

*Interim Consolidated Financial Statements*

**AGUAS ANDINAS S.A. Y FILIALES**

*Santiago, Chile*

*June 30<sup>th</sup> 2019 and 2018*



## **Interim Consolidated Financial Statements**

For period ended  
June 30<sup>th</sup>, 2019 and 2018

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



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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

(Translation of the Report originally issued in Spanish)

Shareholders and Directors  
Aguas Andinas S.A.

We have reviewed the accompanying interim consolidated financial statements of Aguas Andinas S.A. and Subsidiaries, which comprise: the interim consolidated statement of financial position as of June 30, 2019; the interim consolidated statements of comprehensive income for the six and three month periods ended June 30, 2019 and 2018; the interim consolidated statements of changes in equity and cash flows for the six month periods then ended, and; the corresponding notes to the interim consolidated financial statements.

### **Management's Responsibility for the interim consolidated financial statements**

Management is responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with *IAS 34, "Interim Financial Reporting" incorporated in the International Financial Reporting Standards (IFRS)*. This responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of the interim consolidated financial statements, in accordance with the applicable framework for the preparation and fair presentation of financial statements.

### **Auditor's Responsibility**

Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in Chile applicable to reviews of interim financial statements. A review of interim financial statements consists principally of applying analytical procedures and making inquiries with the people responsible for financial and accounting matters. The scope is substantially more limited than an audit conducted in accordance with the generally accepted auditing standards in Chile, whose objective is expressing an opinion on the financial statements. Accordingly, we do not express such an opinion.

### **Conclusion**

Based on our review, we are not aware of any material adjustment that should be applied to the interim consolidated financial statements, referred to in the first paragraph, in order to be in accordance with *IAS 34, "Interim Financial Information", incorporated in the International Financial Reporting Standards (IFRS)*.





## Other matters

### Statement of financial position as of December 31, 2018

On March 20, 2019, we issued an unqualified audit opinion on the consolidated financial statements as of December 31, 2018 and 2017 of Aguas Andinas S.A. and Subsidiaries, which included the consolidated statement of financial position as of December 31, 2018, presented in the accompanying interim consolidated financial statements with their corresponding notes.



Luis Martínez M.

EY Audit SpA.

Santiago, August 21, 2019



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

**This document includes:**

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



Interim Consolidated Financial Statements

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

June 30<sup>th</sup>, 2019 and June 30<sup>th</sup>, 2018

**Consolidated Financial Statements**  
**As of June 30<sup>th</sup>, 2019 (unaudited) and December 31<sup>st</sup>, 2018**  
(In Thousand Pesos Th\$)

<b>ASSETS</b>	<b>Note</b>	<b>30/06/2019 Th\$</b>	<b>31/12/2018 Th\$</b>
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	3	18.339.024	39.980.474
Other current financial assets	7	198.047	-
Other non-financial assets		2.312.309	2.324.238
Trade debtors & other accounts receivable	4	106.345.528	116.821.062
Accounts receivable from related entities	5	729.283	91.183
Inventories	6	3.475.224	3.636.388
Tax assets		1.842.803	5.660.627
<b>Total current assets other than assets or groups of assets for disposal classified as held for sale or held to be distributed to the owners</b>		<b>133.242.218</b>	<b>168.513.972</b>
Non-current assets held for sale	8	4.312.010	-
<b>TOTAL CURRENT ASSETS</b>		<b>137.554.228</b>	<b>168.513.972</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	7	7.852.912	7.852.912
Other non-financial assets		512.076	495.067
Receivables	4	3.806.413	4.500.020
Intangible assets other than goodwill	9	224.390.966	224.864.424
Goodwill	10	36.233.012	36.233.012
Property, plant & equipment	11	1.461.373.834	1.440.093.131
Deferred tax assets	13	26.814.022	23.499.561
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1.760.983.235</b>	<b>1.737.538.127</b>
<b>TOTAL ASSETS</b>		<b>1.898.537.463</b>	<b>1.906.052.099</b>

The accompanying notes 1 to 33 are an integral part of these interim consolidated financial statements.

