



Interim Consolidated Financial Statements

**For the periods ending
September 30, 2018 and 2017**

AGUAS ANDINAS S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AGUAS ANDINAS S.A. AND SUBSIDIARIES

This document contains the following:

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

Interim Consolidated Statements of Financial Position
As of September 30, 2018 (unaudited) and December 31, 2017
(Thousands of pesos - Th\$)

ASSETS	Note	30-09-2018 Th\$	31-12-2017 Th\$
CURRENT ASSETS			
Cash & cash equivalents	7	33,692,601	18,808,340
Other current financial assets	8	8,157,761	0
Other non-financial assets		2,374,779	1,359,205
Trade debtors & other accounts receivable	8	100,844,031	113,515,790
Accounts receivable from related entities	9	46,883	560,633
Inventories	10	4,447,799	3,925,378
Tax assets		7,494,092	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		157,057,946	150,618,761
TOTAL CURRENT ASSETS		157,057,946	150,618,761
NON-CURRENT ASSETS			
Other financial assets	8	7,852,912	7,807,734
Other non-financial assets		910,169	895,341
Receivables	8	4,483,552	2,276,380
Intangible assets other than goodwill	11	225,892,648	227,084,499
Goodwill	12	36,233,012	36,233,012
Property, plant & equipment	13	1,396,420,514	1,351,763,816
Deferred tax assets	24	22,893,502	20,200,593
TOTAL NON-CURRENT ASSETS		1,694,686,309	1,646,261,375
TOTAL ASSETS		1,851,744,255	1,796,880,136

The accompanying notes 1 to 28 form an integral part of these Interim Consolidated Financial Statements.

Interim Consolidated Statements of Financial Position
As of September 30, 2018 (unaudited) and December 31, 2017
(Thousands of Chilean pesos - Th\$)

EQUITY AND LIABILITIES	Note	30-09-2018 Th\$	31-12-2017 Th\$
CURRENT LIABILITIES			
Other financial liabilities	8	64,302,142	63,045,352
Trade creditors & other accounts payable	8	75,902,540	106,129,106
Accounts payable to related entities	9	21,821,980	43,591,633
Other provisions	15	2,755,110	2,603,819
Tax liabilities		139,925	12,639
Provisions for employee benefits	19	3,891,794	5,473,412
Other non-financial liabilities		14,746,652	16,255,942
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		183,560,143	237,111,903
TOTAL CURRENT LIABILITIES		183,560,143	237,111,903
NON-CURRENT LIABILITIES			
Other financial liabilities	8	908,316,622	802,978,167
Other accounts payable	8	956,612	982,075
Other provisions	15	1,330,342	1,301,105
Deferred tax liabilities	24	36,318,176	37,820,849
Provisions for employee benefits	19	15,533,332	15,328,801
Other non-financial liabilities	8	8,323,440	8,057,759
TOTAL NON-CURRENT LIABILITIES		970,778,524	866,468,756
TOTAL LIABILITIES		1,154,338,667	1,103,580,659
EQUITY			
Issued capital	3	155,567,354	155,567,354
Accumulated earnings	3	334,838,029	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		648,503,871	642,630,776
Non-controller participations	4	48,901,717	50,668,701
TOTAL EQUITY		697,405,588	693,299,477
TOTAL EQUITY & LIABILITIES		1,851,744,255	1,796,880,136

The accompanying notes 1 to 28 form an integral part of these Interim Consolidated Financial Statements.

**Interim Comprehensive Revenues Statements by Consolidated Nature
As of September 30, 2018 (unaudited) and 2017
(Thousands of Chilean pesos - Th\$)**

STATEMENT OF RESULTS BY NATURE	Note	30-09-2018 Th\$	30-09-2017 Th\$	01-07-2018 30-09-2018 Th\$	01-07-2017 30-09-2017 Th\$
Revenues from ordinary activities	17	390,691,403	374,643,944	114,384,402	113,001,414
Raw materials & consumables used		-29,441,230	-25,104,313	-10,016,832	-8,191,229
Employee benefit expenses	19	-43,572,983	-40,516,444	-14,271,638	-12,805,581
Charges for depreciation & amortization	11-13	-56,866,447	-55,112,495	-19,248,372	-19,071,700
Other expenses, by nature	21	-90,088,367	-90,676,463	-29,267,654	-29,660,959
Other (losses) gains	5	1,565,754	1,759,515	-1,002,853	105,328
Financial income	5	4,531,100	4,887,739	1,328,608	1,437,170
Financial costs	5	-22,141,793	-22,441,745	-7,517,834	-7,298,801
Exchange differences	20	-27,176	4,295	-865	5,974
Results of indexation adjustments	22	-16,782,867	-9,644,098	-6,141,195	-652,463
Earnings before taxes		137,867,394	137,799,935	28,245,767	36,869,153
Charge for income taxes	24	-34,262,868	-33,671,453	-7,001,764	-9,486,972
Earnings from continuing operations		103,604,526	104,128,482	21,244,003	27,382,181
Earnings		103,604,526	104,128,482	21,244,003	27,382,181
Earnings attributable to:					
Owners of the controller		101,565,511	101,429,696	20,400,449	26,408,874
Earnings attributable to non-controller participations	4	2,039,015	2,698,786	843,554	973,307
Earnings		103,604,526	104,128,482	21,244,003	27,382,181
Earnings per share					
Basic earnings per share from continuing operations	25	16.598	16.576	3.334	4.316
Basic earnings per share		16.598	16.576	3.334	4.316

The accompanying notes 1 to 28 form an integral part of these Interim Consolidated Financial Statements.

**Interim Comprehensive Revenues Statements by Consolidated Nature
As of September 30, 2018 (unaudited) and 2017
(Thousands of Chilean pesos - Th\$)**

STATEMENT OF COMPREHENSIVE RESULTS	Note	30-09-2018 Th\$	30-06-2017 Th\$	01-07-2018 30-09-2018 Th\$	01-07-2017 30-09-2017 Th\$
Earnings		103,604,526	104,128,482	21,244,003	27,382,181
TOTAL COMPREHENSIVE RESULT		103,604,526	104,128,482	21,244,003	27,382,181
Comprehensive result attributable to					
Result attributable to owners of the controller		101,565,511	101,429,696	20,400,449	26,408,874
Result attributable to non-controller participations	4	2,039,015	2,698,786	843,554	973,307
Total comprehensive result		103,604,526	104,128,482	21,244,003	27,382,181

The accompanying notes 1 to 28 form an integral part of these Interim Consolidated Financial Statements.

Interim Consolidated Statements of Direct Cash Flows
As of September 30, 2018 (unaudited) and 2017
(Thousands of Chilean pesos - Th\$)

Statement of direct cash flow	Note	30-09-2018 Th\$	30-09-2017 Th\$
Proceeds classes from operating activities		481,469,072	448,306,488
Proceeds of sales of goods & services		479,472,865	446,360,306
Proceeds of insurance claims, annuities & other benefits		1,023,708	1,240,204
Other proceeds from operating activities		972,499	705,978
Payment classes from operating activities		-250,738,169	-229,517,678
Payments to suppliers of goods & services		-156,878,893	-138,510,204
Payments to & on behalf of employees		-51,253,004	-42,853,844
Payments of insurance premiums, annuities & other obligations		-593,077	-3,440,527
Other operating activity payments		-42,013,195	-44,713,103
Cash flow from (used in) operating activities		-56,646,179	-58,092,770
Interest paid		-22,138,377	-17,807,398
Interest received		569,597	1,131,103
Income taxes paid (refunded)		-33,830,542	-39,436,876
Other cash inflows (outflows)		-1,246,857	-1,979,599
Cash flow from (used in) operating activities		174,084,724	160,696,040
Proceeds of sales of property, plant & equipment		5,048,436	219,033
Purchases of property, plant & equipment		-103,044,454	-75,199,512
Purchases of intangible assets		-239,000	-446,482
Other cash inflows (outflows)		-1,177,282	-1,876,838
Cash flow from (used in) investment activities		-99,412,300	-77,303,799
Proceeds of long-term loans		104,988,208	12,838,304
Proceeds of short-term loans		48,633,811	57,030,332
Proceeds of loans, classified as financing activities		153,622,019	69,868,636
Loan repayments		-70,094,106	-71,332,064
Dividends paid		-143,316,076	-141,450,503
Cash flow from (used in) financing activities		-59,788,163	-142,913,931
Net increase (decrease) in cash & cash equivalents		14,884,261	-59,521,690
Cash & cash equivalents at start of the period		18,808,340	64,876,443
Cash & cash equivalents at end of the period	6	33,692,601	5,354,753

The accompanying notes 1 to 28 form an integral part of these Interim Consolidated Financial Statements.

**Interim Statement of Changes in Consolidated Net Equity
As of September 30, 2018 (unaudited) and December 31, 2017
(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	101,565,511	101,565,511	2,039,015	103,604,526
Dividends	3	0	0	0	-95,692,416	-95,692,416	0	-95,692,416
Decrease in transfers and other changes	3 - 4	0	0	0	0	0	-3,805,999	-3,805,999
Total changes in equity		0	0	0	5,873,095	5,873,095	-1,766,984	4,106,111
Closing balance as of 30-09-2018	3-4	155,567,354	164,064,038	-5,965,550	334,838,029	648,503,871	48,901,717	697,405,588

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	101,429,696	101,429,696	2,698,786	104,128,482
Dividends	3	0	0	0	-90,143,149	-90,143,149	0	-90,143,149
Decrease in transfers and other changes	3-4	0	0	0	0	0	-4,035,473	-4,035,473
Total changes in equity		0	0	0	11,286,547	11,286,547	-1,336,687	9,949,860
Closing balance as of 30-09-2017	3-4	155,567,354	164,064,038	-5,965,550	331,777,885	645,443,727	51,388,558	696,832,285

The accompanying notes 1 to 28 form an integral part of these Interim Consolidated Financial Statements.



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Note 1. GENERAL INFORMATION

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

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

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

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

The Company and its subsidiary Essal are registered in the Securities Registry of the Commission for Financial Market 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 interim consolidated statement of financial position as of September 30, 2018 and December 31, 2017 and to the interim consolidated statements of comprehensive results, changes in net equity and cash flows for the period ended at September 30, 2018 and 2017, which have been prepared in accordance with International Accounting Standards (IAS), IAS 34 Interim Financial Information, incorporated in the International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (hereinafter "IASB"), and represents the comprehensive, explicit and unreserved adoption of IFRS.

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

Functional and presentation currency

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

New accounting pronouncements

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

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 – elimination of transitory exceptions for entities that adopt for the first time	Annual periods starting or after January 1, 2018
IFRS 2, Share-based payments – Classification and measurement of transactions based on payments in shares	Annual periods starting or after January 1, 2018
IFRS 4, Insurance contracts – applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Annual periods starting or after January 1, 2018
IAS 28, Investments in Associates and Joint Ventures – decision to measure shares in associates and joint ventures at fair value	Annual periods starting or after January 1, 2018
IAS 40, Investment properties – investment property transfers	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 – interests previously held in a joint operation	Annual periods starting or after January 1, 2019
IFRS 9, Financial Instruments – payments with negative compensation	Annual periods starting or after January 1, 2019
IFRS 11, Joint Agreements – interests previously held in a joint operation	Annual periods starting or after January 1, 2019
IAS 12, Income tax – tax consequences of payments related to financial instruments classified as equity	Annual periods starting or after January 1, 2019
IAS 23, Cost on loans – eligible loan costs to be capitalized	Annual periods starting or after January 1, 2019
IAS 28, Investments in associates – long-term investments in associates or joint ventures	Annual periods starting or after January 1, 2019
IAS 19, Employee benefits – Modification, reduction or plan liquidation of the plan	Annual periods starting or after January 1, 2019
IFRS 10 and IAS 28, Consolidated Financial Statements – sale or contribution of assets between an investor and its associate or joint venture	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 September 30, 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 considers 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' interim consolidated financial statements as of September 30, 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 pretends 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 November 21, 2018 approved these Interim 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 Interim Consolidated Financial Statements.

