assets | 597,279 | 0 | 0 | 0 | 0 | 597,279 |
| Construction in progress | 156,563,062 | -16,263,624 | 25,052,520 | 0 | 8,788,896 | 165,351,958 |
| Additional works | 43,248,022 | 272,583 | 82,239 | -43,634 | 311,188 | 43,559,210 |
| Production facilities | 316,220,864 | 1,254,027 | -21,606 | -63,942 | 1,168,479 | 317,389,343 |
| Drinking water networks | 492,846,317 | 4,504,582 | 932,350 | -26,560 | 5,410,372 | 498,256,689 |
| Sewerage networks | 519,580,232 | 3,389,402 | 649,317 | 0 | 4,038,719 | 523,618,951 |
| Wastewater treatment plants | 228,440,366 | 10,225 | -675 | 0 | 9,550 | 228,449,916 |
| Other facilities | 150,469,536 | 1,077,497 | 76,394 | -14,508 | 1,139,383 | 151,608,919 |
| Goods out of service | 2,023,017 | 0 | 0 | -154,380 | -154,380 | 1,868,637 |
| Class of property, plant & equipment, gross | 2,571,086,250 | -722,338 | 27,180,329 | -1,280,730 | 25,177,261 | 2,596,263,511 |

Previous period 31-12-2017

| Concept | Initial balance | Increases (reductions) for transfers from Construction in progress | Other increases (decreases) | Disposals & withdrawals from service | Total changes | Closing balance |
|--|----------------------|--|-----------------------------|--------------------------------------|--------------------|----------------------|
| | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ |
| Land | 160,070,637 | 3,785 | 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 & 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 | 0 | 10,681,364 | 316,220,864 |
| Drinking water networks | 474,364,900 | 7,189,676 | 11,510,182 | -218,441 | 18,481,417 | 492,846,317 |
| Sewerage networks | 508,150,937 | 3,849,660 | 7,579,635 | 0 | 11,429,295 | 519,580,232 |
| Wastewater treatment plants | 197,861,144 | 28,827,826 | 1,836,148 | -84,752 | 30,579,222 | 228,440,366 |
| Other facilities | 131,523,642 | 15,936,914 | 3,070,743 | -61,763 | 18,945,894 | 150,469,536 |
| Goods out of service | 2,187,881 | 0 | 0 | -164,864 | -164,864 | 2,023,017 |
| Class of property, plant & equipment, gross | 2,446,766,910 | -1,836,806 | 128,599,750 | -2,443,604 | 124,319,340 | 2,571,086,250 |



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

Current period 31-03-2018

| Concept | Initial balance | Increases (reductions) for transfers from Construction in progress | Other increases (decreases) | Disposals & withdrawals from service | Total changes | Closing balance |
|---|----------------------|--|-----------------------------|--------------------------------------|-------------------|----------------------|
| | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ |
| Buildings | 31,409,947 | 554,166 | -76 | -24,569 | 529,521 | 31,939,468 |
| Machinery | 243,506,342 | 6,209,502 | 0 | -52,192 | 6,157,310 | 249,663,652 |
| Transport vehicles | 4,546,336 | 116,080 | 0 | -108,735 | 7,345 | 4,553,681 |
| Fixed installations & accessories | 4,676,420 | 48,165 | 0 | -252 | 47,913 | 4,724,333 |
| Computer equipment | 10,262,231 | 419,903 | 0 | 0 | 419,903 | 10,682,134 |
| Improvements to leased assets | 533,013 | 6,737 | 0 | 0 | 6,737 | 539,750 |
| Additional works | 20,898,955 | 385,576 | 0 | -39,041 | 346,535 | 21,245,490 |
| Production facilities | 148,622,781 | 1,456,172 | 0 | -49,028 | 1,407,144 | 150,029,925 |
| Drinking water networks | 318,185,220 | 1,849,526 | 0 | -14,046 | 1,835,480 | 320,020,700 |
| Sewerage networks | 273,414,628 | 3,164,381 | 76 | 0 | 3,164,457 | 276,579,085 |
| Wastewater treatment plants | 59,108,556 | 1,266,172 | 0 | 0 | 1,266,172 | 60,374,728 |
| Other facilities | 102,365,769 | 1,916,126 | 0 | -14,508 | 1,901,618 | 104,267,387 |
| Goods out of service | 1,792,236 | 2,203 | 0 | -154,380 | -152,177 | 1,640,059 |
| Class of property, plant & equipment, accumulated depreciation | 1,219,322,434 | 17,394,709 | 0 | -456,751 | 16,937,958 | 1,236,260,392 |

Previous period 31-12-2017

| Concept | Initial balance | Increases (reductions) for transfers from Construction in progress | Other increases (decreases) | Disposals & withdrawals from service | Total changes | Closing balance |
|---|----------------------|--|-----------------------------|--------------------------------------|-------------------|----------------------|
| | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ | Th\$ |
| Buildings | 29,140,045 | 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 & accessories | 4,557,827 | 176,375 | 0 | -57,782 | 118,593 | 4,676,420 |
| Computer equipment | 8,744,806 | 1,529,250 | 561 | -12,386 | 1,517,425 | 10,262,231 |
| Improvements to leased assets | 550,129 | 29,654 | 0 | -46,770 | -17,116 | 533,013 |
| Additional works | 19,380,305 | 1,535,090 | 0 | -16,440 | 1,518,650 | 20,898,955 |
| Production facilities | 142,599,706 | 6,029,543 | -6,468 | 0 | 6,023,075 | 148,622,781 |
| Drinking water networks | 311,240,072 | 7,164,493 | -1,631 | -217,714 | 6,945,148 | 318,185,220 |
| Sewerage networks | 260,962,791 | 12,445,369 | 6,468 | 0 | 12,451,837 | 273,414,628 |
| Wastewater treatment plants | 54,104,353 | 5,041,328 | -961 | -36,164 | 5,004,203 | 59,108,556 |
| Other facilities | 95,075,388 | 7,502,170 | -150,314 | -61,475 | 7,290,381 | 102,365,769 |
| Goods out of service | 1,948,030 | 9,070 | 0 | -164,864 | -155,794 | 1,792,236 |
| Class of property, plant & equipment, accumulated depreciation | 1,152,196,824 | 68,798,671 | 0 | -1,673,061 | 67,125,610 | 1,219,322,434 |