**Consolidated Financial Statements**  
**As of June 30th, 2019 (unaudited) and December 31st, 2018**  
**(In Thousand Pesos Th\$)**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>30/06/2019 Th\$</b>	<b>31/12/2018 Th\$</b>
<b>CURRENT LIABILITIES</b>			
Other financial liabilities	14	50.321.522	33.963.316
Trade creditors & other accounts payable	15	78.199.367	136.899.175
Accounts payable to related entities	5	21.465.011	46.569.102
Other provisions	16	2.762.428	2.992.246
Tax liabilities		2.553.687	181.758
Provisions for employee benefits	17	2.527.462	5.496.070
Other non-financial liabilities	18	18.239.338	16.216.857
<b>Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale</b>		<b>176.068.815</b>	<b>242.318.524</b>
<b>TOTAL CURRENT LIABILITIES</b>		<b>176.068.815</b>	<b>242.318.524</b>
<b>NON-CURRENT LIABILITIES</b>			
Other financial liabilities	14	983.450.630	912.513.179
Other accounts payable	15	943.980	983.335
Other provisions	16	1.358.876	1.341.233
Deferred tax liabilities	13	34.758.991	35.452.801
Provisions for employee benefits	17	18.239.615	17.338.241
Other non-financial liabilities	18	7.543.802	9.113.389
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1.046.295.894</b>	<b>976.742.178</b>
<b>TOTAL LIABILITIES</b>		<b>1.222.364.709</b>	<b>1.219.060.702</b>
<b>EQUITY</b>			
Issued capital	19	155.567.354	155.567.354
Accumulated earnings	19	315.938.080	324.954.813
Share premium	19	164.064.038	164.064.038
Other equity participations	19	(5.965.550)	(5.965.550)
<b>Equity attributable to owners of the controller</b>		<b>629.603.922</b>	<b>638.620.655</b>
<b>Non-controller participations</b>	20	46.568.832	48.370.742
<b>TOTAL EQUITY</b>		<b>676.172.754</b>	<b>686.991.397</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1.898.537.463</b>	<b>1.906.052.099</b>

The accompanying notes 1 to 33 are an integral part of these interim consolidated financial statements.





**Comprehensive Interim Consolidated revenue statements by nature**  
**For the period ended on June 30<sup>th</sup>, 2019 y 2018 (unaudited)**  
(In Thousand Pesos Th\$)

STATEMENT OF RESULTS BY NATURE	Note	Th\$	Th\$	Th\$	Th\$
Revenues from ordinary activities	21	284.899.948	276.307.001	128.036.639	123.827.623
Raw materials & consumables used		(21.515.539)	(19.424.398)	(11.048.060)	(9.534.609)
Employee benefit expenses	17	(29.898.860)	(29.301.345)	(15.538.404)	(14.909.612)
Charges for depreciation & amortization	9-11	(37.569.286)	(37.618.075)	(18.785.986)	(18.762.236)
Other expenses, by nature	22	(62.503.139)	(60.820.713)	(31.698.149)	(30.723.115)
Other (losses) gains	23	(1.249.139)	2.568.607	(1.171.081)	553.992
Financial income	23	2.823.807	3.202.492	1.480.346	1.815.181
Financial costs	23	(15.361.563)	(14.623.959)	(7.894.944)	(7.640.866)
Exchange differences	24	(67.434)	(26.311)	(54.305)	2.611
Results of indexation adjustments	25	(10.542.931)	(10.641.672)	(10.571.801)	(6.057.355)
<b>Earnings before taxes</b>		<b>109.015.864</b>	<b>109.621.627</b>	<b>32.754.255</b>	<b>38.571.614</b>
Charge for income taxes	13	(26.816.196)	(27.261.104)	(6.200.972)	(9.131.660)
<b>Earnings from continuing operations</b>		<b>82.199.668</b>	<b>82.360.523</b>	<b>26.553.283</b>	<b>29.439.954</b>
<b>Earnings</b>		<b>82.199.668</b>	<b>82.360.523</b>	<b>26.553.283</b>	<b>29.439.954</b>
<b>Earnings attributable to:</b>					
<b>Owners of the controller</b>		<b>80.610.197</b>	<b>81.165.062</b>	<b>26.040.935</b>	<b>29.107.672</b>
Earnings attributable to non-controller participations	20	1.589.471	1.195.461	512.348	332.282
<b>Earnings</b>		<b>82.199.668</b>	<b>82.360.523</b>	<b>26.553.283</b>	<b>29.439.954</b>
<b>Earnings per share</b>					
Basic earnings per share from continuing operations	27	13,174	13,265	4,256	4,757
<b>Basic earnings per share</b>		<b>13,174</b>	<b>13,265</b>	<b>4,256</b>	<b>4,757</b>