2.2 Accounting Policies

The following describes the principal accounting policies adopted in the preparation of these Interim Consolidated Financial Statements.

A. Consolidation Basis

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

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

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

The subsidiaries included in the Interim Consolidated Financial Statements of Aguas Andinas S.A. are the following:

Tax ID	Company	Direct %	Indirect %	Total 2018 (%)	Direct %	Indirect %	Total 2017 (%)
96.809.310-K	Aguas Cordillera S.A.	99.99003	0.00000	99.99003	99.99003	0.00000	99.99003
89.221.000-4	Aguas Manquehue S.A.	0.00043	99.999570	100.00000	0.000430	99.999570	100.00000
96.967.550-1	Análisis Ambientales S.A.	99.00000	1.00000	100.00000	99.000000	1.00000	100.00000
96.945.210-3	Ecoriles S.A.	99.038460	0.961540	100.00000	99.038460	0.961540	100.00000
96.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2.50650	51.00000	53.50650	2.506500	51.00000	53.50650
96.828.120-8	Gestión y Servicios S.A.	97.847830	2.152170	100.00000	97.847830	2.152170	100.00000
96.897.320-7	Inversiones Iberaguas Ltda.	99.99998	0.000020	100.00000	99.999980	0.000020	100.00000
76.190.084-6	Aguas del Maipo S.A.	82.649960	17.35004	100.00000	82.649960	17.350040	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 13).

Useful life

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

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

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

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

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

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

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

Fixed asset sales policy

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



F. Impairment of tangible and intangible assets except goodwill

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

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

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

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

G. Leases

i. Financial leases

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

ii. Operative leases

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

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

iii. Implicit leases

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

H. Financial assets

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



Financial assets are classified in the following categories:

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

The classification depends on the nature and purpose of the financial assets and is determined at the time of their initial 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 IFRS N° 9. Their subsequent measurement will be at cost because there is no active market, as provided in the same standard.

iii. Financial assets at amortized cost

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 18,046 that rules the Corporations, is to distribute 30% of the net earnings for each year. In case that these dividends do not exist or were lower than the minimum established in the Law, it will proceed to made the respective provision.

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

K. Foreign currency transactions

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



Currency	30-09-2018 \$	31-12-2017 \$
US Dollar	660.42	614.75
Euro	767.22	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 are 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.

Advances granted to personnel against these funds are shown deducted from outstanding obligations. These will be imputed in the final indexed settlement in accordance with the provisions of the mentioned contracts.

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

P. Revenues tax and deferred taxes

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

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

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

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

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

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



Q. Ordinary revenue

Policy for accounting for ordinary revenue

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

Policy for booking of ordinary revenue from sales of goods

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

Policy for booking of ordinary revenue from sales of services

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

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

For 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 over-consumption tariff.

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

Method used for determining state of termination of services

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

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

R. Earnings per share

Basic earnings per share is calculated as the earnings (loss) attributable to the holders of Net Equity of the Controller divided by the average weighted number of common shares in circulation during the periods ending September 30, 2018 and December 31, 2017.



During period September 30, 2018 and December 31, 2017, the Group has not carried out any kind of operation with a potential diluting effect that supposes that diluted earnings per share are any different to basic earnings per share.

S. Information on the environment

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

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

T. Consolidated statement of cash flows

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

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

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

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

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

U. Construction contracts

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

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

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

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



V. Capitalized financing costs

Interest-bearing loans policy:

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

Interest-cost capitalization policy:

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

W. Reclassifications

For comparison purposes, the following reclassifications have been made to the Statement of Cash Flows as of September 30, 2018:

Reclassifications	Increase/Decrease Th\$
Statement of cash flow:	
Interest paid	157,919
Statement of cash flow (financing activities):	
Interest received	-157,919

Note 3. EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER

The capital of the Company is divided into 6,118,965,160 nominative shares of no par value, completely subscribed and paid as of September 30, 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:

	30-09-2017	31-12-2017
Series A Shares	5,811,031,417	5,811,030,417
Series B Shares	307,933,743	307,934,743

The capital as of September 30, 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.

In period ended at September 30, 2018, the following dividends payments was agreed and made:

- At April 24, 2018, the Ordinary Shareholders' Meeting was agreed the distribute of net earnings obtained by the Company in 2017, which amounted to Th\$139,620,280, excluding the line "Other Earnings Results" of the Financial Statements, net of taxes, leaving therefore an amount to distribute of Th\$137,677,083. In consideration of the interim dividend paid in January 2018 the distributable earnings amounted to Th\$95,692,416, corresponding a dividend of \$15.6386 per share, paid on May 24, 2018.

Dividend payment was agreed in period ended at December 31, 2017 according to the following detail:

- The Ordinary Shareholders' Meeting held on December 14, 2017 agreed unanimously to distribute between shareholders the amount of \$Th41,984,668 as interim dividend, charged to the earnings of period 2017. Thus, 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 2016 deducting the interim dividend paid in January 2017. Thus, 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 September 30, 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 Commission of Financial Market. Also included is the amount corresponding to the actuarial gains and losses determined since 2009, as a result of variations in the obligations for defined benefit plans. The total balance of accumulated earnings as of September 30, 2018 and December 31, 2017 amounted to Th\$334,838,029 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 September 30, 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 Commission of Financial Market, and the effects of businesses combinations of companies under common control made in 2007 and 2008. The balance as of September 30, 2018 and December 31, 2017 amounted to Th\$-5,965,550.

Note 4. EQUITY ATTRIBUTTABLE TO NON-CONTROLLER PARTICIPATIONS

The detail broken down by Company of the effects caused by the third party participation in the equity and results as of September 30, 2018 and December 31, 2017 are as follows:

Company	% Participation		Non-controller participations			
	30-09-2018	30-06-2017	Equity		Result	
	%	%	30-09-2018	31-12-2017	30-09-2018	30-09-2017
			Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	0.00997%	0.00997%	20,306	20,295	1,330	1,306
Essal S.A. (1)	46.49350%	46.49350%	48,881,411	50,648,406	2,037,685	2,697,480
Total			48,901,717	50,668,701	2,039,015	2,698,786

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

The dividends paid to non-controlling participations of the subsidiary Essal S.A amounted to Th\$5,684,812 and Th\$6,120,049 as of September 30, 2018 and 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	30-09-2018 Th\$	30-09-2017 Th\$	01-07-2018 30-09-2018 Th\$	01-07-2017 30-09-2017 Th\$
Gain (loss) on sale of non-current assets, not held for sale	4,518,506	1,076,815	-260,830	-148,788
Restructuration program*	-2,874,263	0	-522,422	0
Losses for property, plant and equipment replacements	0	-47,742	0	-42,857
Discarded projects	-284,330	-14,803	-219,601	-484
Other earnings (losses)	205,841	745,245	0	297,457
Other (losses) earnings	1,565,754	1,759,515	-1,002,853	105,328
Bank loans	-2,535,225	-3,167,486	-780,281	-1,010,493
AFR interest expenses	-4,558,926	-4,979,502	-1,517,092	-1,593,414
Bond interest expense	-14,298,573	-13,702,558	-5,022,166	-4,487,755
Other interest costs	-475,390	-467,921	-88,763	-178,643
Amortization of loan agreement complementary costs	-273,679	-124,278	-109,532	-28,496
Financial costs	-22,141,793	-22,441,745	-7,517,834	-7,298,801
Interest income	3,486,894	3,764,955	996,530	992,909
Gain on redemption & extinction of debt	1,044,206	1,122,784	332,078	444,261
Financial income	4,531,100	4,887,739	1,328,608	1,437,170

*Corresponds to the compensations paid during 2018, as result of restructuring plan made by the Company, this implied the termination of 43 employees, consisting of two parts: the redesign of the organization seeking higher efficiency, what brings a reduction of staffing in certain areas both at the executive level and general role, and a voluntary retirement plan.

Note 6. FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

The following is summarized information on the statement of financial position and statement of comprehensive results of each of the subsidiaries included in the Interim Consolidated Financial Statements:

Summarized financial information of subsidiaries (Statement of Financial Position) as of September 30, 2018

30-09-2018	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiary	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	11,447,816	268,390,026	28,594,010	47,570,995	203,672,837
Aguas Manquehue S.A.	3,251,706	91,804,860	15,504,029	25,293,553	54,258,984
Inversiones Iberaguas Ltda.	6,662	65,313,010	24,009	0	65,295,663
Empresa de Servicios Sanitarios de Los Lagos S.A.	19,813,010	163,961,508	15,861,491	92,234,014	75,679,013
EcoRiles S.A.	5,015,799	490,559	1,910,064	0	3,596,294
Gestión y Servicios S.A.	5,917,447	750,203	3,345,088	44,677	3,277,885
Análisis Ambientales S.A.	2,530,676	5,088,957	2,067,041	0	5,552,592
Aguas del Maipo S.A.	1,447,850	13,905,800	6,061,414	77,972	9,214,264



Summarized financial information of subsidiaries (Statement of Comprehensive Results) as of September 30, 2018

30-09-2018 Subsidiary	Result for the period Th\$	Ordinary revenue Th\$	Operating expenses (-) Th\$	Other net expenses (-) / revenue (+) Th\$
Aguas Cordillera S.A.	13,336,962	40,532,713	-25,525,729	-1,670,022
Aguas Manquehue S.A.	2,615,868	9,943,556	-6,164,277	-1,163,411
Inversiones Iberaguas Ltda.	3,681,901	0	-4,718	3,686,619
Empresa de Servicios Sanitarios de Los Lagos S.A.	7,266,997	42,317,264	-28,863,895	-6,186,372
EcoRiles S.A.	1,423,641	9,927,901	-7,960,054	-544,206
Gestión y Servicios S.A.	216,870	6,178,291	-5,846,452	-114,969
Análisis Ambientales S.A.	701,512	6,414,546	-5,374,483	-338,551
Aguas del Maipo S.A.	-98,882	823,493	-883,436	-38,939

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

31-12-2017 Subsidiary	Current assets Th\$	Non-current assets Th\$	Current liabilities Th\$	Non-current liabilities Th\$	Equity 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 September 30, 2017

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

Detail of significant subsidiaries

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

Name of significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.
Chilean Tax ID	96.809.310-k	89.221.000-4	96.579.800-5
Functional currency	Chilean pesos	Chilean pesos	Chilean pesos
Percentage share in significant subsidiary	99.99003%	100.00000%	53.50650%
Percentage voting rights in significant subsidiary	99.99003%	100.00000%	53.50650%
Percentage of consolidated values			
Contribution margin	8.79%	2.21%	5.43%
Property, plant and equipment	7.94%	4.83%	11.23%
Net income for the period	10.54%	2.58%	2.31%



Note 7. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash & cash equivalents	30-09-2018 Th\$	31-12-2017 Th\$
Banks	3,151,526	3,404,548
Term deposits (see note 8.6)	20,721,075	12,682,088
Mutual Funds (see note 8.6)	9,820,000	2,721,704
Total	33,692,601	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 monthly taxes.
- **Other investment activity outflows:** Relate mainly to interest associated with bond issues, which has been capitalized as a result of investments in property, plant and equipment.