The detail of each consolidated Company of the Group, for the amount of future commitments for acquisitions of property, plant and equipment for the period 2018, is as follows:

| Company | Th\$ |
|---------------------------|--------------------|
| Aguas Andinas S.A. | 99,292,639 |
| Aguas Cordillera S.A. | 6,161,042 |
| Aguas Manquehue S.A. | 3,665,025 |
| Essal S.A. | 11,563,803 |
| Ecoriles S.A. | 69,529 |
| Gestión y Servicios S.A. | 21,229 |
| Análisis Ambientales S.A. | 49,238 |
| Total | 120,822,505 |

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

| Company | Gross Value Th\$ | Accumulated Depreciation Th\$ | Net Value Th\$ |
|-----------------------|---------------------|-------------------------------------|-------------------|
| Aguas Andinas S.A. | 1,594,305 | -1,521,662 | 72,643 |
| Aguas Cordillera S.A. | 274,332 | -118,397 | 155,935 |
| Total | 1,868,637 | -1,640,059 | 228,578 |

Note 14. IMPAIRMENT OF VALUE OF ASSETS

Disclosure information on asset impairment by cash generating unit

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

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

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



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

The respective tests for impairment were made at the end of December 31, 2017 based on the Group's estimates and projections. These estimates indicated that the benefits attributable to the participations with lower associated values individually exceed their consolidated book values in all cases. Additionally, the intangible assets with indefinite useful lives were evaluated, resulting in a higher value registered on the books.

As of March 31, 2018 no impairment of assets has been registered and there are not indications of impairment.

Note 15. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

The detail of these as of March 31, 2018 and December 31, 2017 is as follows:

| Classes of provisions | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|----------------------------------|--------------------|--------------------|
| Provisions for legal claims | 2,475,377 | 2,603,819 |
| Other provisions, current | 2,475,377 | 2,603,819 |
| Other provisions, non-current | 1,309,926 | 1,301,105 |
| Provisions, non-current | 1,309,926 | 1,301,105 |

The movement in current provisions for the periods was:

| Legal claims | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|-------------------------------------|--------------------|--------------------|
| Initial balance provisions | 2,603,819 | 2,628,225 |
| Increase in existing provisions | 0 | 302,543 |
| Provision used | 0 | -161,112 |
| Other increases (decreases) | -128,442 | -165,837 |
| Changes in provisions, total | -128,442 | -24,406 |
| Total | 2,475,377 | 2,603,819 |

The provisions under this heading are described as follows:

1.- Legal claims

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



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

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

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

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

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

Timetable foreseen for release of class of provision: Undetermined.

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

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

Timetable foreseen for release of class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: The fine proceeding initiated against Aguas Andinas S.A. determines an amount of 101 UTA adjusted. The fine was paid prior to claim. A sentence was issued reducing the fine to 81 UTA. Currently, procedural costs appraisal is pending and the personal ones are regulated.

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

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

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

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

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



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

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

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

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

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

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

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

2.- Other provisions, non-current

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

B.- Contingent liabilities

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

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



Note 16. GUARANTEES AND RESTRICTIONS

a) Direct guarantees

Guarantee policies and performance bonds have been granted in favor of various institutions, the principal ones being the SISS, to guarantee the conditions for the provision of services and development programs in the Company's concession areas, SERVIU Metropolitano, to guarantee the replacement of paving, and to other institutions, for Th\$41,467,007 as of March 31, 2018 and Th\$40,556,790 as of December 31, 2017 respectively.

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



| Creditor of the guarantee | Debtor | Type of guarantee | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|---|--------------------------|-------------------|--------------------|--------------------|
| Servicio de Vivienda y Urbanismo Metropolitano | Aguas Andinas S.A. | Performance bond | 9,859,420 | 8,762,875 |
| Asociación de Canalistas Sociedad del Canal Maipo | Aguas Andinas S.A. | Performance bond | 7,699,825 | 7,608,765 |
| Superintendencia de Servicios Sanitarios | Aguas Andinas S.A. | Performance bond | 7,181,256 | 6,932,974 |
| Dirección de Obras Hidráulica | Aguas Andinas S.A. | Performance bond | 1,030,273 | 1,125,773 |
| Municipalidad de La Florida | Aguas Andinas S.A. | Performance bond | 451,615 | 448,788 |
| Constructora San Francisco | Aguas Andinas S.A. | Performance bond | 176,229 | 175,126 |
| Dirección Regional de Vialidad | Aguas Andinas S.A. | Performance bond | 166,062 | 169,418 |
| Comité Innovación Chile | Aguas Andinas S.A. | Performance bond | 71,329 | 64,634 |
| Municipalidad de La Reina | Aguas Andinas S.A. | Performance bond | 67,417 | 66,995 |
| Municipalidad de Providencia | Aguas Andinas S.A. | Performance bond | 55,498 | 110,301 |
| Sociedad Concesionaria Autopista Central | Aguas Andinas S.A. | Performance bond | 53,934 | 0 |
| CGE Distribución | Aguas Andinas S.A. | Performance bond | 53,349 | 53,349 |
| Municipalidad de Peñalolen | Aguas Andinas S.A. | Performance bond | 43,790 | 43,516 |
| Municipalidad de La Pintana | Aguas Andinas S.A. | Performance bond | 31,440 | 31,440 |
| Sociedad Concesionaria Autopista del Sol | Aguas Andinas S.A. | Performance bond | 26,967 | 0 |
| Municipalidad de Santiago | Aguas Andinas S.A. | Performance bond | 25,079 | 24,922 |
| Superintendencia de Servicios Sanitarios | Aguas Cordillera S.A. | Performance bond | 1,243,551 | 1,235,769 |
| Asociación de Canalistas Sociedad del Canal Maipo | Aguas Cordillera S.A. | Performance bond | 931,154 | 925,327 |
| Servicio de Vivienda y Urbanismo Metropolitano | Aguas Cordillera S.A. | Performance bond | 441,070 | 624,557 |
| Ministerio de Obras Publicas - Dirección General de Aguas | Aguas Cordillera S.A. | Performance bond | 401,321 | 398,810 |
| Sembcorp Utilities (Chile) S.A. | Aguas Cordillera S.A. | Performance bond | 307,153 | 305,231 |
| Municipalidad de Las Condes | Aguas Cordillera S.A. | Performance bond | 158,000 | 173,000 |
| Municipalidad Lo Barnechea | Aguas Cordillera S.A. | Performance bond | 100,074 | 99,448 |
| Municipalidad de Vitacura | Aguas Cordillera S.A. | Performance bond | 53,934 | 53,596 |
| Asociación de Canalistas Sociedad del Canal Maipo | Aguas Manquehue S.A. | Performance bond | 1,427,392 | 1,418,460 |
| Superintendencia de Servicios Sanitarios | Aguas Manquehue S.A. | Performance bond | 1,031,996 | 1,025,538 |
| Municipalidad de Vitacura | Aguas Manquehue S.A. | Performance bond | 10,787 | 10,719 |
| Superintendencia de Servicios Sanitarios | Essal S.A. | Insurance policy | 2,779,019 | 2,667,164 |
| Director de Obras Hidráulicas | Essal S.A. | Performance bond | 1,948,338 | 2,193,208 |
| Servicio de Vivienda y Urbanismo | Essal S.A. | Performance bond | 277,426 | 276,616 |
| Municipalidad de Paillaco | Essal S.A. | Performance bond | 222,870 | 221,538 |
| Director de Vialidad | Essal S.A. | Performance bond | 127,745 | 127,046 |
| Gobierno Regional de la Región de Los Ríos | Essal S.A. | Performance bond | 63,616 | 86,962 |
| Sociedad Concesionaria de Los Lagos | Essal S.A. | Performance bond | 26,967 | 26,798 |
| Surlat Industria | EcoRiles S.A. | Performance bond | 13,478 | 13,394 |
| Servicio de Vivienda y Urbanismo | Gestión y Servicios S.A. | Performance bond | 2,107,596 | 2,187,564 |
| Minera Los Pelambres | Anam S.A. | Performance bond | 66,000 | 0 |
| Superintendencia del Medio Ambiente | Anam S.A. | Performance bond | 34,467 | 34,298 |
| Gobierno Regional V Región de Valparaíso | Anam S.A. | Performance bond | 24,862 | 24,862 |
| Empresa Nacional de Petróleo | Anam S.A. | Performance bond | 20,722 | 9,327 |
| Corporación Nacional del Cobre | Anam S.A. | Performance bond | 17,515 | 17,405 |
| CMPC PULP S.A. | Anam S.A. | Performance bond | 15,021 | 17,606 |
| Aguas del Valle | Anam S.A. | Performance bond | 13,483 | 13,399 |
| Esval S.A. | Anam S.A. | Performance bond | 13,483 | 13,399 |
| Ecometales Ltda. | Anam S.A. | Performance bond | 11,811 | 5,735 |
| Total | | | 40,884,334 | 39,825,652 |