STATEMENT OF COMPREHENSIVE RESULTS		Th\$	Th\$	Th\$	Th\$
<b>Earnings</b>		<b>82.199.668</b>	<b>82.360.523</b>	<b>26.553.283</b>	<b>29.439.954</b>
<b>TOTAL COMPREHENSIVE RESULT</b>		<b>82.199.668</b>	<b>82.360.523</b>	<b>26.553.283</b>	<b>29.439.954</b>
<b>Comprehensive result attributable to</b>					
<b>Result attributable to owners of the controller</b>		<b>80.610.197</b>	<b>81.165.062</b>	<b>26.040.935</b>	<b>29.107.672</b>
Result attributable to non-controller participations		1.589.471	1.195.461	512.348	332.282
<b>Total comprehensive result</b>		<b>82.199.668</b>	<b>82.360.523</b>	<b>26.553.283</b>	<b>29.439.954</b>

The accompanying notes 1 to 33 are an integral part of these interim consolidated financial statements.



**Interim Consolidated direct cash flow statements**  
**For the period ended on June 30th, 2019 y 2018 (unaudited)**  
**(In Thousand Pesos Th\$)**

Direct cash flow statements	Note	30/06/2019 Th\$	30/06/2018 Th\$
<b>Proceed from the sale of goods and provision of services</b>		347.329.939	344.499.191
Proceeds from contracts held for intermediation purposes or to negotiate		515.136	1.016.124
Other proceeds from operating activities		818.835	604.650
<b>Classes of charges for operating activities</b>		<b>348.663.910</b>	<b>346.119.965</b>
Payments to suppliers for the supply of goods and services		(100.280.477)	(101.271.052)
Payments to and on behalf of employees		(34.519.906)	(38.006.317)
Payments for premiums and benefits, annuities and other obligations arising from the subscribed policies		(2.040.215)	(314.139)
Other payments for operating activities		(29.179.571)	(32.097.486)
<b>Payment classes from operating activities</b>		<b>(166.020.169)</b>	<b>(171.688.994)</b>
Interest paid		(10.675.227)	(10.323.127)
Interest Received		487.637	372.488
Income taxes paid (refunded)		(23.177.822)	(27.710.553)
Other cash inflows		(1.146.899)	(922.400)
Cash flows from (used in) operations		<b>(34.512.311)</b>	<b>(38.583.592)</b>
<b>Cash flows from (used in) operating activities</b>		<b>148.131.430</b>	<b>135.847.379</b>
Amounts from the sale of property, plant and equipment		349.393	4.996.076
Property, plant and equipment purchases		(103.858.323)	(61.264.666)
Purchases of intangible assets		(10.450)	(208.142)
Other cash inflows		(1.104.633)	(1.177.283)
<b>Cash flows from (used in) investment activities</b>		<b>(104.624.013)</b>	<b>(57.654.015)</b>
Amounts from long-term loans		68.178.608	102.293.225
Amounts from short-term loans		68.716.592	48.633.811
<b>Amounts from loans, classified as financing activities</b>		<b>136.895.200</b>	<b>150.927.036</b>
Loan repayments		(64.166.519)	(65.988.539)
Dividends paid		(137.877.548)	(143.312.762)
Other cash inflows		-	(94.873)
<b>Cash flows from (used in) financing activities</b>		<b>(65.148.867)</b>	<b>(58.469.138)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(21.641.450)</b>	<b>19.724.226</b>
Cash and cash equivalents at the beginning of the period		39.980.474	18.808.340
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>18.339.024</b>	<b>38.532.566</b>

The accompanying notes 1 to 33 are an integral part of these interim consolidated financial statements.