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

Note 8. FINANCIAL INSTRUMENTS

8.1 Capital risk management

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

8.2 Significant accounting policies

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



8.3 Classes of financial instruments

Below is presented a summary of the financial instruments through September 30, 2018 and December 31, 2017:

Classes of financial instruments	Currency	Note	30-09-2018 Th\$	31-12-2017 Th\$
Other financial assets, current			121,393,762	124,176,775
Financial assets			8,157,761	0
Bonds advance	CLP	8.9	8,113,649	0
Coverage	CLP	8.9	44,112	0
Total trade debtors and other accounts receivable, current			100,852,654	113,532,427
Trade debtors and other accounts receivable	CLP	8.5	100,839,468	113,452,193
Trade debtors and other accounts receivable	USD	8.5	4,820	24,567
Trade debtors and other accounts receivable	EUR	8.5	8,366	55,667
Information of related entities, current			46,883	560,234
Accounts receivable to related entities	CLP	9	46,883	560,234
Total financial assets, current			109,057,298	114,092,661
Rights receivable	CLP	8.5	4,483,552	2,276,380
Other financial assets	CLP	8.10	7,852,912	7,807,734
Total financial assets, non-current			12,336,464	10,084,114
Financial liabilities				
Other financial liabilities, current			64,302,142	63,045,352
Bank loans	CLP	8.4	3,189,226	7,436,617
Bonds	CLP	8.4	48,366,541	40,406,918
Reimbursable financial contributions (AFR)	CLP	8.4	12,746,375	15,201,817
Trade accounts and other payable accounts			75,902,540	106,129,106
Trade accounts and other payable accounts	CLP	8.7	75,343,990	105,432,887
Trade accounts and other payable accounts	USD	8.7	411,555	166,187
Trade accounts and other payable accounts	EUR	8.7	146,995	530,032
Information on related entities, current			21,821,980	43,591,633
Accounts payable to related entities	CLP	9	21,821,980	43,591,633
Total financial liabilities, current			162,026,662	212,766,091
Total financial liabilities, non-current			908,316,622	802,978,167
Bank loans	CLP	8.4	92,519,209	88,735,865
Bonds	CLP	8.4	643,686,772	545,691,060
Reimbursable financial contributions (AFR)	CLP	8.4	172,110,641	168,551,242
Other payable accounts			956,612	982,075
Other payable accounts	CLP	8.7	956,612	982,075
Total financial liabilities, non-current			909,273,234	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 September 30, 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 30-09-2018	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuing company	Issuer tax ID	Type of repayment	Secured (Yes/No)
			30-09-2018	31-12-2017							
			Th\$	Th\$							
AFR	UF	405,132.38	8,646,793	12,371,284	3.95%	3.82%	Chile	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	99,089.74	3,188,781	2,306,972	3.85%	3.75%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	35,298.71	910,801	523,561	3.47%	3.38%	Chile	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
Total		539,520.83	12,746,375	15,201,817							

Reimbursable Financial Contributions, non-current portion

Registration No. or Identification of the Instrument	Currency indexation unit	Residual UF 30-09-2018	Book value		Maturity Date	Contract real interest rate	Effective rate	Issuing company	Issuer tax ID	Type of repayment	Secured (Yes/No)
			30-09-2018	31-12-2017							
			Th\$	Th\$							
AFR	UF	4,430,461.43	122,264,162	118,712,970	14-09-2033	3.27%	3.17%	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	812,731.12	22,426,840	23,465,635	04-09-2033	3.19%	3.10%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	641,318.11	17,700,603	17,241,804	20-10-2032	3.16%	3.07%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	355,260.91	9,719,036	9,130,833	07-09-2033	3.49%	3.52%	Essal S.A	96.579.800-5	At maturity	No
Total		6,239,771.57	172,110,641	168,551,242							



The detail of bank loans as of September 30, 2018 and December 31, 2017 is as follows:

Total bank loans, current period

Debtor tax no.	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5	
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	
Creditor tax 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 de Chile	Banco BCI	
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP	
Repayment method	Semi-annual	At maturity	At maturity	At maturity	At maturity	
Effective rate	3.21%	3.22%	3.20%	3.44%	3.29%	
Nominal rate	3.21%	3.22%	3.20%	3.44%	3.29%	
Nominal value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
To 1 year	430,074	58,603	58,667	2,532,489	109,393	3,189,226
To 90 days	430,074	0	0	32,489	109,393	571,956
Over 90 days to 1 year	0	58,603	58,667	2,500,000	0	2,617,270
Over 1 to 3 years	8,849,781	19,270,304	0	0	9,000,000	37,120,085
Over 1 to 2 years	0	19,270,304	0	0	0	19,270,304
Over 2 to 3 years	8,849,781	0	0	0	9,000,000	17,849,781
Over 3 to 5 years	17,699,562	0	20,000,000	0	0	37,699,562
Over 3 to 4 years	8,849,781	0	0	0	0	8,849,781
Over 4 to 5 years	8,849,781	0	20,000,000	0	0	28,849,781
Over 5 years	17,699,562	0	0	0	0	17,699,562
Over 5 years	17,699,562	0	0	0	0	17,699,562
Total nominal values	44,678,979	19,328,907	20,058,667	2,532,489	9,109,393	95,708,435
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Book value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current bank loans	430,074	58,603	58,667	2,532,489	109,393	3,189,226
To 90 days	430,074	0	0	32,489	109,393	571,956
Over 90 days to 1 year	0	58,603	58,667	2,500,000	0	2,617,270
Non-current bank loans	44,248,905	19,270,304	20,000,000	0	9,000,000	92,519,209
Over 1 to 3 years	8,849,781	19,270,304	0	0	9,000,000	37,120,085
Over 1 to 2 years	0	19,270,304	0	0	0	19,270,304
Over 2 to 3 years	8,849,781	0	0	0	9,000,000	17,849,781
Over 3 to 5 years	17,699,562	0	20,000,000	0	0	37,699,562
Over 3 to 4 years	8,849,781	0	0	0	0	8,849,781
Over 4 to 5 years	8,849,781	0	20,000,000	0	0	28,849,781
Over 5 years	17,699,562	0	0	0	0	17,699,562
Over 5 years	17,699,562	0	0	0	0	17,699,562
Total bank loans	44,678,979	19,328,907	20,058,667	2,532,489	9,109,393	95,708,435

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.	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5	
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera	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	3.19%	3.25%	3.29%	3.43%	3.58%	
Nominal rate	3.19%	3.25%	3.29%	3.43%	3.58%	
Nominal value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
To 1 year	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Over 90 days to 1 year	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 1 to 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	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current bank loans	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Over 90 days to 1 year	6,938,153	222,679	228,472	44,579	2,734	7,436,617
Non-current bank loans	37,965,561	19,270,304	20,000,000	9,000,000	2,500,000	88,735,865
Over 1 to 3 years	21,947,457	19,270,304	20,000,000	9,000,000	2,500,000	72,717,761
Over 1 to 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 September 30, 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	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	580	630	655	655	712	713	713	778	778	806	777	806	887	886	284	870
Series	BAGUA-J	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	BAGUA-AD	BAGUA-AC	Besal-B	Besal-C
Final maturity	01-12-2018	01-04-2031	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	15-03-2043	15-03-2025	01-06-2028	01-12-2040
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Repayment period	At maturity	At maturity	At maturity	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual
Effective rate	4.16%	4.16%	3.82%	4.05%	3.44%	3.92%	3.81%	3.50%	3.18%	3.15%	2.34%	3.33%	2.87%	1.96%	6.63%	2.93%
Nominal rate	4.00%	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	2.40%	3.20%	2.80%	1.80%	6.00%	2.80%

Nominal value	Th\$	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th
To 1 year	27,718,641	995,045	784,489	595,966	6,178,927	1,215,215	1,029,899	949,249	686,522	217,240	3,555,354	361,080	67,618	32,866	3,124,313	350,768	47,863,192
To 90 days	27,718,641	995,045	784,489	595,966	3,139,210	1,215,215	1,029,899	949,249	686,522	0	0	0	0	0	3,124,313	350,768	40,589,317
Over 90 days to 1 year	0	0	0	0	3,039,717	0	0	0	0	217,240	3,555,354	361,080	67,618	32,866	0	0	7,273,874
Over 1 to 3 years	0	0	0	0	0	0	0	0	0	0	13,678,726	0	0	5,129,522	6,335,408	0	25,143,656
Over 1 to 2 years	0	0	0	0	0	0	0	0	0	0	6,839,363	0	0	0	3,167,704	0	10,007,067
Over 2 to 3 years	0	0	0	0	0	0	0	0	0	0	6,839,363	0	0	5,129,522	3,167,704	0	15,136,589
Over 3 to 5 years	0	47,875,538	41,036,175	45,139,793	0	62,922,135	54,714,900	54,714,900	62,922,135	43,771,920	10,259,044	54,714,900	54,714,900	35,906,654	25,109,272	27,357,450	621,159,716
Over 3 to 4 years	0	0	0	0	0	0	0	0	0	0	6,839,363	0	0	10,259,044	3,167,704	0	20,266,111
Over 4 to 5 years	0	0	0	0	0	0	0	0	0	0	3,419,681	0	0	10,259,044	3,167,704	0	16,846,429
Over 5 years	0	47,875,538	41,036,175	45,139,793	0	62,922,135	54,714,900	54,714,900	62,922,135	43,771,920	0	54,714,900	54,714,900	15,388,566	18,773,864	27,357,450	584,047,176
Total nominal values	27,718,641	48,870,583	41,820,664	45,735,759	6,178,927	64,137,350	55,744,799	55,664,149	63,608,657	43,989,160	27,493,124	55,075,980	54,782,518	41,069,042	34,568,993	27,708,218	694,166,564

Book value	Th\$	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th	\$Th
Current bank loans	27,711,746	1,007,611	792,734	609,619	6,176,804	1,208,312	1,026,403	949,249	729,551	180,955	3,569,616	324,328	48,313	-27,812	3,708,344	350,768	48,366,541
To 90 days	27,711,746	1,007,611	792,734	609,619	3,138,149	1,208,312	1,026,403	949,249	729,551	0	0	0	0	0	3,708,344	350,768	41,232,486
Over 90 days to 1 year	0	0	0	0	3,038,655	0	0	0	0	180,955	3,569,616	324,328	48,313	-27,812	0	0	7,134,055
Non-current bank loans	0	48,063,613	41,190,900	45,369,036	0	62,782,532	54,633,614	54,714,900	63,859,314	42,861,885	23,962,194	53,692,362	54,091,462	40,801,430	31,035,200	26,628,331	643,686,772
Over 1 to 3 years	0	0	0	0	0	0	0	0	0	0	13,690,938	0	0	5,070,836	6,170,250	0	24,932,023
Over 1 to 2 years	0	0	0	0	0	0	0	0	0	0	6,845,469	0	0	0	3,085,125	0	9,930,594
Over 2 to 3 years	0	0	0	0	0	0	0	0	0	0	6,845,469	0	0	5,070,836	3,085,125	0	15,001,429
Over 3 to 5 years	0	48,063,613	41,190,900	45,369,036	0	62,782,532	54,633,614	54,714,900	63,859,314	42,861,885	10,271,257	53,692,362	54,091,462	35,730,595	24,864,950	26,628,331	618,754,749
Over 3 to 4 years	0	0	0	0	0	0	0	0	0	0	6,845,469	0	0	10,200,358	3,085,125	0	20,130,951
Over 4 to 5 years	0	0	0	0	0	0	0	0	0	0	3,425,788	0	0	10,200,358	3,085,125	0	16,711,270
Over 5 years	0	48,063,613	41,190,900	45,369,036	0	62,782,532	54,633,614	54,714,900	63,859,314	42,861,885	0	53,692,362	54,091,462	15,329,879	18,694,700	26,628,331	581,912,528
Total bank loans	27,711,746	49,071,224	41,983,634	45,978,655	6,176,804	63,990,844	55,660,017	55,664,149	64,588,865	43,042,839	27,531,810	54,016,690	54,139,775	40,773,618	34,743,544	26,979,099	692,053,313



Total public obligations, previous period

Debtor tax no.	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	580	630	655	655	712	713	713	778	778	806	777	806	284	870
Series	BAGUA-J	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	Besal-B	Besal-C
Final maturity	01-12-2018	01-04-2031	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	01-06-2028	01-12-2040
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Repayment period	At maturity	At maturity	At maturity	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	Semi-annual	Semi-annual	Semi-annual	Semi-annual
Effective rate	4.16%	4.15%	3.82%	3.95%	3.60%	3.92%	3.81%	3.50%	3.23%	3.16%	2.33%	3.34%	6.63%	2.93%
Nominal rate	4.00%	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	2.40%	3.20%	6.00%	2.80%