b) Bond issue restrictions

i) Aguas Andinas S.A.

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

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

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

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

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

As of March 31, 2018, the abovementioned accounts are as follows (Th\$):



| | |
|-------------------------------|----------------------|
| Total current liabilities | 228,038,321 |
| Total non-current liabilities | 852,063,335 |
| Total IFRS liabilities | 1,080,101,656 |
| Third party guarantees (*) | 861,695 |
| Total liabilities | 1,080,963,351 |
| | |
| Total assets | 1,826,321,701 |
| Total current liabilities | -228,038,321 |
| Total non-current liabilities | -852,063,335 |
| Total net equity | 746,220,045 |

The debt ratio was 1.45 times, as of March 31, 2018.

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

The variation in the Debt Level as of March 31, 2018 was the following:

| 31-12-2009 | 31-03-2018 | Accumulated inflation | Basis | Limit |
|------------|------------|-----------------------|-------|-------|
| 90.28 | 117.29 | 29.92% | 1.5 | 1.95 |

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

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

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

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

- 1.- Send to the bond-holders' representative a copy of the financial statements, both the quarterly and the audited annual statements, within the same time period that these have to be presented to the Commission of the Financial Market, plus all public information reported to that Commission.
- 2.- Register in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements.
- 3.- Maintain insurance to reasonably protect its assets in line with usual practices for industries of the Company's kind.
- 4.- Obligation to ensure that transactions carried out with related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5.- Maintain a debt ratio no higher than 1.29:1, measured on its balance sheets, defined as the debt to equity ratio.



From 2010, the above covenant was adjusted according to the difference between the consumer price index (CPI) of the month in which the debt level is calculated and the CPI for December 2009. This ratio will be adjusted up to a maximum of 2.0:1 (debt ratio = total liabilities/total equity). As of March 31, 2018, the debt ratio was 1.23:1 and 1.35:1 times for BESSALC and BESSALB series, respectively.

6.- Maintain a ratio of Ebitda to Financial expenses of no less than 3.5:1. As of March 31, 2018, the ratio was 8.3:1.

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

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

c) Bank loan restrictions

i) Aguas Andinas S.A.

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

1.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and unconsolidated balance sheets. Notwithstanding the above, the previous limit shall be adjusted according to the ratio between the Consumer Price Index for the month in which the debt level and the consumer price index in December 2009 is calculated. In any case the limit shall be adjusted up to a maximum level of 1.95:1. To this end, the level of indebtedness shall be defined as the ratio of total debt of assets. As of March 31, 2018 the debt level amounted to 1.45 times.

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

3.- Send a copy of the individual and consolidated financial statements and both the quarterly and the audited annual statements to the different banks with which the Company has loans, within no more than five days of their presentation to the Commission for the Financial Market.

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

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

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

7.- Prohibition on distribution of dividends, except for the obligatory minimum if there is a situation of default or delay in the payment of any loan installment.

8.- Maintain a financial expense coverage ratio of at least 3:1, measured on the figures in its consolidated and unconsolidated statements of financial position, defined as the ratio between operating income plus depreciation for the period and amortization of intangible assets divided by financial expenses.



9.- Prohibition on liquidating or dissolving the Company, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present subsidiaries.

10.- Ensure that transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

ii) Aguas Cordillera S.A.

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

1.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and consolidated balance sheets. Notwithstanding the above, the previous limit shall be adjusted according to the ratio between the Consumer Price Index for the month in which the debt level and the consumer price index in December 2009 is calculated. In any case the limit shall be adjusted up to a maximum level of 2.0:1. To this end, the level of indebtedness shall be defined as the ratio of total debt to assets. As of March 31, 2018 the debt level amounted to 0.53 times.