**Statement of Changes in Interim Consolidated Net Equity**  
**For the period ended on June 30th, 2019, and 2018 (unaudited)**  
**(In thousand pesos - Th\$)**

Statement of changes in equity	Note	Issued Capital Th\$	Share premium Th\$	Other participations in the equity Th\$	Accumulated earnings (losses) Th\$	Equity attributable to owners of the controller Th\$	Non-controller participations Th\$	Total equity Th\$
Initial balance as of 01-01-2019		155.567.354	164.064.038	(5.965.550)	324.954.813	638.620.655	48.370.742	686.991.397
Comprehensive result								
Earnings		-	-	-	80.610.197	80.610.197	1.589.471	82.199.668
Dividends		-	-	-	(89.626.930)	(89.626.930)	-	(89.626.930)
Decrease in transfers and other changes		-	-	-	-	-	(3.391.381)	(3.391.381)
Total changes in equity		-	-	-	(9.016.733)	(9.016.733)	(1.801.910)	(10.818.643)
Closing balance as of 31-03-2019	19-20	155.567.354	164.064.038	(5.965.550)	315.938.080	629.603.922	46.568.832	676.172.754

Statement of changes in equity	Note	Issued Capital Th\$	Share premium Th\$	Other participations in the equity Th\$	Accumulated earnings (losses) Th\$	Equity attributable to owners of the controller Th\$	Non-controller participations Th\$	Total equity 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		-	-	-	81.165.062	81.165.062	1.195.461	82.360.523
Dividends		-	-	-	(95.692.416)	(95.692.416)	-	(95.692.416)
Decrease in transfers and other changes		-	-	-	-	-	(3.805.999)	(3.805.999)
Total changes in equity		-	-	-	(14.527.354)	(14.527.354)	(2.610.538)	(17.137.892)
Closing balance as of 31-03-2018	19-20	155.567.354	164.064.038	(5.965.550)	314.437.580	628.103.422	48.058.163	676.161.585

The accompanying notes 1 to 33 are an integral part of these interim consolidated financial statements.



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## Note 1. OVERVIEW

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

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

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

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

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

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

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

## Note 2. PREPARATION BASIS AND ACCOUNTING POLICIES

### 2.1 Preparation basis

These interim consolidated financial statements are the consolidated financial statements as of June 30, 2019 and December 31, 2018 and the consolidated statements of comprehensive income, changes in equity and cash flows for the periods ended at June 30, 2019 and 2018, they have been prepared in accordance with International Accounting Standards (IAS), IAS 34 Intermediate Financial Information, incorporated into the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter “IASB”), and represent the comprehensive, explicit and unreserved adoption of the aforementioned IFRS.

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



## Functional and presentation currency

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

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 16 “Leases”

The IFRS 16, issued in January 2016 by IASB, established the principles to the recognition, measurement and presentation of the leases and its associated disclosures. The new standard replace IAS 17 “Leases” and its interpretations: IFRIC 4 “Determination of whether an agreement contains a lease”, “SIC 15 “Operating leases – incentives”, SIC 27 “Evaluation of the essence of transactions which adopt a legal form of a lease”. The standard started its effective application from January 1, 2019.

**Lessee accounting:** The IFRS 16 introduce a single lease accounting model and requires that a lessee recognize the assets and liabilities of all the leases with duration greater than 12 months, unless the underlying asset is low value. The lessee has to recognize an asset by usage right that represents its right to use the underlying lease asset and leasing liability that represents its obligation to make lease payments.

The lessee measures the assets for usage rights analogously to other non-financial assets (such as property, plant and equipment) and leasing liabilities similarly to other financial liabilities. As a result, the lessee will recognize the depreciation of the asset for usage rights and the interests of the leasing liability, and also will classify the cash reimbursements of the leasing liability in a part of the principal and a part of interest and will present them in the statement of cash flow applying IAS 7 *Statement of cash flows*.



**Lessor accounting:** It is not substantially modified regarding to what was established in IAS 17. The lessor will continue to classify the leases under the same principles of the current standard, such as operating or financial leases.