Nominal value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
To 1 year	26,886,591	487,351	384,225	145,945	6,028,239	595,185	504,421	464,921	168,122	531,997	293,035	779,888	3,102,941	0	40,372,861
To 90 days	0	0	0	0	0	0	0	0	0	531,997	293,035	779,888	3,102,941	0	4,707,861
Over 90 days to 1 year	26,886,591	487,351	384,225	145,945	6,028,239	595,185	504,421	464,921	168,122	0	0	0	0	0	35,665,000
Over 1 to 3 years	0	0	0	0	2,977,571	0	0	0	0	0	10,049,303	0	6,205,882	0	19,232,756
Over 1 to 2 years	0	0	0	0	2,977,571	0	0	0	0	0	3,349,768	0	3,102,941	0	9,430,280
Over 2 to 3 years	0	0	0	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	44,216,931	0	61,635,722	53,596,280	53,596,280	61,635,722	42,877,024	16,748,838	53,596,280	26,435,145	26,798,140	528,230,317
Over 3 to 4 years	0	0	0	0	0	0	0	0	0	0	6,699,535	0	3,102,941	0	9,802,476
Over 4 to 5 years	0	0	0	0	0	0	0	0	0	0	6,699,535	0	3,102,941	0	9,802,476
Over 5 years	0	46,896,745	40,197,210	44,216,931	0	61,635,722	53,596,280	53,596,280	61,635,722	42,877,024	3,349,768	53,596,280	20,229,263	26,798,140	508,625,365
Total nominal values	26,886,591	47,384,096	40,581,435	44,362,876	9,005,810	62,230,907	54,100,701	54,061,201	61,803,844	43,409,021	27,091,176	54,376,168	35,743,968	26,798,140	587,835,934

Book value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current bank loans	26,846,934	499,483	393,454	159,259	5,994,907	587,450	501,681	464,921	114,930	496,076	309,752	726,472	3,311,599	0	40,406,918
To 90 days	0	0	0	0	0	0	0	0	0	496,076	309,752	726,472	3,311,599	0	4,843,899
Over 90 days to 1 year	26,846,934	499,483	393,454	159,259	5,994,907	587,450	501,681	464,921	114,930	0	0	0	0	0	35,563,019
Non-current bank loans	0	47,103,632	40,390,431	44,463,800	2,977,424	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	26,846,624	52,506,850	32,167,945	26,070,290	545,691,060
Over 1 to 3 years	0	0	0	0	2,977,424	0	0	0	0	0	10,067,484	0	6,027,600	0	19,072,508
Over 1 to 2 years	0	0	0	0	2,977,424	0	0	0	0	0	3,355,828	0	3,013,800	0	9,347,052
Over 2 to 3 years	0	0	0	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	44,463,800	0	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	16,779,140	52,506,850	26,140,345	26,070,290	526,618,552
Over 3 to 4 years	0	0	0	0	0	0	0	0	0	0	6,711,656	0	3,013,800	0	9,725,456
Over 4 to 5 years	0	0	0	0	0	0	0	0	0	0	6,711,656	0	3,013,800	0	9,725,456
Over 5 years	0	47,103,632	40,390,431	44,463,800	0	61,461,446	53,508,723	53,596,280	62,706,531	41,891,084	3,355,828	52,506,850	20,112,745	26,070,290	507,167,640
Total bank loans	26,846,934	47,603,115	40,783,885	44,623,059	8,972,331	62,048,896	54,010,404	54,061,201	62,821,461	42,387,160	27,156,376	53,233,322	35,479,544	26,070,290	586,097,978
Total bank loans	0	0	0	0	2,977,424	0	0	0	0	496,076	10,377,236	726,472	9,339,199	0	23,916,407



Reconciliation of financial liabilities

Showing up next a conciliation between initial and closing balances of other financial liabilities:

Other financial liabilities, current	Initial balance 31-12-2017	Additions	Payments	Transfers	Closing balance 30-09-2018
Bank loans	7,436,617	24,141,882	-24,047,312	-4,341,961	3,189,226
Bonds	40,406,918	975,080	-3,306,166	10,290,709	48,366,541
AFR	15,201,817	0	0	-2,455,442	12,746,375
Total	63,045,352	25,116,962	-27,353,478	3,493,306	64,302,142

Other financial liabilities, non-current	Initial balance 31-12-2017	Additions	Payments	Transfers	Closing balance 30-09-2018
Bank loans	88,735,865	64,248,905	-44,248,905	-16,216,656	92,519,209
Bonds	545,691,060	109,782,447	-4,421,827	-7,364,908	643,686,772
AFR	168,551,242	12,184,011	-14,395,300	5,770,688	172,110,641
Total	802,978,167	186,215,363	-63,066,032	-17,810,876	908,316,622

8.5 Risk management

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

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

i. Credit risk

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

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

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



Credit risk	30-09-2018	31-12-2017
	Th\$	Th\$
Gross exposure per balance sheet for risks of accounts receivable	141,895,656	148,913,935
Gross exposure per estimates of risks of accounts receivable	-36,568,073	-33,121,765
Net exposure, risk concentration	105,327,583	115,792,170
Movement of credit risk, accounts receivable	30-09-2018	31-12-2017
	Th\$	Th\$
Initial balance	-33,121,765	-31,310,035
Increase in existing provisions	-3,719,719	-5,931,800
Reductions	273,411	4,120,070
Changes, total	-3,446,308	-1,811,730
Closing balance	-36,568,073	-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	30-09-2018	31-12-2017
	Th\$	Th\$
Less than three months	98,226,179	112,230,512
Three to six months	3,625,299	3,145,423
Six to eight months	1,725,636	1,617,244
More than eight months	38,318,542	31,920,756
Total	141,895,656	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	30-09-2018 Th\$	31-12-2017 Th\$
Less than three months	9,259,799	11,105,825
Three to six months	2,161,432	1,703,062
Six to eight months	990,120	818,105
Total	12,411,351	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		3 to 5 years		More than 5 years	
	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate
Bank loans	852,077	3.24%	4,470,699	3.34%	41,480,097	3.23%	40,826,069	3.20%	18,409,757	3.21%
Bonds	41,995,189	4.08%	19,356,795	3.87%	64,061,118	2.75%	74,917,710	2.37%	811,839,485	3.70%
AFR	2,777,310	3.24%	10,766,249	3.63%	25,426,711	3.57%	57,434,600	3.94%	122,751,808	2.91%
Trade accounts and other payable accounts	64,602,033	0.00%	11,300,508	-	275,165	-	120,100	-	571,143	-
Total	110,226,610		45,894,250		131,243,091		173,298,479		953,572,194	

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	9.84%
Bonds	Fixed	71.15%
AFR	Fixed	19.01%
Total		100.00%

Interest rate sensitivity analysis

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

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

Company	Nominal amount of debt (Th\$)	Variable rate	Points (+/-)	Impact on result Th\$
Aguas Andinas Consolidated	95,708,435	180-day TAB	66	629,368

8.6 Cash equivalents

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

Company	Instruments	30-09-2018 Th\$	31-12-2017 Th\$
Aguas Andinas S.A.	Term deposit	20,100,000	0
Aguas Andinas S.A.	Mutual Funds	8,450,000	1,699,440
Aguas Cordillera S.A.	Term deposit	0	0
Aguas Cordillera S.A.	Mutual Funds	0	245,063
Aguas Manquehue S.A.	Term deposit	0	0
Aguas Manquehue S.A.	Mutual Funds	0	0
Aguas del Maipo S.A.	Term deposit	0	0
Aguas del Maipo S.A.	Mutual Funds	0	0
Análisis Ambientales S.A.	Mutual Funds	0	0
Gestión y Servicios S.A.	Term deposit	0	0
Gestión y Servicios S.A.	Mutual Funds	550,000	395,102
EcoRiles S.A.	Term deposit	0	0
EcoRiles S.A.	Mutual Funds	820,000	382,099
Essal S.A.	Term deposit	621,075	12,682,088
Total		30,541,075	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	30-09-2018 Th\$	31-12-2017 Th\$
Subcontractors	CLP	31,991,185	35,332,618
Suppliers	CLP	24,020,596	27,337,474
Suppliers	USD	411,555	166,687
Suppliers	EUR	146,995	530,032
Dividends	CLP	120,659	22,900,714
Accrued products and services	CLP	12,562,447	14,036,751
Personnel	CLP	3,627,488	3,472,936
Payable documents	CLP	2,617,290	1,940,548
Others	CLP	404,325	411,346
Sub-total current		75,902,540	106,129,106
Payable documents	CLP	707,497	727,838
Suppliers	CLP	178,720	183,842
Various creditors	CLP	70,395	70,395
Sub total non-current		956,612	982,075
Total current & non-current		76,859,152	107,111,181



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

Trade Accounts

Current period

Current trade accounts according to term	30-09-2018			
	Goods Th\$	Services Th\$	Other Th\$	Total Th\$
To 30 days	4,691,450	10,536,361	55,579	15,283,390
From 31 to 60 days	387,562	1,206,534	22,581	1,616,677
From 61 to 90 days	96,723	0	0	96,723
From 91 to 120 days	0	4,389,518	0	4,389,518
From 121 to 365 days	0	19,794	0	19,794
More than 365 days	0	0	0	0
Total	5,175,735	16,152,207	78,160	21,406,102

Overdue trade accounts according to term	30-09-2018			
	Goods Th\$	Services Th\$	Other Th\$	Total Th\$
To 30 days	1,587,644	528,696	44,750	2,161,090
From 31 to 60 days	1,227	94,162	18,322	113,711
From 61 to 90 days	594,132	9,290	8,827	612,249
From 91 to 120 days	144,060	15,081	20,763	179,904
From 121 to 365 days	-28,210	8,886	57,458	38,134
More than 365 days	-1,668	69,555	68	67,955
Total	2,297,185	725,670	150,188	3,173,043



Previous period

Current trade accounts according to term	31-12-2017			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
To 30 days	5,073,112	12,583,597	532,266	18,188,975
From 31 to 60 days	132,107	0	0	132,107
From 61 to 90 days	0	11,330	0	11,330
From 91 to 120 days	0	0	0	0
From 121 to 365 days	3,642,509	0	0	3,642,509
More than 365 days		0	0	0
Total	8,847,728	12,594,927	532,266	21,974,921

Overdue trade accounts according to term	31-12-2017			
	Goods	Services	Other	Total
	Th\$	Th\$	Th\$	Th\$
To 30 days	68,501	2,477,956	46,012	2,592,469
From 31 to 60 days	1,861,175	1,101,558	2,863	2,965,596
From 61 to 90 days	276,955	50,860	14	327,829
From 91 to 120 days	0	0	0	0
From 121 to 365 days	8,109	14,363	39	22,511
More than 365 days	0	150,849	18	150,867
Total	2,214,740	3,795,586	48,946	6,059,272

8.8 Fair value of financial instruments

Fair value of financial instruments booked at amortized cost.

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



	30-09-2018	
	Amortized cost Th\$	Fair value Th\$
Cash equivalents		
Investments booked at fair value	31,791,075	31,791,075
Term deposits, level 1	20,721,075	20,721,075
Mutual funds, level 1	11,070,000	11,070,000
Other financial liabilities		
Financial liabilities booked at amortized cost	972,618,764	1,023,739,056
Bank debt, level 2	95,708,435	94,556,454
Bonds, level 1	692,053,313	744,325,586
AFR, level 3	184,857,016	184,857,016

Methodology and assumptions used in the calculation of fair value

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

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

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

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

8.9 Other current financial assets

As of September 30, 2018 and according to established in respective contracts, was given to the Payer Bank and the Representative of Bondholders, an advance of Th\$8,113,649, corresponding to available values for interest payment and bonds amortization, what became effective on October 1, 2018.

As of September 30, 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\$44,112.