2.- Maintain a coverage ratio of financial expenses equal to or more than 3.0:1, measured on its annual consolidated balance sheet, defined as the ratio between operating income plus depreciation and amortization of intangibles divided by financial expenses. As of March 31, 2018, the coverage of financial expenses amounted to 21.45 times.

3.- Send the bank a copy of the debtor's annual interim consolidated financial statements, within no more than thirty days of their presentation to the Commission for the Financial Market.

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

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

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

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

iii) Essal S.A.

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

As of March 31, 2018, the Company and its sanitation subsidiaries are in compliance with all requirements established in the loan agreements with accrediting Banks, as well as with all the provisions of DFL. N° 382 of the General Sanitation Services Law of 1988, and its Regulations (D.S. MOP N°1199/2004 published in November 2005).



d) Guarantees received from third parties

As of March 31, 2018 and December 31, 2017, the Company has received documents in guarantee for Th\$31,709,525 and Th\$26,219,928 respectively, arising mainly from work contracts with construction companies to guarantee their due performance. There are also other guarantees for service contracts and acquisition of materials to ensure timely delivery.

A detail of the more important bank guarantees received as of March 31, 2018 is summarized below:

| Contractor or supplier | 31-03-2018 Th\$ | Final maturity |
|--|--------------------|----------------|
| Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda. | 13,991,611 | 30-07-2018 |
| Consortio Aquambiente - Edam | 3,668,845 | 10-05-2018 |
| Degremont Agencia en Chile | 1,962,467 | 12-05-2018 |
| Suez Medioambiente Chile S.A. | 1,816,791 | 13-12-2018 |
| Suez Medioambiente Chile S.A. | 832,998 | 30-05-2022 |
| Suez Medioambiente Chile S.A. | 659,825 | 02-04-2018 |
| Empresa Nacional de Energía Enx S.A. | 468,000 | 29-12-2018 |
| Inmobiliaria y Comercial Quilicura Ltda. | 377,536 | 28-10-2020 |
| Suez Medioambiente Chile S.A. | 369,650 | 02-04-2018 |
| Ingeniería y Construcción MST Ltda. | 369,650 | 02-04-2018 |
| Consortio BAPA Gramatec SpA | 355,878 | 28-12-2018 |
| I C M S.A. | 319,273 | 13-08-2018 |
| Suez Medioambiente Chile S.A. | 286,333 | 03-07-2018 |
| Empresa Nacional de Energía Enx S.A. | 254,800 | 29-12-2018 |
| BAPA S.A. | 244,724 | 24-07-2018 |
| Constructora Olbertz Ltda. | 192,919 | 30-05-2018 |
| Suez Advanced Solutions Chile Ltda. | 178,743 | 15-06-2018 |
| I C M S.A. | 158,305 | 13-08-2018 |
| Empresa Constructora Belfi S.A. | 150,000 | 10-05-2018 |
| Obrascon Huarte Lain S.A. | 150,000 | 30-05-2018 |
| Dragados S.A. Agencia en Chile | 150,000 | 29-01-2019 |
| Ferrovial Agroman Chile S.A. | 124,722 | 01-05-2018 |
| EULEN Chile S.A. | 107,868 | 21-06-2018 |
| Luxagua Ingeniería Ltda. | 107,868 | 30-08-2018 |
| Inmobiliaria y Constructora Nueva Pacifico Sur Ltda. | 107,868 | 18-11-2018 |
| Consortio Nacional de Distribución y Logística S.A. | 107,868 | 03-06-2020 |
| Tecnovial S.A. | 101,051 | 31-08-2018 |
| Level 3 Chile S.A. | 100,991 | 30-11-2019 |
| Claro Vicuña Valenzuela S.A. | 303,297 | 05-02-2019 |
| Artbase Ingeniería Construcción y Servicios Ltda. | 130,766 | 16-04-2019 |
| Total | 28,150,646 | |



Note 17. ORDINARY REVENUE

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

| Classes of ordinary revenue | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|-----------------------------|--------------------|--------------------|
| Ordinary revenue | | |
| Sales of goods | 1,671,473 | 1,416,116 |
| Provision of services | 150,691,187 | 144,315,138 |
| Insurance repayment | 116,718 | 138,460 |
| Total | 152,479,378 | 145,869,714 |

Note 18. LEASES

Information to disclose about operational leases as lessor

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

| Future minimum non-cancellable lease receivables, lessees | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|---|--------------------|--------------------|
| Future minimum non-cancellable lease payments up to 1 year, lessees | 2,419,731 | 2,831,275 |
| Future minimum non-cancellable lease payments, up to 1 less than 5 years, lessees | 4,308,573 | 5,979,441 |
| Future minimum non-cancellable lease payments, lessees, total | 6,728,305 | 8,810,715 |
| Minimum lease payments under operative leases | 1,854,690 | 3,362,982 |
| Lease & sub-lease installments booked in statement of results, total | 1,854,690 | 3,362,982 |

Significant operative leasing agreements:

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

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

Disclosures of operative leases as lessors

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



| Future minimum non-cancellable lease receivables, lessors | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|---|----------------------------|----------------------------|
| Future minimum non-cancellable lease receivables, up to 1 year, lessors | 201,325 | 200,065 |
| Amount of rentals booked in statement of results | 172,518 | 685,735 |
| Total | 373,843 | 885,800 |

Significant operative lease agreements of the lessor

Revenues from these sources is immaterial for the Company.

Note 19. EMPLOYEE BENEFITS

The Company, at the consolidated level, has a workforce of 2,110 employees, of whom 90 are Managers and senior executives. Employees who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,810 and 32 respectively, while 268 workers are covered by what is indicated in the Labor Code.

During January 2018, the subsidiary Aguas Andinas S.A. ended the early collective negotiation with the employee Union, operatives and profession N° 1, 2 and 3. The agreement implies the signing of a new collective agreement that replace the currently valid instrument and that expire in next July. The agreement was signed in January 29, 2018, having validity for three years.

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

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

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

Policies for defined benefits plans

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

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

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



Accounting policies for gains and losses on defined benefits plans

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

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

Actuarial assumptions

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

Participants in each plan: These benefits are extended to all workers who are part of a union agreement (indicated above) and to workers with individual contracts including an indemnity clause in any event. Workers forming part of the calculation of the actuarial indemnity are as follows, by company: Aguas Andinas S.A.: 893, Aguas Cordillera S.A.: 96, Aguas Manquehue S.A.: 14, and Essal S.A.: 321 and Gestión y Servicio S.A.:1.