The main effects arising from the application of the new Standard in the Group are those related to buildings and cars leases. As a result of the change in the accounting model for lessees, the Group has recognized an increase in current and non-current liabilities for a total amount of Th\$1,713,735 as of January 1, 2019, due to the recognition of leasing liabilities, and an increase in non-current assets for the same amount, as a consequence of the recognition of the usage rights originated in such contracts.

As a result of the foregoing, during the first quarter of 2019 the Group recognized a higher financial expense associated to the new leasing liabilities by Th\$26,768 and a greater depreciation associated to the usage rights by Th\$574,290.

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

Standards and Interpretations	Date of mandatory application
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 – Definition of a business	Annual periods starting or after January 1, 2020
IAS 1, Financial statements presentation and IAS 8, Investments in associated companies – Definition of material	Annual periods starting or after January 1, 2020
IFRS 10 and IAS 28, Consolidated Financial Statements – sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Company's Management estimate that the adoption of the Standards, Amendments and Interpretations, previously described and that could apply to Aguas Andinas S.A. and Subsidiaries, are in evaluation process and it is estimated that as of the date would not have significant impact consolidated financial statements of the Group in the period of its first application. The Management periodically is evaluating these implications.

### Responsibility for the information and calculations

The information contained in these consolidated financial statements is responsibility of the Board of Directors of the Company, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. The Board of Directors, in a meeting held on August 21, 2019, approved these interim consolidated financial statements.

The interim consolidated financial statements of Aguas Andinas S.A. and Subsidiaries for the period 2018 were approved by their Director's Committee in the Meeting held on March 20, 2019.

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

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





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

## 2.2 Accounting policies

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

### A. Bases for consolidation

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

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

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

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

Tax ID	Company	Direct %	Indirect %	Total 2019 (%)	Direct %	Indirect %	Total 2018 (%)
96.809.310-K	Aguas Cordillera S.A.	99,99003	-	99,99003	99,99003	-	99,99003
89.221.000-4	Aguas Manquehue S.A.	0,00043	99,99957	100,00000	0,00043	99,99957	100,00000
96.897.320-7	Inversiones Iberaguas Ltda.	99,99998	0,00002	100,00000	99,99998	0,00002	100,00000
96.579.800-5	ESSAL S.A.	2,50650	51,00000	53,50650	2,50650	51,00000	53,50650
96.945.210-3	EcoRiles S.A.	99,03846	0,96154	100,00000	99,03846	0,96154	100,00000
96.828.120-8	Gestión y Servicios S.A.	97,84783	2,15217	100,00000	97,84783	2,15217	100,00000
96.967.550-1	Análisis Ambientales S.A.	99,00000	1,00000	100,00000	99,00000	1,00000	100,00000
76.190.084-6	Aguas del Maipo S.A.	82,64996	17,35004	100,00000	82,64996	17,35004	100,00000

### B. Operating Segments

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

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

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

### C. Intangible assets other than capital gain

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



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

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

#### **ii. Amortization method for intangible assets:**

##### **Intangible assets with defined useful lives**

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

##### **Software**

The estimated useful life for software is 4 years. For any other asset with a defined useful life, the period of useful life in which they are amortized corresponds to the periods defined in the contracts or rights that originate them.

##### **Intangible assets with indefinite useful lives**

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

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

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

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

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

#### **D. Capital Gain**

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

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

In the event the definitive capital gain is recorded in the financial statements for the year following the share acquisition, the items of the previous year shown for comparison purposes are modified to incorporate the value of the acquired assets and liabilities and the definitive capital gain from the share acquisition date.

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



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

## E. Property, plant and equipment

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

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

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

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

When the value of an asset is higher than its estimated recoverable amount it is immediately reduced to the amount recoverable (Note 29).

### Useful lives

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

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

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

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

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

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



### **Property, plant and equipment sales policy**

The results of property, plant and equipment sales are calculated by comparing the revenue received with the book value and are registered in the Consolidated Statement of Comprehensive Results.

### **F. Impairment of tangible and intangible assets except capital gain**

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

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

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

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

### **G. Leases**

The Group evaluates its lease contracts in accordance to IFRS 16, that is, if the right to control the use of an identified asset is transferred for a period in exchange for a consideration. It is considered that there is control if the customer has i) the right to obtain substantially all the economic benefits derived from the use of an identified asset; and ii) the right to direct the use of the asset.