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 September 30, 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 September 30, 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	30-09-2018 Th\$	31-12-2017 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	0	205,168
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Insurance payment Mapocho Trebal	UF 10.377,4	0	278,096
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Laboratory analysis and sampling services	Unsecured	4,307	8,138
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Lease of offices	Unsecured	0	399
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Laboratory analysis and sampling services	Unsecured	621	19,485
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Basis proposed in tenders	Unsecured	0	66
77.441.870-9	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	0	33,628
No tax ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	Unsecured	27,834	0
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Sale of materials	Unsecured	13,755	15,287
Total					46,883	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	30-09-2018 Th\$	31-12-2017 Th\$
77.441.870-9	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	412,658	1,079,276
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	SCADA Platform	30 days	Unsecured	21,346	7,115
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Arsenic Plant San Antonio	30 days	Guaranteed fulfillment of contract for Th\$24,264.05	1,050,939	1,786,747
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero plant	30 days	Guaranteed fulfillment of contract for UF 66,809.74	3,849,945	7,129,098
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Talagante Plant Expansion	30 days	Unsecured	1,051,852	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	3,256,139	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	3,282,504	3,718,527
65.113.732-2	Corporación Chilena de Investigación del Agua SpA.	Related to the controller	Consultancies	30 days	Unsecured	3,500	184,854
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Virtual platform, Siebel	30 days	Unsecured	92,270	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	196,607	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	26,789	6,579
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Evolutionary maintenance consulting service	30 days	Unsecured	79,282	188,612
76.080.553-K	Suez Advanced Solutions Chile Ltda.	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	145,474	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	1,302,704	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	125,866	105,347
96.799.790-0	Servicios y Proyectos Ambientales S.A.	Related to the controller	Environmental monitoring services	30 days	Unsecured	3,299	3,377
No tax ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	30 days	Unsecured	252,954	277,451
No tax ID	Aqua Development Network S.A.	Related to the controller	Consultancies	30 days	Unsecured	45,221	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 board member	Water purchase	30 días	Sin garantías	317,985	11,013
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Common board member	Water purchase	30 días	Sin garantías	137,293	10,000
96.817.230-1	EPSA Electrica Puntilla S.A.	Common board member	Recalculation of energy supply	30 days	Unsecured	0	
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Common board member	Chamisero Plant, Batuco canal	30 days	Unsecured	0	
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	6,167,353	220,514
Total						21,821,980	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	30-09-2018		30-09-2017		01-07-2018 30-09-2018		01-07-2017 30-09-2017	
						Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit	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	422,437	-422,437	0	0	211,652	-211,652
No tax ID	Aqua Development Network	Related to the controller	CL	Integrated talent management contract	CLP	525,017	-525,017	711,746	-711,746	147,921	-147,921	711,746	-711,746
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	CL	Purchase of materials and maintenance of virtual platform Siebel	CLP	2,022,989	-1,265,833	1,791,565	-1,735,329	865,684	-213,175	1,224,783	-1,168,547
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Talagante Plant Expansion	CLP	0	0	702,503	0	0	0	702,503	0
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Chamisero plant	CLP	2,450,629	0	3,164,277	-58,306	475,191	0	1,049,590	-47,655
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Arsenic Plant San Antonio	CLP	-60,127	0	1,157,922	-11,600	-125,217	0	768,819	0
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Operational Control Center Update Project OCC 2.0	CLP	2,367,765	-406,115	0	0	1,092,254	-169,589	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	5,002,176	0	3,631,109	0	24,898	0	0	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	877,622	0	6,445,673	-5,239,223	-2,229,418	3,107,040	324,199	148,852
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	9,898,596	-7,864,993	0	0	1,444,886	-1,146,658
76.746.454-1	Suez Biofactoria Andina spa.	Related to the controller	CL	Water treatment plant operation and maintenance, construction works in La Farfana plant	CLP	26,441,270	-19,319,445	4,015,846	-3,681,360	8,651,583	-6,329,746	3,709,333	-3,289,417
96.817.230-1	EPSA Eléctrica Puntilla S.A.	Common board member	CL	Compensation for lower flow	CLP	1,125,278	-1,125,278	414,935	-414,935	1,087,026	-1,087,026	30,031	-30,031
65.113.732-2	Cetaqua Spa	Related to the controller	CL	Study on resilient urban water infrastructure management models in relation to hydrological and geological risks, recovery of sludge	CLP	226,728	-226,728	0	0	115,829	-115,829	0	0
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends paid	CLP	68,979,435	0	68,878,954	0	0	0	0	0

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

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

	30-09-2018	30-09-2017	01-07-2018 30-09-2018	01-07-2017 30-09-2017
	Th\$	Th\$	Th\$	Th\$
Directors	323,539	284,832	117,876	71,816
Directors' committee	33,988	31,829	11,049	7,182
Total	357,528	316,661	128,925	78,998

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

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

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



Note 10. INVENTORIES

The detail by class of inventories through September 30, 2018 and December 31, 2017 is the following:

Inventory class	30-09-2018	31-12-2017
	Th\$	Th\$
Spares & meters	2,613,405	2,645,500
Supplies for production	1,721,387	1,177,531
Others	113,007	102,347
Total	4,447,799	3,925,378

The cost of the inventories shown as an expense in the statement of results during September 30, 2018 and 2017 amounts to Th\$8,065,046 and Th\$9,418,210 respectively.

Note 11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	30-09-2018	31-12-2017
	Th\$	Th\$
Intangible assets, net	225,892,648	227,084,499
Trademarks, net	15,933	13,000
Computer programs, net	6,600,151	7,910,586
Other intangible assets, net*	219,276,564	219,160,913
Intangible assets, gross	283,044,642	280,804,446
Trademarks, gross	15,933	13,000
Computer programs, gross	50,857,211	48,876,011
Other intangible assets, gross	232,171,498	231,915,435
Intangible assets, accumulated amortization	-57,151,994	-53,719,947
Computer programs, accumulated amortization	-44,257,060	-40,965,425
Other intangible assets, accumulated amortization	-12,894,934	-12,754,522

*Corresponds to water rights, easements and others.



Movement of intangible assets as of September 30, 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	-3,291,635	-140,412	-3,432,047
Increases (reductions) for transfers	0	1,740,932	0	1,740,932
Increases (reductions) for other changes	2,933	240,268	257,381	500,582
Disposals and withdrawals from service	0	0	-1,318	-1,318
Changes, total	2,933	-1,310,435	115,651	-1,191,851
Closing balance as of 30-09-2018	15,933	6,600,151	219,276,564	225,892,648

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 30-09-2018

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	1,740,932	0	1,740,932
Increases (reductions) for other changes	2,933	240,268	257,381	500,582
Disposals and withdrawals from service	0	0	-1,318	-1,318
Changes, total	2,933	1,981,200	256,063	2,240,196
Closing balance as of 30-09-2018	15,933	50,857,211	232,171,498	283,044,642



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 30-09-2018

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	-3,291,635	-140,412	-3,432,047
Changes, total	0	-3,291,635	-140,412	-3,432,047
Closing balance as of 30-09-2018	0	-44,257,060	-12,894,934	-57,151,994

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	30-09-2018			31-12-2017		
	Water rights Th\$	Easements Th\$	Others Th\$	Water rights Th\$	Easements Th\$	Others Th\$
Aguas Andinas S.A.	76,611,422	8,429,288	4,620,909	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.	21,928,821	866,673	0	21,954,837	866,673	0
Essal S.A.	5,622,185	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	196,949,914	18,153,450	4,620,909	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.	1,101,916
Aguas Cordillera S.A.	10,000
Aguas Manquehue S.A.	125,000
Essal S.A.	83,414
Ecoriles S.A.	848
Total	1,321,178



Note 12. GOODWILL

The detail of goodwill follows for the different Cash Generating Units (CGUs) or groups to which they are assigned, through September 30, 2018 and December 31, 2017:

Tax ID	Company	30-09-2018 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 thousands of \$)	Net value		Gross value		Accumulated depreciation	
	30-09-2018	31-12-2017	30-09-2018	31-12-2017	30-09-2018	31-12-2017
Total	1,396,420,514	1,351,763,816	2,668,039,619	2,571,086,250	-1,271,619,105	-1,219,322,434
Land	159,472,460	160,461,335	159,472,460	160,461,335	0	0
Buildings	79,543,722	79,601,087	112,604,329	111,011,034	-33,060,607	-31,409,947
Machinery	117,897,258	120,338,507	380,576,493	363,844,849	-262,679,235	-243,506,342
Transport vehicles	1,101,475	1,320,419	5,206,901	5,866,755	-4,105,426	-4,546,336
Fixed installations & accessories	1,436,973	1,315,585	6,268,091	5,992,005	-4,831,118	-4,676,420
Computer equipment	2,775,559	3,659,346	14,235,992	13,921,577	-11,460,433	-10,262,231
Improvements to leased assets	80,753	64,266	636,932	597,279	-556,179	-533,013
Construction in progress	183,230,414	156,563,062	183,230,414	156,563,062	0	0
Additional works	22,155,962	22,349,067	44,184,208	43,248,022	-22,028,246	-20,898,955
Production facilities	172,748,182	167,598,083	325,767,789	316,220,864	-153,019,607	-148,622,781
Drinking water networks	187,564,049	174,661,097	511,387,049	492,846,317	-323,823,000	-318,185,220
Sewerage networks	250,194,873	246,165,604	533,246,186	519,580,232	-283,051,313	-273,414,628
Wastewater treatment plants	169,071,510	169,331,810	232,110,259	228,440,366	-63,038,749	-59,108,556
Other facilities	48,923,153	48,103,767	157,243,879	150,469,536	-108,320,726	-102,365,769
Goods out of service	224,171	230,781	1,868,637	2,023,017	-1,644,466	-1,792,236



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

Property, plant & equipment	30-09-2018	Aguas Andinas S.A	Aguas Cordillera S.A	Aguas Manquehue S.A	Essal S.A	Others
	Th\$	%	%	%	%	%
Land	159,472,460	75%	13%	1%	11%	0%
Buildings	79,543,722	75%	4%	2%	17%	3%
Machinery	117,897,258	79%	6%	3%	11%	2%
Transport vehicles	1,101,475	89%	0%	0%	9%	3%
Fixed installations & accessories	1,436,973	69%	1%	0%	11%	19%
Computer equipment	2,775,559	87%	0%	0%	10%	2%
Improvements to leased assets	80,753	10%	0%	0%	0%	90%
Construction in progress	183,230,414	58%	10%	11%	17%	4%
Additional works	22,155,962	81%	5%	3%	11%	1%
Production facilities	172,748,182	63%	15%	14%	8%	0%
Drinking water networks	187,564,049	69%	17%	2%	12%	0%
Sewerage networks	250,194,873	84%	2%	4%	10%	0%
Wastewater treatment plants	169,071,510	93%	0%	0%	6%	0%
Other facilities	48,923,153	75%	7%	6%	11%	2%
Goods out of service	224,171	32%	68%	0%	0%	0%
Total	1,396,420,514	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
	30-09-2018	
	Th\$	Th\$
Buildings	79,543,722	115,676,321
Additional works	22,155,962	37,589,978
Production facilities	172,748,182	290,255,100
Drinking water networks	187,564,049	425,970,418
Sewerage networks	250,194,873	436,386,789
Wastewater treatment plants	169,071,510	189,879,626
Other facilities	48,923,153	53,184,519
Machines and equipment	117,897,258	146,560,570
Total	1,048,098,709	1,695,503,322

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

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



Movements in property, plant and equipment through September 30, 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	37,082	-1,025,957	-988,875	159,472,460
Buildings	79,601,087	-1,679,486	1,062,409	574,390	-14,678	-57,365	79,543,722
Machinery	120,338,507	-19,225,082	11,016,888	5,766,948	-3	-2,441,249	117,897,258
Transport vehicles	1,320,419	-343,247	129,550	49,344	-54,591	-218,944	1,101,475
Fixed installations & accessories	1,315,585	-154,952	247,813	28,525	2	121,388	1,436,973
Computer equipment	3,659,346	-1,198,202	200,930	113,485	0	-883,787	2,775,559
Improvements to leased assets	64,266	-23,166	18,987	20,666	0	16,487	80,753
Construction in progress	156,563,062	0	-49,476,377	76,546,244	-402,515	26,667,352	183,230,414
Additional works	22,349,067	-1,168,825	650,678	329,638	-4,596	-193,105	22,155,962
Production facilities	167,598,083	-4,445,853	7,917,616	1,693,251	-14,915	5,150,099	172,748,182
Drinking water networks	174,661,097	-5,651,826	9,808,831	8,758,461	-12,514	12,902,952	187,564,049
Sewerage networks	246,165,604	-9,636,609	8,360,851	5,305,027	0	4,029,269	250,194,873
Wastewater treatment plants	169,331,810	-3,930,193	3,346,512	323,381	0	-260,300	169,071,510
Other facilities	48,103,767	-5,970,348	4,974,378	1,815,355	1	819,386	48,923,153
Goods out of service	230,781	-6,611	0	0	1	-6,610	224,171
Class of property, plant & equipment, net	1,351,763,816	-53,434,400	-1,740,934	101,361,797	-1,529,765	44,656,698	1,396,420,514