Mortality: The RV-2014 mortality tables of the Commission for the Financial Market are used.

Employee turnover and disability rates and early retirements: Based on the Group's statistical experience, the turnover rate used is 6.2% (six point two percent) for the periods 2018 and 2017, for the objective workers. Disabled workers and early retirements have not been considered due to their infrequent nature.

Discount rate: During periods 2018 and 2017, 4.8% (four point eight percent), corresponding to the risk-free rate, plus the estimate of expected long-term inflation.

Inflation rate: For making long-term estimates for both the 2018 and 2017 periods, the forecast long-term inflation rate reported by the Central Bank of Chile was used, which amounts to 3.0%.

Wage increase rate: The rate uses for the 2018 and 2017 periods was 5.7%.

General description of defined benefits plans

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

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

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



Aguas Cordillera S.A., adjusted quarterly for changes in the Consumer Price Index, provided the change is positive.

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

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

The following is the movement in actuarial provisions as of March 31, 2018 and December 31, 2017, which include movements in provisions:

| Provisions for employee benefits | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|--|--------------------|--------------------|
| Movement in actuarial provision | | |
| Initial balance | 16,245,576 | 17,285,712 |
| Cost of services | 548,866 | 1,294,818 |
| Interest cost | 167,903 | 711,341 |
| Actuarial (gains) or losses | 0 | -1,340,799 |
| Benefits paid | -713,007 | -2,085,158 |
| Special compensation for seniority | 0 | 206,637 |
| Provision termination benefits | 270,669 | 173,025 |
| Sub-total | 16,520,007 | 16,245,576 |
| Profit sharing & bonuses | 1,210,516 | 4,556,637 |
| Total | 17,730,523 | 20,802,213 |

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

| Provisions for employee benefits | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|---|--------------------|--------------------|
| Provisions for employee benefits, current | 1,542,497 | 5,473,412 |
| Provisions for employee benefits, non-current | 16,188,026 | 15,328,801 |
| Total | 17,730,523 | 20,802,213 |

Expected payment flows

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

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



During 2015-2017, the Company began a program that incentivizes voluntary retirement of our employees that are approaching the legal retirement age.

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

| Company | Number of employees | Expected payment flow Th\$ | Year |
|-----------------|---------------------|----------------------------|------|
| A. Andinas S.A. | 17 | 758,171 | 2018 |
| ESSAL S.A. | 4 | 30,223 | 2018 |
| | | 788,394 | |

Projected liabilities to December 31, 2018

To calculate the projected liabilities for indemnities at actuarial value to December 2018, as indicated in IAS 19, the actuarial assumptions at March 31, 2018 have been used, already commented in this note. Only the amount of the legal bonus has been increased, in line with the minimum wage established in January of this year.

The following is the summary by company:

| Company | Number of employees | Cost of services Th\$ | Interest costs Th\$ |
|--------------------------|---------------------|-----------------------|---------------------|
| A. Andinas S.A. | 893 | 1,770,100 | 489,385 |
| A. Cordillera S.A. | 96 | 179,684 | 66,391 |
| A Manquehue S.A. | 14 | 24,156 | 8,767 |
| ESSAL S.A. | 321 | 46,535 | 12,141 |
| Gestión y Servicios S.A. | 1 | 1,080 | 264 |
| | | 2,021,555 | 576,948 |

Sensitivity of assumptions

The sensitivity of the main assumptions has been made based on the actuarial calculation as of March 31, 2018, determining the following impacts:

| Discount rate | Basis | More than 0.5% Th\$ | Less than 0.5% Th\$ |
|--------------------------|-------|---------------------|---------------------|
| A. Andinas S.A. | 4.8% | -533,785 | 608,679 |
| A. Cordillera S.A. | 4.8% | -85,386 | 70,448 |
| A Manquehue S.A. | 4.8% | -13,321 | 9,425 |
| ESSAL S.A. | 4.7% | -14,621 | 15,874 |
| Gestión y Servicios S.A. | 4.8% | -281 | 296 |
| Total | | -647,394 | 704,722 |



| Turnover rate | Basis | More than 0.5% Th\$ | Less than 0.5% Th\$ |
|--------------------------|-------|------------------------|------------------------|
| A.Andinas S.A. | 6.2% | -559,658 | 637,275 |
| A.Cordillera S.A. | 6.2% | -86,493 | 71,555 |
| A Manquehue S.A. | 6.2% | -14,442 | 10,569 |
| ESSAL S.A. | 5.1% | -16,013 | 17,371 |
| Gestión y Servicios S.A. | 6.2% | -312 | 327 |
| Total | | -676,918 | 737,097 |

| Wage increase rate | Basis | More than 0.5% Th\$ | Less than 0.5% Th\$ |
|--------------------------|-------|------------------------|------------------------|
| A.Andinas S.A. | 5.7% | 536,509 | -472,509 |
| A.Cordillera S.A. | 5.7% | 60,305 | -76,718 |
| A Manquehue S.A. | 5.7% | 8,012 | -12,152 |
| ESSAL S.A. | 6.0% | 14,377 | -13,402 |
| Gestión y Servicios S.A. | 5.7% | 262 | -252 |
| Total | | 619,465 | -575,033 |

Disclosures on benefits on termination of the contractual relationship

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

Profit sharing and bonuses

This relates to the Company's obligation with its personnel with respect to profit-sharing bonuses payable in February and March of the following year. The accrued participation payable to personnel, as stipulated in current contracts, is settled during February on the basis of the statement of financial position for the immediately-preceding year. In March 31, 2018 and December 31, 2017, the amounts are Th\$1,210,516 and 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 Company in the Group.