When the Group acts as a lessee, at the beginning of the lease (i.e., on the date on which the underlying asset is available for use) records in the statement of financial position an asset for usage right and leasing liability.

The Group initially recognizes the usage right asset at cost, adjusted for any new measurement of the leasing liability, less accumulated depreciation and accumulated impairment losses. The usage right asset is depreciated over lease term. To determine if the usage right asset has been impaired, the same criteria detailed in Note 2.F is applied.

The leasing liability is measured initially at current value of the lease payments, discounted at the incremental rate by the company's loans, if the interest rate implicit in the lease can not be easily determined.

After the start date, the leasing liability is increased to reflect the interest accumulation and reduced by the lease payments made. In addition, the book value of the liability is remeasured if there is a change in the terms of the lease (changes in the term, in the amount of the payments or in the evaluation of an option to purchase or change in the amounts payable). Interest expense is recognized as a financial cost in the result of the period.

Short-term leases, equal to or less than a year, or lease of low-value assets are excepted from the application of the recognition criteria described above, recording the payments associated with the lease as an expense in a straight-line over the term of the lease.



When the Group acts as a lessor, classifies at the beginning of the agreement if the lease is operating or financial, based on the essence of the transaction. Leases in which are transferred substantially all the risks and benefits inherent to ownership of the underlying asset are classified as financial leases. The rest of the leases are classified as operating leases.

## **H. Financial assets**

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

Financial assets are classified in the following categories:

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

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

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

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

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

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

### **ii. Fair value with changes in other comprehensive income**

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

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

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

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

The Company and its subsidiaries hold shares in Sociedad Eléctrica Puntilla S.A., which have been valued at their fair value at the acquisition date, as defined in IFRS 9. Their subsequent measurement will be at cost because there is no active market, as provided in the same standard.



#### **iv. Financial assets at amortized cost**

##### **Loans and accounts receivable**

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

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

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

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

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

The Company continuously evaluates impairments affecting its financial assets. The amount is recognized under bad debt provisions. The book value of an asset is reduced to the extent that the provision account is used, and the loss is acknowledged in the statement of comprehensive results under "other expenses." When an account receivable is not recoverable, it is recorded under provisions for accounts receivable, based on expected credit losses model as established in IFRS 9.

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

In Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A., the debt of customers with more than 8 balances is provisioned at 100%.

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

A 100% provision is made for overdue notes receivable.

#### **I. Inventories**

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

#### **J. Dividend policy**

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

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



## K. Foreign currency transactions

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

Currency	31-03-2019 \$	31-12-2018 \$
US Dollar	679,15	694,77
Euro	772,11	794,75

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

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

## L. Financial liabilities

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

## M. Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

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

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



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

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

## **N. Provisions and contingent liabilities**

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

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

Contingent liabilities are possible obligations arising from past events, whose future materialization and associated equity effect is believed to be a low probability. In accordance with IFRS, the Group makes no provision for these concepts; if there were any, as is required in the same regulation, they are described in Note 16.

## **O. Employee benefits**

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

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

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

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

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





## **ESSAL S.A.**

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

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

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

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

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

Revenue tax payable is determined on the basis of the tax result for the period. The revenue tax payable by the Group is calculated using tax rates approved or in the process, on the closing date of the balance sheet.

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

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

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

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

## **Q. Current revenue**

### **Policy for recognition of ordinary revenue**

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

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



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

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

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

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

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

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

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

### **Method used for determining the service termination status**

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

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

## **R. Earnings per share**

Basic earnings per share are calculated as the ratio between the earnings (loss) attributable to the holders of Net Equity of the Controller and the average weighted number of common shares in circulation.

During the period ending March 31, 2019 and December 31, 2018, the Group has carried out no operation with a potential diluting effect that supposes that diluted earnings per share are any different to basic earnings per share.

## **S. Environmental information**

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



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

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

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

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

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

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

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

#### **U. Construction contracts**

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

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

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

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

#### **V. Capitalized financing costs**

##### **Policy on interest-bearing loans:**

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

##### **Policy on interest-cost capitalization:**

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



## W. Non-current assets held for sale or for distribution to owners

Non-current assets are classified as: held for sale if their carrying amount will be recovered primarily through a sale transaction instead of for its continued use or held for distribution to owners when the entity agrees to distribute the assets (or group of assets for disposal) to the owners.