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 30-09-2018

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	37,082	-1,025,957	-988,875	159,472,460
Buildings	111,011,034	1,062,409	574,314	-43,428	1,593,295	112,604,329
Machinery	363,844,849	11,016,888	5,766,948	-52,192	16,731,644	380,576,493
Transport vehicles	5,866,755	129,550	49,344	-838,748	-659,854	5,206,901
Fixed installations & accessories	5,992,005	247,813	28,525	-252	276,086	6,268,091
Computer equipment	13,921,577	200,930	113,485	0	314,415	14,235,992
Improvements to leased assets	597,279	18,987	20,666	0	39,653	636,932
Construction in progress	156,563,062	-49,476,377	76,546,244	-402,515	26,667,352	183,230,414
Additional works	43,248,022	650,678	329,638	-44,130	936,186	44,184,208
Production facilities	316,220,864	7,917,616	1,693,251	-63,942	9,546,925	325,767,789
Drinking water networks	492,846,317	9,808,831	8,758,461	-26,560	18,540,732	511,387,049
Sewerage networks	519,580,232	8,360,851	5,305,103	0	13,665,954	533,246,186
Wastewater treatment plants	228,440,366	3,346,512	323,381	0	3,669,893	232,110,259
Other facilities	150,469,536	4,974,378	1,815,355	-15,390	6,774,343	157,243,879
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	-1,740,934	101,361,797	-2,667,494	96,953,369	2,668,039,619

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 30-09-2018

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	-1,679,486	76	28,750	-1,650,660	-33,060,607
Machinery	-243,506,342	-19,225,082	0	52,189	-19,172,893	-262,679,235
Transport vehicles	-4,546,336	-343,247	0	784,157	440,910	-4,105,426
Fixed installations & accessories	-4,676,420	-154,952	0	254	-154,698	-4,831,118
Computer equipment	-10,262,231	-1,198,202	0	0	-1,198,202	-11,460,433
Improvements to leased assets	-533,013	-23,166	0	0	-23,166	-556,179
Additional works	-20,898,955	-1,168,825	0	39,534	-1,129,291	-22,028,246
Production facilities	-148,622,781	-4,445,853	0	49,027	-4,396,826	-153,019,607
Drinking water networks	-318,185,220	-5,651,826	0	14,046	-5,637,780	-323,823,000
Sewerage networks	-273,414,628	-9,636,609	-76	0	-9,636,685	-283,051,313
Wastewater treatment plants	-59,108,556	-3,930,193	0	0	-3,930,193	-63,038,749
Other facilities	-102,365,769	-5,970,348	0	15,391	-5,954,957	-108,320,726
Goods out of service	-1,792,236	-6,611	0	154,381	147,770	-1,644,466
Class of property, plant & equipment, accumulated depreciation	-1,219,322,434	-53,434,400	0	1,137,729	-52,296,671	-1,271,619,105

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.	52,123,211
Aguas Cordillera S.A.	2,104,351
Aguas Manquehue S.A.	1,453,838
Essal S.A.	2,661,812
Ecoriles S.A.	85,898
Gestión y Servicios S.A.	27,043
Análisis Ambientales S.A.	6,912
Total	58,463,065

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	-1,525,094	69,211
Aguas Cordillera S.A.	274,332	-119,372	154,960
Total	1,868,637	-1,644,466	224,171

Ownership restrictions of property, plant and equipment

As of September 30, 2018 and December 31, 2017, properties, plants and equipment are not affected to ownership restrictions, nor are affected to guarantees for compliance with obligations, according to IAS 16 paragraph 74 (a).

Financial lease contracts

As of September 30, 2018 and December 31, 2017, there are no properties, plants and equipment maintained under financial lease contracts, according to paragraph 31 of IAS 17.

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 period 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 September 30, 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 September 30, 2018 and December 31, 2017 is as follows:

Classes of provisions	30-09-2018 Th\$	31-12-2017 Th\$
Provisions for legal claims	2,755,110	2,603,819
Other provisions, current	2,755,110	2,603,819
Other provisions, non-current	1,330,342	1,301,105
Provisions, non-current	1,330,342	1,301,105

The movement in current provisions for the periods was:

Legal claims	30-09-2018 Th\$	31-12-2017 Th\$
Initial balance provisions	2,603,819	2,628,225
Increase in existing provisions	513,069	302,543
Provision used	-403,111	-161,112
Other increases (decreases)	41,333	-165,837
Changes in provisions, total	151,291	-24,406
Total	2,755,110	2,603,819



The provisions under this heading are described as follows:

1.- Legal claims

The Company records the provision corresponding to a lawsuits derivative from its operations, originated mainly by sanction processes made by audit institutions. Additionally, Aguas Andinas and Subsidiaries are part of lawsuits for civil and labor claims which resolutions are pending in corresponding courts.

The provisions associated with current lawsuits of the Company have been reflected in concept "Provisions", as established by IAS 37. In those cases which the Management considers that the issues have low probabilities to flourish and does not represent certain probability of material loss, it has been not provided.

Below, the legal claims that could affect the Company are detailed:

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 to September 2018 amounted to UTA 3,552, which were paid before the demand procedures began in each case, being pending to solve the final judgments.

Additionally, Aguas Andinas S.A. was notified of the beginning of sanction procedures by the Superintendence of Sanitation Services. This corresponds to alleged infractions of service delivery. Currently there are administrative resources and legal claims pending to solve, thus it is premature estimate a result. The Company considers that it did not incur in the infractions carried out, therefore, the claims and resources are expected to be accepted.

Ministerial Regional Secretariat of Health MR, there are pending sanction procedures against Aguas Andinas, initiated by Resolution for alleged infractions in the service. Currently there are administrative resources and legal claims. The fine ranges vary between 1 to 2,000 UTM.

Labor Suits: Aguas Andinas was claimed directly or subsidiary, in attention to labor claims which subject corresponds mainly to unfair dismissal. The total of the claims amounted to Th\$395,419. The court proceedings are pending in the respective courts or administrative instances.

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. compensated 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 by a sum of Th\$557,965. The trial is in evidence phase.
5. Aguas Cordillera was sued in ordinary trial in 11th Civil Court of Santiago by the constitution of easements, the amount claimed was Th\$3,689,946. The trial is in evidence phase.

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\$44,458,608 as of September 30, 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	30-09-2018 Th\$	31-12-2017 Th\$
SERVIU METROPOLITANO	Aguas Andinas S.A.	Performance bond	8,841,264	8,762,875
ASOCIACION DE CANALISTAS DEL MAIPO	Aguas Andinas S.A.	Performance bond	7,813,341	7,608,765
S.I.S.S.	Aguas Andinas S.A.	Performance bond	7,584,962	6,932,974
DIRECCION OBRAS HIDRAULICAS	Aguas Andinas S.A.	Performance bond	965,156	1,125,773
MUNICIPALIDAD LA FLORIDA	Aguas Andinas S.A.	Performance bond	458,155	448,788
CONSTRUCTORA SAN FRANCISCO	Aguas Andinas S.A.	Performance bond	164,829	175,126
DIRECCION VIALIDAD	Aguas Andinas S.A.	Performance bond	222,788	169,418
MUNICIPALIDAD PROVIDENCIA	Aguas Andinas S.A.	Performance bond	56,302	110,301
MUNICIPALIDAD DE LA REINA	Aguas Andinas S.A.	Performance bond	68,394	66,995
COMITE INNOVA CHILE	Aguas Andinas S.A.	Performance bond	71,329	64,634
CGE DISTRIBUCION	Aguas Andinas S.A.	Performance bond	53,349	53,349
MUNICIPALIDAD PEÑALOEN	Aguas Andinas S.A.	Performance bond	44,424	43,516
MUNICIPALIDAD DE SANTIAGO	Aguas Andinas S.A.	Performance bond	30,442	24,922
S.I.S.S.	Aguas Cordillera S.A.	Performance bond	1,261,561	1,235,769
ASOCIACION DE CANALISTAS DEL MAIPO	Aguas Cordillera S.A.	Performance bond	944,640	925,327
SERVIU METROPOLITANO	Aguas Cordillera S.A.	Performance bond	447,458	624,557
MINISTERIO OOPP DIR. DE AGUAS	Aguas Cordillera S.A.	Performance bond	407,134	398,810
SENCORP S.A.	Aguas Cordillera S.A.	Performance bond	311,601	305,231
MUNICIPALIDAD LAS CONDES	Aguas Cordillera S.A.	Performance bond	158,000	173,000
MUNICIPALIDAD DE LO BARNECHEA	Aguas Cordillera S.A.	Performance bond	101,523	99,448
MUNICIPALIDAD VITACURA	Aguas Cordillera S.A.	Performance bond	54,715	53,596
ASOCIACION DE CANALISTAS DEL MAIPO	Aguas Manquehue S.A.	Performance bond	1,448,064	1,418,460
S.I.S.S.	Aguas Manquehue S.A.	Performance bond	1,113,120	1,025,538
MUNICIPALIDAD VITACURA	Aguas Manquehue S.A.	Performance bond	10,943	10,719
Director de Obras Hidráulicas	Essal S.A.	Performance bond	2,193,208	1,707,147
Serviu	Essal S.A.	Performance bond	276,616	156,003
Gobierno Regional de la Región de Los Ríos	Essal S.A.	Performance bond	86,962	56,208
Director de Vialidad	Essal S.A.	Performance bond	127,046	74,358
Superintendencia de Servicios Sanitarios	Essal S.A.	Insurance policy	2,667,164	3,000,265
Municipalidad de Paillaco	Essal S.A.	Performance bond	221,538	246,526
Sociedad Concesionaria de los Lagos	Essal S.A.	Performance bond	26,798	27,357
SERVIU METROPOLITANO	Gestión y Servicios S.A.	Performance bond	2,187,564	2,222,993
SUPERINTENDENCIA DEL MEDIO AMBIENTE	Anam S.A.	Performance bond	34,298	34,857
GOBIERNO REGIONAL V REGION VALPARAISO	Anam S.A.	Performance bond	24,862	24,862
CMPC PULP SA	Anam S.A.	Performance bond	17,606	4,788
CODELCO	Anam S.A.	Performance bond	17,405	17,769
Total			40,514,561	39,431,024



b) Bond issue restrictions

i) Aguas Andinas S.A.

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

- 1.- Send a copy of the Interim Consolidated Financial Statements to the representative of the Bondholders, and send both the quarterly and the audited annual statements to the Company Subsidiaries registered with the 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 Consolidated 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 Consolidated Financial Statements.

As of September 30, 2018, the abovementioned accounts are as follows (Th\$):



Total current liabilities	183,560,143
Total non-current liabilities	970,778,524
Total IFRS liabilities	1,154,338,667
Third party guarantees (*)	821,544
Total liabilities	1,155,160,211
Total assets	1,851,744,255
Total current liabilities	-183,560,143
Total non-current liabilities	-970,778,524
Total net equity	697,405,588

The debt ratio was 1.66 times, as of September 30, 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 September 30, 2018 was the following:

31-12-2009	30-09-2018	Accumulated inflation	Basis	Limit
90.28	119.14	31.97%	1.5	1.98

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

The Company is in compliance with all the covenants established in the bond indentures as of September 30, 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 September 30, 2018, the debt ratio was 1.42:1 and 1.43:1 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 September 30, 2018, the ratio was 7.0:1.