Personnel expenses

Personnel expenses through March 31, 2018 and 2017 are as follows:

| Personnel expenses | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|--------------------------|--------------------|--------------------|
| Wages & salaries | -8,580,626 | -7,727,475 |
| Defined benefits | -4,054,239 | -3,730,646 |
| Termination benefits | -1,027,534 | -679,121 |
| Other personnel expenses | -729,334 | -661,826 |
| Total | -14,391,733 | -12,799,067 |



Note 20. EFFECT OF EXCHANGE DIFFERENCES

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

| Concept | Currency | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|---|----------|--------------------|--------------------|
| Trade debtors and other accounts receivable | eur | -39,175 | 43 |
| Trade debtors and other accounts receivable | usd | -195 | -71 |
| Total variation assets | | -39,370 | -28 |
| Trade accounts payable and other accounts payable | eur | 16,974 | -6,032 |
| Trade accounts payable and other accounts payable | usd | 209 | 6,450 |
| Accounts payable to related entities | eur | -6,735 | |
| Total variation liabilities | | 10,448 | 418 |
| Gain (loss) from exchange differences | | -28,922 | 390 |

Note 21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

| Other expenses by nature | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|---|--------------------|--------------------|
| Treatment plant operation | -6,416,223 | -5,987,957 |
| Services | -4,088,532 | -3,005,307 |
| Maintenance and repair of networks | -3,593,141 | -3,062,087 |
| Commercial services | -3,385,664 | -3,046,276 |
| Costs for work requested by third parties | -2,476,811 | -2,968,012 |
| Maintenance of equipment and enclosures | -1,607,047 | -1,376,201 |
| Leases | -1,831,204 | -1,849,713 |
| Waste and sludge removal | -1,616,350 | -1,536,887 |
| Insurance, taxation, licenses & permits | -1,401,495 | -1,395,606 |
| General expenses | -1,410,345 | -1,094,917 |
| Others | -2,270,786 | -3,592,833 |
| Total | -30,097,598 | -28,915,796 |



Note 22. RESULTS FOR INDEXED UNITS

The composition of the results for indexed units for periods ended as of March 31, 2018 and 2017 is as follows:

| Concept | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|---|--------------------|--------------------|
| Accounts payable to related entities | 1,074 | 58 |
| Current tax assets | 266,584 | 46,006 |
| Trade debtors and other accounts receivable | 21,776 | 27,707 |
| Total variation assets | 289,434 | 73,771 |
| Other financial liabilities | -4,807,546 | -3,317,349 |
| Trade accounts payable and other accounts payable | -90,186 | -57,155 |
| Accounts payable to related entities | -62 | -58 |
| Other non-financial liabilities | 24,043 | 685 |
| Total variation liabilities | -4,873,751 | -3,373,877 |
| | | |
| Gain (losses) from exchange differences | -4,584,317 | -3,300,106 |

Note 23. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs to March 31, 2018 and December 31, 2017 is as follows:

Disclosures on capitalized interest costs

| Capitalized interest costs, property, plant & equipment | | 31-03-2018 | 31-12-2017 |
|---|------|------------|------------|
| Rate of capitalization of capitalized interest costs, property, plant & equipment | % | 6.67 | 7.13 |
| Amount of capitalized interest, property, plant & equipment | Th\$ | 959,567 | 2,201,924 |

Note 24. INCOME TAXES AND DEFERRED TAXES

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

| Statements of financial position | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|----------------------------------|--------------------|--------------------|
| Deferred tax assets | 21,499,108 | 20,200,593 |
| Deferred tax liabilities | -37,589,212 | -37,820,849 |
| Net deferred tax position | -16,090,104 | -17,620,256 |



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

Disclosures on deferred tax assets

| Deferred tax assets | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|---|--------------------|--------------------|
| Water rights (amortization) | 484,535 | 477,561 |
| Provision for doubtful accounts | 9,502,118 | 8,936,230 |
| Provision for vacations | 539,441 | 661,801 |
| Litigation | 668,352 | 703,031 |
| Termination benefits | 3,551,816 | 3,491,419 |
| Other provisions | 79,268 | 109,329 |
| Variation monetary correction & depreciation assets | 67,612,193 | 66,862,390 |
| Deferred income | 1,969,571 | 1,969,571 |
| La Dehesa dam transaction | 380,605 | 378,223 |
| Amortization | 0 | 107 |
| Others | 1,377,828 | 1,274,491 |
| Deferred tax assets | 86,165,727 | 84,864,153 |

Disclosures on deferred tax liabilities

| Deferred tax liabilities | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|---|--------------------|--------------------|
| Depreciation fixed assets | 18,488,333 | 18,168,997 |
| Amortization | 461,499 | 475,077 |
| Expense investment related companies | 114,266 | 114,266 |
| Revaluation of land | 24,405,493 | 24,584,755 |
| Revaluations of water rights | 46,838,131 | 46,838,629 |
| Fair value of assets on purchase Essal S.A. | 11,606,242 | 11,961,837 |
| Others | 341,867 | 340,848 |
| Deferred tax liabilities | 102,255,831 | 102,484,409 |
| Net deferred tax position | -16,090,104 | -17,620,256 |



Movements in deferred tax

| Movement in deferred tax assets | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|--|----------------------------------|----------------------------------|
| Deferred tax assets, initial balance | 84,864,153 | 84,697,048 |
| Increases (decreases) in deferred tax assets | -14,117 | -456,516 |
| Increases (decreases) for variation in monetary correction and assets depreciation | 749,803 | -2,001 |
| Increases (decreases) for bad debt provision | 565,888 | 625,622 |
| Changes in deferred tax assets | 1,301,574 | 167,105 |
| Changes in deferred tax assets, total | 86,165,727 | 84,864,153 |

| Movement in deferred tax liabilities | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|--|----------------------------------|----------------------------------|
| Deferred tax liabilities, initial balance | 102,484,409 | 102,615,565 |
| Increases (decreases) in deferred tax liabilities | 127,017 | 1,212,200 |
| Increases (decreases) in acquisitions through combinations of businesses | -355,595 | -1,343,356 |
| Changes in deferred tax liabilities | -228,578 | -131,156 |
| Changes in deferred tax liabilities, total | 102,255,831 | 102,484,409 |

Revenues tax expenses

| Revenues (charge) for income taxes by current & deferred parts | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|---|----------------------------------|----------------------------------|
| Charge for current taxes | -19,601,044 | -17,919,564 |
| Previous year adjustment tax expense | -18,754 | 0 |
| Charge for current income tax | -19,619,798 | -17,919,564 |
| Deferred income (expenses) for taxes related to creation & reversal of timing differences | 1,530,152 | 1,056,090 |
| Charge for sole tax (disallowed expenses) | -39,798 | -14,382 |
| Earnings (charge) for other taxes | 1,490,354 | 1,041,708 |
| Charge for income tax | -18,129,444 | -16,877,856 |