For the above classification, the assets must be available for immediate sale or distribution under their current conditions and the sale or distribution must be highly probable.

Assets or groups subject to misappropriation classified as held for sale or held for distribution to owners are measured at the lowest value between their book value or fair value less costs of sale or distribution.

## X. Reclassifications

For the year ended December 31, 2018, certain reclassifications have been made to facilitate comparison with the period ended June 30, 2019, in accordance with the following detail:

Reclassifications	Increase/ (Decrease) M\$
<b>Statement of financial position:</b>	
Commercial accounts and other accounts payable	26.208
Other non-financial liabilities	(26.208)
<b>Cash flow statement:</b>	
<b>Cash flows from (used in) operating activities</b>	
Interest paid	(1.549.864)
<b>Cash flows from (used in) financing activities</b>	
Loan repayments	1.549.864

## Note 3. CASH AND CASH EQUIVALENT

The table below contains a breakdown of this item:

Cash & cash equivalents	30-06-2019 Th\$	31-12-2018 Th\$
Banks	4.344.510	3.068.513
Term deposits (see note 8.6)	-	31.776.961
Mutual Funds (see note 8.6)	13.994.514	5.135.000
<b>Total</b>	<b>18.339.024</b>	<b>39.980.474</b>

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



### Detail of some items of cash flow statements

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

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

### 3.1 Cash equivalents

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

Company	Instruments	30-06-2019 Th\$	31-12-2018 Th\$
Aguas Andinas S.A.	Term deposit	-	29.400.000
Aguas Andinas S.A.	Mutual Funds	12.724.514	4.525.000
Essal S.A.	Term deposit	-	1.792.391
EcoRiles S.A.	Mutual Funds	-	220.000
Gestión y Servicios S.A.	Term deposit	-	584.570
Gestión y Servicios S.A.	Mutual Funds	1.270.000	390.000
<b>Total</b>		<b>13.994.514</b>	<b>36.911.961</b>

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

### Note 4. TRADE DEBTORS AND OTHER ACCOUNTS AND RIGHTS RECEIVABLE

The composition of trade debtors (currents and non-currents) as of June 30, 2019 and December 31, 2018 is the following:

Credit risk	30/06/2019 Th\$	31/12/2018 Th\$
Gross exposure per balance sheet for risks of accounts receivable, current	143.353.261	151.032.545
Gross exposure entitlements receivable, non-current	3.806.413	4.500.020
Gross exposure per estimates of risks of accounts receivable	(37.007.733)	(34.211.483)
<b>Net exposure, risk concentration</b>	<b>110.151.941</b>	<b>121.321.082</b>



The movement of the allowance for doubtful receivables is as follows:

<b>Movement of credit risk, accounts receivable</b>	<b>30/06/2019 Th\$</b>	<b>31/12/2018 Th\$</b>
<b>Initial balance</b>	<b>(34.211.483)</b>	<b>(33.121.765)</b>
Increase in existing provisions	(3.028.185)	(3.944.967)
Reductions	231.935	2.855.249
<b>Changes, total</b>	<b>(2.796.250)</b>	<b>(1.089.718)</b>
<b>Closing balance</b>	<b>(37.007.733)</b>	<b>(34.211.483)</b>

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

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

<b>Ageing of gross debt</b>	<b>30/06/2019 Th\$</b>	<b>31/12/2018 Th\$</b>
Less than three months	102.648.658	110.083.882
Three to six months	4.807.104	4.678.272
Six to eight months	2.097.157	1.822.807
More than eight months	37.606.755	38.947.604
<b>Total</b>	<b>147.159.674</b>	<b>155.532.565</b>

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

<b>Past-due gross debt</b>	<b>30/06/2019 Th\$</b>	<b>31/12/2018 Th\$</b>
Less than three months	11.090.099	11.485.973
Three to six months	2.422.076	1.987.895
Six to eight months	1.261.420	948.253
<b>Total</b>	<b>14.773.595</b>	<b>14.422.121</b>

Past-due debt comprises all those sums in which the counterparty has failed to make a payment when it should have by contract. Customers with ageing less than 9 months, according to Company policies, are not provisioned.