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

The Company is in compliance with all obligations established in the bond indentures as of September 30, 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 2.0:1, for period ended September 30, 2018, the variation of the limit of level of indebtedness amounted to 1.98 times. To this end, the level of indebtedness shall be defined as the ratio of total debts of assets. As of September 30, 2018, the debt level amounted to 1.66 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. As of September 30, 2018, the financial expense coverage amounts to 10.28 times.

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

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

ii) Aguas Cordillera S.A.

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

1.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and consolidated balance sheets. Notwithstanding the above, the previous limit shall be adjusted according to the ratio between the Consumer Price Index for the month in which the debt level and the consumer price index in December 2009 is calculated. In any case the limit shall be adjusted up to a maximum level of 2.0:1. To this end, the level of indebtedness shall be defined as the ratio of total debt to assets. As of September 30, 2018 the debt level amounted to 0.57 times.

2.- Maintain a coverage ratio of financial expenses equal to or more than 3.0:1, measured on its annual consolidated balance sheet, defined as the ratio between operating income plus depreciation and amortization of intangibles divided by financial expenses. As of September 30, 2018, the coverage of financial expenses amounted to 23.59 times.

3.- Send the bank a copy of the debtor's annual 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 September 30, 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 September 30, 2018 and December 31, 2017, the Company has received documents in guarantee for Th\$27,084,086 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 September 30, 2018 is summarized below:

Contractor or supplier	30-09-2018 Th\$	Final maturity
EMP.DEPURADORA DE A.S. MAPOCHO EL T	14,194,250	31-12-2018
SUEZ MEDIOAMBIENTE CHILE S.A.	1,843,103	13-12-2018
SUEZ MEDIOAMBIENTE CHILE S.A.	845,062	30-05-2022
Suez Medioambiente Chile S.A.	669,381	01-10-2018
ECHEVERRIA IZQUIERDO ING. Y CONSTRU	502,968	24-01-2019
EMPRESA NACIONAL DE ENERGIA ENEX S.	468,000	29-12-2018
INMOB. Y COMERCIAL QUILICURA LTDA.	383,004	28-10-2020
CONSORCIO BAPA GRAMATEC SPA	361,032	28-12-2018
VAPOR INDUSTRIAL SPA	287,200	30-11-2018
INGENIERIA Y CONSTRUCCION MST LTDA.	279,467	22-05-2019
EMPRESA NACIONAL DE ENERGIA ENEX S.	254,800	29-12-2018
A DENHAM Y CIA LTDA	229,721	31-12-2021
CONSTRUCTORA OLBERTZ LTDA.	195,713	30-11-2018
INMOBILIARIA DG CUATRO LIMITADA	159,959	28-02-2019
CONSTRUCTORA INGEVEC S.A.	136,787	28-12-2018
SACYR CHILE S.A.	136,787	30-10-2019
OBRASCON HUARTE LAIN,S.A.	136,787	30-10-2019
CONSTRUCTORA PEREZ Y GOMEZ LTDA	129,041	01-08-2019
BAPA S.A.	124,134	13-08-2019
ANDINOR LIMITADA	120,941	30-11-2018
ICAFAL INGENIERIA Y CONSTRUCCION S.	113,999	12-01-2019
INM. Y CONST NVA. PACIFI. SUR LTDA.	109,430	18-11-2018
EMP CONST QUEYLEN S.A.	109,430	31-12-2018
CONSORCIO NAC. DE DIST. Y LOG. S.A.	109,430	03-06-2020
LEVEL 3 CHILE S.A.	102,454	30-11-2019
Claro Vicuña Valenzuela S.A.	305,455	05-02-2019
Artbase Ingeniería Construcción y Servicios Ltda.	130,766	16-04-2019
Total	22,439,101	



Note 17. ORDINARY REVENUE

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

Classes of ordinary revenue	30-09-2018 Th\$	30-09-2017 Th\$	01-07-2018 30-09-2018 Th\$	01-07-2018 30-09-2018 Th\$
Ordinary revenue				
Sales of goods	4,694,919	4,866,736	1,555,579	1,693,223
Provision of services	385,878,532	368,181,207	112,828,823	110,296,297
Insurance repayment	117,952	1,596,001	0	1,011,894
Total	390,691,403	374,643,944	114,384,402	113,001,414

Note 18. LEASES

Information to disclose about operational leases as lessor

Included under this heading are machinery, digital lines, certain installations where mainly Commercial Agencies operate and mainly rental of transport services.

Future minimum non-cancellable lease receivables, lessees	30-09-2018 Th\$	31-12-2017 Th\$
Future minimum non-cancellable lease payments up to 1 year, lessees	2,074,320	2,831,275
Future minimum non-cancellable lease payments, up to 1 less than 5 years, lessees	4,165,526	5,979,441
Future minimum non-cancellable lease payments, lessees, total	6,239,846	8,810,715
Minimum lease payments under operative leases	2,267,204	3,362,982
Lease & sub-lease installments booked in statement of results, total	2,267,204	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	30-09-2018 Th\$	31-12-2017 Th\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	309,293	200,065
Amount of rentals booked in statement of results	610,351	685,735
Total	919,644	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 2,080 employees, of whom 85 are Managers and senior executives. Employees who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,753 and 32 respectively, while 295 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.: 914, Aguas Cordillera S.A.: 96, Aguas Manquehue S.A.: 14, and Essal S.A.: 325 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 September 30, 2018 and December 31, 2017, which include movements in provisions:

Provisions for employee benefits	30-09-2018 Th\$	31-12-2017 Th\$
Movement in actuarial provision		
Initial balance	16,245,576	17,285,712
Cost of services	1,017,871	1,294,818
Interest cost	1,331,817	711,341
Actuarial (gains) or losses	0	-1,340,799
Benefits paid	-2,925,850	-2,085,158
Special compensation for seniority	0	206,637
Provision termination benefits	541,262	173,025
Sub-total	16,210,676	16,245,576
Profit sharing & bonuses	3,214,450	4,556,637
Total	19,425,126	20,802,213

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

Provisions for employee benefits	30-09-2018 Th\$	31-12-2017 Th\$
Provisions for employee benefits, current	3,891,794	5,473,412
Provisions for employee benefits, non-current	15,533,332	15,328,801
Total	19,425,126	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.

During 2018, the Company together with workers' unions of Aguas Andinas and with the intention of recognizing the contributions in labor history of the staff with serious health problems that have any invalidating disease duly accredited, that affects the work performance or that does not allow to resume functions in normal conditions or are near to meet the legal retirement age, understanding for it women workers with current indefinite work contract, who are 57 years old and men workers with current indefinite work contract, who are 62 years old, qualifies to a Voluntary Retirement Plan. Also can choose those workers which have the age that demands Article 3 of Law N° 3,500 to obtain elderly retirement, i.e. more than 60 years for women and more than 65 years for men (fulfilled age).

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

Company	Number of employees	Expected payment flow Th\$	Year
A.Andinas S.A.	8	482,409	2018
ESSAL S.A.	4	33,744	2018
		516,153	

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 December 31, 2017 have been used, already commented in this note. Only the amount of the legal bonus has been increased, in line with the minimum wage established in January of this year.

The following is the summary by company:

Company	Number of employees	Cost of services Th\$	Interest costs Th\$
A.Andinas S.A.	914	604,064	800,389
A.Cordillera S.A.	96	116,231	154,007
A Manquehue S.A.	14	12,895	17,086
ESSAL S.A.	325	139,845	185,296
Gestión y Servicios S.A.	1	826	1,095
	1,350	873,861	1,157,873

Sensitivity of assumptions

The sensitivity of the main assumptions has been made based on the actuarial calculation as of September 30, 2018, determining the following impacts:



Discount rate	Basis	More than 0.5% Th\$	Less than 0.5% Th\$
A.Andinas S.A.	4.8%	-497,041	566,778
A.Cordillera S.A.	4.8%	-74,238	61,250
A Manquehue S.A.	4.8%	-12,697	8,983
ESSAL S.A.	4.7%	-6,731	44,198
Gestión y Servicios S.A.	4.8%	-368	388
Total		-591,075	681,597

Turnover rate	Basis	More than 0.5% Th\$	Less than 0.5% Th\$
A.Andinas S.A.	6.2%	-521,132	593,406
A.Cordillera S.A.	6.2%	-75,200	62,212
A Manquehue S.A.	6.2%	-13,764	10,074
ESSAL S.A.	5.1%	-4,908	46,149
Gestión y Servicios S.A.	6.2%	-408	428
Total		-615,412	712,269

Wage increase rate	Basis	More than 0.5% Th\$	Less than 0.5% Th\$
A.Andinas S.A.	5.7%	499,577	-439,982
A.Cordillera S.A.	5.7%	52,431	-66,702
A Manquehue S.A.	5.7%	7,637	-11,582
ESSAL S.A.	6.0%	42,306	-8,263
Gestión y Servicios S.A.	5.7%	343	-330
Total		602,294	-526,859

Disclosures on benefits on termination of the contractual relationship

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

Profit sharing and bonuses

This relates to the Company's obligation with its personnel with respect to profit-sharing bonuses payable in February and March of the following year. The accrued participation payable to personnel, as stipulated in current contracts, is settled during February on the basis of the statement of financial position for the immediately-preceding year. In September 30, 2018 and December 31, 2017, the amounts are Th\$3,214,450 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 September 30, 2018 and 2017 are as follows:

Personnel expenses	30-09-2018 Th\$	30-09-2017 Th\$	01-07-2018 30-09-2018 Th\$	01-07-2017 30-09-2017 Th\$
Wages & salaries	-26.847.540	-25.163.713	-8.817.783	-8.257.022
Defined benefits	-12.118.305	-11.204.796	-3.927.613	-3.567.964
Termination benefits	-3.107.613	-2.474.705	-1.130.151	-613.671
Other personnel expenses	-1.499.525	-1.673.230	-396.091	-366.924
Total	-43.572.983	-40.516.444	-14.271.638	-12.805.581

Note 20. EFFECT OF EXCHANGE DIFFERENCES

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

Concept	Currency	30-09-2018 Th\$	30-09-2017 Th\$	01-07-2018 30-09-2018 Th\$	01-07-2017 30-09-2017 Th\$
Trade debtors and other accounts receivable	EUR	-35,394	103	59	74
Trade debtors and other accounts receivable	USD	-717	-525	-401	-51
Other financial assets	USD	44,111	0	44,111	0
Other financial assets	EUR	0	0	0	0
Total variation assets		8,000	-422	43,769	23
Trade accounts payable and other accounts payable	EUR	-15,735	-7,527	-7,585	458
Trade accounts payable and other accounts payable	USD	-8,350	12,244	-36,996	4,850
Accounts payable to related entities	EUR	-11,091	0	-53	643
Other financial liabilities	EUR		0	0	0
Other financial liabilities	USD		0	0	0
Total variation liabilities		-35,176	4,717	-44,634	5,951
Gain (loss) from exchange differences		-27,176	4,295	-865	5,974



Note 21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	30-09-2018 Th\$	30-09-2017 Th\$	01-07-2018 30-09-2018 Th\$	01-07-2017 30-09-2017 Th\$
Treatment plant operation	-19,319,445	-19,030,174	-6,329,746	-6,353,944
Services	-11,956,195	-10,836,152	-4,033,246	-4,238,038
Maintenance and repair of networks	-11,131,791	-10,412,234	-3,656,221	-3,892,024
Commercial services	-10,036,596	-9,556,668	-3,342,806	-3,351,141
Costs for work requested by third parties	-6,938,124	-8,702,970	-2,049,319	-2,544,959
Maintenance of equipment and enclosures	-6,047,864	-5,286,221	-2,109,192	-1,636,568
Leases	-5,768,716	-5,410,278	-2,091,305	-1,800,147
Waste and sludge removal	-4,510,700	-4,893,555	-1,449,671	-1,543,901
Insurance, taxation, licenses & permits	-5,100,277	-5,288,855	-1,742,371	-2,027,660
General expenses	-4,379,373	-4,283,235	-1,412,285	-1,596,247
Others	-4,899,286	-6,976,121	-1,051,492	-676,330
Total	-90,088,367	-90,676,463	-29,267,654	-29,660,959