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

| | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|---|--------------------|--------------------|
| Charge for taxes using the statutory rate | -19,183,504 | -17,545,334 |
| Permanent difference for monetary correction tax equity | 1,209,939 | 844,379 |
| Permanent difference for disallowed expenses | -39,798 | -14,382 |
| Permanent difference for previous years' income tax | -18,754 | 0 |
| Other permanent differences | -97,327 | -162,519 |
| Adjustments to tax charge using the statutory rate | 1,054,060 | 667,478 |
| Tax charge using the effective rate | -18,129,444 | -16,877,856 |

Reconciliation of the statutory rate and the effective tax rate

| | 31-03-2018 | 31-03-2017 |
|---|---------------|---------------|
| Statutory tax rate | 27.00% | 25.50% |
| Permanent difference for monetary correction tax equity | -1.70% | -1.23% |
| Permanent difference for disallowed expenses | 0.06% | 0.02% |
| Permanent difference for previous years' income tax | 0.03% | 0.00% |
| Other permanent differences | 0.13% | 0.24% |
| Effective tax rate | 25.52% | 24.53% |

Note 25. EARNINGS PER SHARE

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

| Earnings per share | | 31-03-2018 | 31-03-2017 |
|---|-----------|---------------|---------------|
| Earnings attributable to shareholders in equity of the controller | Th\$ | 52,057,389 | 50,837,259 |
| Results available to common shareholders, basic | Th\$ | 52,057,389 | 50,837,259 |
| Weighted average number of shares, basic | | 6,118,965,160 | 6,118,965,160 |
| Earnings per share | \$ | 8.508 | 8.308 |



Information to report on diluted earnings (losses) per share

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

Note 26. BUSINESS SEGMENTS

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

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

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

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

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

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



General information on results, assets, liabilities and equity.

| General information on results | 31-03-2018 | | 31-03-2017 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Water Th\$ | Non-Water Th\$ | Water Th\$ | Non-Water Th\$ |
| Revenues from ordinary activities with external customers | 146,319,945 | 6,159,433 | 140,448,605 | 5,421,109 |
| Revenues from ordinary activities between segments | 299,330 | 1,036,768 | 217,404 | 1,003,207 |
| Raw materials and consumables used | -7,555,424 | -2,385,840 | -6,057,083 | -2,368,845 |
| Employee benefit expenses | -12,505,369 | -1,908,516 | -11,085,271 | -1,745,122 |
| Operating expenses | -29,729,836 | -1,630,232 | -28,784,757 | -1,258,893 |
| Depreciation & amortization | -18,683,150 | -179,617 | -17,625,264 | -175,555 |
| Other revenue & expenses | 1,905,887 | 115,656 | 27,629 | 71,193 |
| Financial income | 1,414,374 | 14,087 | 1,578,779 | 17,325 |
| Financial costs | -6,990,785 | -33,458 | -7,555,188 | -24,325 |
| Result of indexation & exchange differences | -4,603,824 | -9,416 | -3,305,981 | 6,264 |
| Income tax charge | -17,837,088 | -292,356 | -16,621,058 | -256,798 |
| Earnings by segment | 52,034,060 | 886,509 | 51,237,815 | 689,560 |
| Earnings by segment attributable to owners of the controller | 51,170,880 | 886,509 | 50,147,699 | 689,560 |
| Earnings (losses) by segment attributable to non-controller participations | 863,180 | 0 | 1,090,116 | 0 |

51,170,880

| Total assets, liabilities & equity | 31-03-2018 | | 31-03-2017 | |
|---|----------------------|-------------------|----------------------|-------------------|
| | Water Th\$ | Non-Water Th\$ | Water Th\$ | Non-Water Th\$ |
| Current assets | 188,815,240 | 15,633,040 | 142,790,325 | 14,731,411 |
| Non-current assets | 1,638,653,000 | 20,802,895 | 1,626,875,139 | 20,251,891 |
| Total assets | 1,827,468,240 | 36,435,935 | 1,769,665,464 | 34,983,302 |
| Current liabilities | 250,579,772 | 15,041,025 | 230,408,065 | 14,472,469 |
| Non-current liabilities | 851,914,429 | 148,905 | 866,317,420 | 151,337 |
| Equity attributable to owners of the controller | 673,442,159 | 21,246,005 | 622,271,278 | 20,359,496 |
| Non-controller participations | 51,531,880 | 0 | 50,668,701 | 0 |
| Total equity & liabilities | 1,827,468,240 | 36,435,935 | 1,769,665,464 | 34,983,302 |

Significant items of revenue and expenses by segment

Water and Non-Water Segments

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

Revenue

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



Detail of significant revenue items

Water Segment

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

Tariffs

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

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

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

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

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

Non-water segment

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

Details of significant expense items

Water segment

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



Non-water segment

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

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

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

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

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

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



| Reconciliation of revenues from ordinary activities | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|--|----------------------------------|----------------------------------|
| Revenues from ordinary activities of the segments | 153,815,476 | 147,090,325 |
| Elimination of ordinary activity revenues between segments | -1,336,098 | -1,220,611 |
| Revenues from ordinary activities | 152,479,378 | 145,869,714 |

| Reconciliation of earnings | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|--|----------------------------------|----------------------------------|
| Total consolidated earnings (loss) of segments | 52,920,569 | 51,927,375 |
| Consolidation of elimination of earnings (loss) between segments | -863,180 | -1,090,116 |
| Consolidation of earnings (loss) | 52,057,389 | 50,837,259 |

| Reconciliations of segment assets, liabilities & equity of segments | 31-03-2018 Th\$ | 31-03-2017 Th\$ |
|--|----------------------------------|----------------------------------|
| Reconciliation of assets | | |
| Consolidation total assets of segments | 1,863,904,175 | 1,804,648,766 |
| Elimination of accounts between segments | -37,582,474 | -7,768,630 |
| Total assets | 1,826,321,701 | 1,796,880,136 |
| Reconciliation of liabilities | | |
| Consolidation total liabilities of segments | 1,117,684,131 | 1,111,349,291 |
| Elimination of accounts between segments | -37,582,475 | -7,768,632 |
| Total liabilities | 1,080,101,656 | 1,103,580,659 |
| Reconciliation of equity | | |
| Consolidation total equities of segments | 694,688,165 | 642,630,776 |
| Equity attributable to owners of the controller | 694,688,165 | 642,630,776 |

Information on principal customers of the subsidiaries:

Main water segment customers:

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

Main non-water segment Customers:

- Papeles Cordillera S.A.
- EME Serv. Generales Ltda.
- Soprole S.A.
- Cervecera CCU Chile Ltda.