Note 22. RESULTS FOR INDEXED UNITS

The composition of the results for indexed units for periods ended as of September 30, 2018 and 2017 is as follows:

Concept	30-09-2018 Th\$	30-09-2017 Th\$	01-07-2018 30-09-2018 Th\$	01-07-2017 30-09-2017 Th\$
Accounts payable to related entities	4,485	467,112	-9	0
Current tax assets	376,479	229,336	51,785	46,163
Trade debtors and other accounts receivable	168,081	50,315	86,718	-13,494
Total variation assets	549,045	746,763	138,494	32,669
Other financial liabilities	-17,120,348	-10,265,084	-6,253,036	-681,614
Trade accounts payable and other accounts payable	-100,896	-125,465	-26,653	-3,527
Accounts payable to related entities	-92	-312	0	9
Other non-financial liabilities	-110,576		0	0
Total variation liabilities	-17,331,912	-10,390,861	-6,279,689	-685,132
Losses from exchange differences	-16,782,867	-9,644,098	-6,141,195	-652,463



Note 23. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs to September 30, 2018 and December 31, 2017 is as follows:

Disclosures on capitalized interest costs

Capitalized interest costs, property, plant & equipment		30-09-2018	31-12-2017
Rate of capitalization of capitalized interest costs, property, plant & equipment	%	6.37	7.13
Amount of capitalized interest, property, plant & equipment	Th\$	2,778,933	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	30-09-2018 Th\$	30-09-2017 Th\$
Deferred tax assets	22,893,502	20,200,593
Deferred tax liabilities	-36,318,176	-37,820,849
Net deferred tax position	-13,424,674	-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	30-09-2018 Th\$	30-09-2017 Th\$
Water rights (amortization)	497,755	477,561
Provision for doubtful accounts	9,866,732	8,936,230
Provision for vacations	632,163	661,801
Litigation	743,880	703,031
Termination benefits	3,617,318	3,491,419
Other provisions	128,724	109,329
Variation monetary correction & depreciation assets	69,070,019	66,862,390
Deferred income	1,969,571	1,969,571
La Dehesa dam transaction	386,117	378,223
Amortization	0	107
Others	1,389,205	1,274,491
Deferred tax assets	88,301,484	84,864,153

Disclosures on deferred tax liabilities

Deferred tax liabilities	30-09-2018 Th\$	30-09-2017 Th\$
Depreciation fixed assets	18,505,488	18,168,997
Amortization	667,711	475,077
Expense investment related companies	114,266	114,266
Revaluation of land	24,384,102	24,584,755
Revaluations of water rights	46,836,823	46,838,629
Fair value of assets on purchase Essal S.A.	10,895,054	11,961,837
Others	322,714	340,848
Deferred tax liabilities	101,726,158	102,484,409

Net deferred tax position	-13,424,674	-17,620,256
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Movements in deferred tax

Movement in deferred tax assets	30-09-2018 Th\$	30-09-2017 Th\$
Deferred tax assets, initial balance	84,864,153	84,697,048
Increases (decreases) in deferred tax assets	299,200	-456,516
Increases (decreases) for variation in monetary correction and assets depreciation	2,207,629	-2,001
Increases (decreases) for bad debt provision	930,502	625,622
Changes in deferred tax assets	3,437,331	167,105
Changes in deferred tax assets, total	88,301,484	84,864,153

Movement in deferred tax liabilities	30-09-2018 Th\$	30-09-2017 Th\$
Deferred tax liabilities, initial balance	102,484,409	102,615,565
Increases (decreases) in deferred tax liabilities	308,532	1,212,200
Increases (decreases) in acquisitions through combinations of businesses	-1,066,783	-1,343,356
Changes in deferred tax liabilities	-758,251	-131,156
Changes in deferred tax liabilities, total	101,726,158	102,484,409

Revenues tax expenses

Revenues (charge) for income taxes by current & deferred parts	30-09-2018 Th\$	30-09-2017 Th\$	01-07-2018 30-09-2018 Th\$	01-07-2017 30-09-2017 Th\$
Charge for current taxes	-38,154,945	-34,893,316	-7,783,081	-8,061,489
Previous year adjustment tax expense	-159,825	-169,861	-143,595	0
Charge for current income tax	-38,314,770	-35,063,177	-7,926,676	-8,061,489
Deferred income (expenses) for taxes related to creation & reversal of timing differences	4,195,582	1,473,976	970,608	-1,383,726
Charge for sole tax (disallowed expenses)	-143,680	-82,252	-45,696	-41,757
Earnings (charge) for other taxes	4,051,902	1,391,724	924,912	-1,425,483
Charge for income tax	-34,262,868	-33,671,453	-7,001,764	-9,486,972



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

	30-09-2018 Th\$	30-09-2017 Th\$	01-07-2018 30-09-2018 Th\$	01-07-2017 30-09-2017 Th\$
Charge for taxes using the statutory rate	-37,224,196	-35,228,322	-7,626,356	-9,490,973
Permanent difference for monetary correction tax equity	3,337,560	2,010,915	819,385	120,084
Permanent difference for disallowed expenses	-143,680	-82,252	-45,696	-41,757
Permanent difference for previous years' income tax	-159,825	-169,861	-143,595	0
Other permanent differences	-72,727	-201,933	-5,502	-74,326
Adjustments to tax charge using the statutory rate	2,961,328	1,556,869	624,592	4,001
Tax charge using the effective rate	-34,262,868	-33,671,453	-7,001,764	-9,486,972

Reconciliation of the statutory rate and the effective tax rate

	30-09-2018	30-09-2017
Statutory tax rate	27.00%	25.50%
Permanent difference for monetary correction tax equity	-2.42%	-1.46%
Permanent difference for disallowed expenses	0.10%	0.06%
Permanent difference for previous years' income tax	0.12%	0.12%
Other permanent differences	0.05%	0.15%
Effective tax rate	24.85%	24.37%

Note 25. EARNINGS PER SHARE

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

Earnings per share		30-09-2018	30-09-2017	01-07-2018 30-09-2018	01-07-2017 30-09-2017
Earnings attributable to shareholders in net equity of the controller	Th\$	101.565.511	101.429.696	20.400.449	26.408.874
Results available to common shareholders, basic	Th\$	101.565.511	101.429.696	20.400.449	26.408.874
Weighted average number of shares, basic		6.118.965.160	6.118.965.160	6.118.965.160	6.118.965.160
Earnings per share	\$	16,598	16,576	3,334	4,316



Information to report on diluted earnings (losses) per share

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

Note 26. BUSINESS SEGMENTS

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

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

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

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

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

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



General information on results, assets, liabilities and equity.

General information on results	30-09-2018		30-09-2017	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-Water Th\$
Revenues from ordinary activities with external customers	371,934,736	18,756,667	356,584,789	18,059,155
Revenues from ordinary activities between segments	911,630	3,276,667	708,964	3,236,258
Raw materials and consumables used	-22,478,105	-7,159,123	-17,842,896	-7,411,795
Employee benefit expenses	-38,057,441	-5,563,098	-35,170,846	-5,426,256
Operating expenses	-88,910,620	-5,122,490	-89,220,827	-5,169,822
Depreciation & amortization	-55,978,415	-908,817	-54,610,527	-522,752
Other revenue & expenses	1,842,091	-255,553	1,392,941	387,359
Financial income	4,610,609	21,609	4,757,121	209,157
Financial costs	-22,141,644	-101,267	-22,449,331	-70,953
Result of indexation & exchange differences	-16,859,200	49,157	-9,654,696	14,892
Income tax charge	-33,512,258	-750,610	-32,844,052	-827,401
Earnings by segment	101,361,383	2,243,142	101,650,640	2,477,842
Earnings by segment attributable to owners of the controller	99,322,368	2,243,142	98,951,854	2,477,842
Earnings (losses) by segment attributable to non-controller participations	2,039,015	0	2,698,786	0

Total assets, liabilities & equity	30-09-2018		31-12-2017	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-Water Th\$
Current assets	147,422,801	14,701,449	142,790,325	14,731,411
Non-current assets	1,675,914,046	20,235,520	1,626,875,139	20,251,891
Total assets	1,823,336,847	34,936,969	1,769,665,464	34,983,302
Current liabilities	176,916,417	13,173,286	230,408,065	14,472,469
Non-current liabilities	970,655,876	122,649	866,317,420	151,337
Equity attributable to owners of the controller	626,862,837	21,641,034	622,271,278	20,359,496
Non-controller participations	48,901,717	0	50,668,701	0
Total equity & liabilities	1,823,336,847	34,936,969	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.

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	30-09-2018 Th\$	30-09-2017 Th\$
Revenues from ordinary activities of the segments	394,879,701	378,589,166
Elimination of ordinary activity revenues between segments	-4,188,298	-3,945,222
Revenues from ordinary activities	390,691,403	374,643,944

Reconciliation of earnings	30-09-2018 Th\$	30-09-2017 Th\$
Total consolidated earnings (loss) of segments	103,604,526	104,128,482
Consolidation of elimination of earnings (loss) between segments	-2,039,015	-2,698,786
Consolidation of earnings (loss)	101,565,511	101,429,696

Reconciliations of segment assets, liabilities & equity of segments	30-09-2018 Th\$	31-12-2017 Th\$
Reconciliation of assets		
Consolidation total assets of segments	1,858,273,816	1,804,648,766
Elimination of accounts between segments	-6,529,561	-7,768,630
Total assets	1,851,744,255	1,796,880,136
Reconciliation of liabilities		
Consolidation total liabilities of segments	1,160,868,228	1,111,349,291
Elimination of accounts between segments	-6,529,561	-7,768,632
Total liabilities	1,154,338,667	1,103,580,659
Reconciliation of equity		
Consolidation total equities of segments	648,503,871	642,630,776
Equity attributable to owners of the controller	648,503,871	642,630,776



Information on principal customers of the subsidiaries:

Main water segment customers:

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

Main non-water segment Customers:

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

Types of products in the water and non-water 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	30-09-2018 Th\$	31-12-2017 Th\$
Expansion & improvements Buin Maipo WWTP	484,309	30,787
Expansion & improvements Curacaví WWTP	494,688	1,709,635
Expansion & improvements El Monte WWTP	376,611	2,867
Expansion & improvement San José de Maipo WWTP	27,149	2,145
Expansion & improvement Talagante WWTP	2,644,001	1,358,967
Expansion & improvements Other Districts WWTP	1,275	26,013
Improvement & renewal equipment & purification facilities	854,773	1,162,682
La Farfana Plant	3,465,072	3,567,160
Mapocho - Trebal Plant	12,870,093	9,381,667
External platform handling and disposal sludge El Rital	2,275	17,403
Total	21,220,246	17,259,327

Aguas Manquehue S.A.

Project Name	30-09-2018 Th\$	31-12-2017 Th\$
Improvement & renewal equipment & purification facilities	24,367	60,863
Total	24,367	60,863

Aguas del Maipo

Project Name	30-09-2018 Th\$	31-12-2017 Th\$
Biogas Purifying Plant	0	6,121,864
Total	0	6,121,864

Essal S.A.

Project Name	30-09-2018 Th\$	31-12-2017 Th\$
Improvement in disposal infrastructure	23,781	149,612
Improvement of EDAR system	7,547	285,144
Renewal of treatment & disposal equipment	99,965	104,899
Total	131,293	539,655



Projected environmental investments for the 2018 period:

Company	Th\$
Aguas Andinas S.A.	9,992,875
Aguas Manquehue S.A.	103,693
Essal S.A.	731,884
Total	10,828,452

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

At the date of issuance of these Interim Consolidated Financial Statements, the management of the Company and Subsidiaries are not aware of any other subsequent events that affect the financial position as of September 30, 2018.

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