- Inmobiliaria Constructora Nueva Pacifico
- Cartulinas CMPC S.A.
- Watt's S.A.
- Constructora Pérez y Gómez Ltda.
- Metrogas S.A.
- Cooperativa Agrícola y Lechera La Unión.

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

Water segment

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

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

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

Non-water segment

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

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

Note 27. ENVIRONMENT

Information on disbursements related to the environment

According to Circular N° 1901 of October 30, 2008 of the Commission for the Financial Market, information is revealed below concerning the disbursements related to the environment.

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



Aguas Andinas S.A.

| Project Name | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|---|--------------------|--------------------|
| Expansion & improvements Buin Maipo WWTP | 1,664 | 30,787 |
| Expansion & improvements Curacaví WWTP | 58,297 | 1,709,635 |
| Expansion & improvement San José de Maipo WWTP | 27,078 | 2,145 |
| Expansion & improvement Talagante WWTP | 883,474 | 1,358,967 |
| Expansion & improvement Til Til WWTP | 43,300 | 10,326 |
| Expansion & improvements Other Districts WWTP | 2,182 | 18,554 |
| Improvement & renewal equipment & purification facilities | 250,488 | 1,162,682 |
| La Farfana Plant | 1,357,672 | 3,567,160 |
| Mapocho - Trebal Plant | 2,396,111 | 9,381,667 |
| External platform handling and disposal sludge El Rital | 0 | 17,403 |
| Total | 5,020,266 | 17,259,327 |

Aguas Manquehue S.A.

| Project Name | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|---|--------------------|--------------------|
| Improvement & renewal equipment & purification facilities | 14,408 | 60,863 |
| Total | 14,408 | 60,863 |

Aguas del Maipo

| Project Name | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|------------------------|--------------------|--------------------|
| Biogas Purifying Plant | 0 | 6,121,864 |
| Total | 0 | 6,121,864 |

Essal S.A.

| Project Name | 31-03-2018 Th\$ | 31-12-2017 Th\$ |
|---|--------------------|--------------------|
| Improvement in disposal infrastructure | 3,221 | 149,612 |
| Improvement of EDAR system | 7,547 | 285,144 |
| Renewal of treatment & disposal equipment | 72,218 | 104,899 |
| Total | 82,986 | 539,655 |



Projected environmental investments for the 2018 period:

| Company | Th\$ |
|----------------------|-------------------|
| Aguas Andinas S.A. | 25,826,273 |
| Aguas Manquehue S.A. | 153,652 |
| Essal S.A. | 780,191 |
| Total | 26,760,116 |

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

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

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

The projected disbursements are estimated to be made during the 2018 year.

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

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

Aguas Andinas S.A.

- During April 2018, the subsidiary Aguas Andinas S.A. made a two-bonds placement in the local market AC and AD Series, for an amount of UF 1,5 million to a term of 7 years with 3 years of grace, obtaining a 1.80% of placement rate and UF 2.0 million to a term of 25 years with 23 years of grace, obtaining a 2.83% of placement rate, respectively. The funds coming from bonds placement, will be allocated at the financing of investment plan and liabilities refinancing.
- In Ordinary Shareholders' Meeting held in April 24, 2018, agreed the distribute of net earnings obtained by company in period 2017, amounted to Th\$139,620,280, excluding the line "Results of Other Earnings" of the Financial Statements, net of taxes, remaining therefore an amount to distribute of Th\$137,677,083. In consideration of the distribution of the interim dividend paid in January 2018, the distributable income amounted to Th\$95,692,415, corresponding to a dividend of \$15.6386 per share, paid on May 24, 2018.

Aguas Cordillera S.A.

- At April 23, 2018 held the Ordinary Shareholders' Meeting of the Company in which the issues specific to such a meeting, between them, the renewal of the Board result elected the following persons:
 1. Guillermo Pickering de la Fuente
 2. Víctor de la Barra Fuenzalida
 3. Laureano Cano
 4. Sonia Tschorne Berestesky
 5. Loreto Silva Rojas



- In the same meeting agreed the distribute 100% of net earnings obtained by company in period 2017. In consequence, the distributable income amounted to Th\$18,890,051, corresponding to a dividend of \$376.843,84458 per share, paid on May 23, 2018.

At the same date, the Board of the Company met and agreed name as President of the Board and the Company to Mr. Guillermo Pickering de la Fuente and as Vicepresident to Mr. Víctor de la Barra Fuenzalida.

Aguas Manquehue S.A.

- At April 23, 2018 held the Ordinary Shareholders' Meeting of the Company in which the issues specific to such a meeting, between them, the renewal of the Board result elected the following persons:
 1. Guillermo Pickering de la Fuente
 2. Camilo Larraín Sánchez
 3. Carlos Alberto Rabat Vilaplana
 4. Laureano Cano
 5. Iván Yarur
- In the same meeting agreed the distribute 100% of net earnings obtained by company in period 2017. In consequence, the distributable income amounted to Th\$3,193,001, corresponding to a dividend of \$13.689,24 per share, paid on May 23, 2018.

At the same date, the Board of the Company met and agreed name as President of the Board and the Company to Mr. Guillermo Pickering de la Fuente and as Vicepresident to Mr. Camilo Larraín Sánchez.

Essal S.A.

- At April 20, 2018 held the Ordinary Shareholders' Meeting of the Company in which the issues specific to such a meeting, between them, the renewal of the Board result elected the following persons:

Directors

Guillermo Pickering de la Fuente
Camilo Larraín Sánchez
Víctor de la Barra Fuenzalida
Sandra Veronique Pezareix Andreu
Andrés Fernández Fernández
Eduardo Novoa Castellón
Domingo Cruzat Amunátegui

Alternate Directors

Eugenio Rodríguez Mingo
José Sáez Albornoz
Laureano Cano Iniesta
Iván Yarur Sairafi
Matías Langevin Correa
Patricio Leighton Zambelli
Juan Pablo Koljatic Silva

At the same date, the Board of the Company met and agreed name as President of the Board and the Company to Mr. Guillermo Pickering de la Fuente and as Vicepresident to Mr. Camilo Larraín Sánchez.

At the date of issuance of these Consolidated Financial Statements, the management of the Company and Subsidiaries are not aware of any other subsequent events that affect the financial position as of March 31, 2018.

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