## **Note 5. DISCLOSURE OF INFORMATION ABOUT RELATED ENTITIES**

### **Balances and transactions with related entities**

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

### **Accounts receivable from related entities**

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



Tax ID related party	Name of related party	Relationship	Nature of transaction with related parties	Guarantee	30-06-2019 Th\$	31-12-2018 Th\$
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Laboratory analysis and sampling services	Without guarantee	10.587	4.232
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Lease of offices	Without guarantee	-	404
65.113.732-2	Corporación Chilena de Investigación del Agua SpA.	Related to the controller	Laboratory analysis and sampling services	Without guarantee	-	414
65.113.732-2	Corporación Chilena de Investigación del Agua SpA.	Related to the controller	Leases	Without guarantee	-	1.393
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Laboratory analysis and sampling services	Without guarantee	21.451	26.766
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Liquid waste in treatment plant	Without guarantee	332	-
No ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	Without guarantee	-	32.010
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Sale of materials	Without guarantee	7.402	25.964
76.746.454-1	Suez Biofactoría Andina SpA	Related to the controller	Insurance all risk physical goods Mapocho-Trebal	Without guarantee	398.529	-
76.746.454-1	Suez Biofactoría Andina SpA	Related to the controller	Insurance all risk physical goods Mapocho-La Farfana	Without guarantee	290.982	-
<b>Total</b>					<b>729.283</b>	<b>91.183</b>



## Accounts payable to related entities

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

Tax ID related party	Name of related party	Relationship	Nature of transaction with related parties	Period	Guarantee	31-03-2019 Th\$	31-12-2018 Th\$
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Operational Control Center Update Project OCC 2.0	30 days	Bid bond of Th\$30,899	376.702	1.453.134
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	SCADA Platform	30 days	Without guarantee	23.752	28.462
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Arsenic Plant San Antonio	30 days	Bid bond of Th\$24,264.05	1.230.938	1.230.939
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero plant	30 days	Bid bond of UF 66,809.74	2.434.555	4.534.306
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Talagante Plant Expansion	30 days	Without guarantee	784.473	1.173.221
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Biofactory adaptation plan for La Farfana treatment plant	30 days	Bid bond of UF 1,048,050	8.780.253	9.029.874
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	Bid bond of UF 1,048,050	5.389.602	4.199.865
65.113.732-2	Corporación Chilena de Investigación del Agua SpA.	Related to the controller	Consultancies	30 days	Without guarantee	42.517	97.322
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Virtual platform, Siebel	30 days	Without guarantee	99.701	78.265
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Purchase of materials	60 days	Contract performance bond of Th\$279,298	77.319	8.182
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Evolutionary maintenance consulting service	30 days	Without guarantee	191.671	368.916
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	Contract performance bond of Th\$845,149	140.085	102.855
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	Contract performance bond of UF 357,863	1.452.242	1.468.596
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Biogas plant operation services	30 days	Without guarantee	41.650	167.783
No ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	30 days	Without guarantee	221.123	426.413
No ID	Aqua Development Network S.A.	Related to the controller	Consultancies	30 days	Without guarantee	-	41.712
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends payable	30 days	Without guarantee	-	21.656.113
96.817.230-1	EPSA Electrica Puntilla S.A.	Common board member	Water purchase	30 days	Without guarantee	178.428	5.657
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Common board member	Dividends payable	30 days	Without guarantee	-	497.487
<b>Total</b>						<b>21.465.011</b>	<b>46.569.102</b>





## Transactions with related entities

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

Tax ID Related party	Name of related party	Relationship	Nature of transaction with related parties	30/06/2019		30/06/2018		01-04-2019 30-06-2019		01-04-2018 30-06-2018	
				Th\$		Th\$		Th\$		Th\$	
				Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit	Amount	Effect on results (Charge)/ Credit
59.066.560-6	Suez International	Related to the controller	Equipment supplies, assembly and commissioning of the second stage of the Mapocho Wastewater treatment plant, module 4	-	-	4.977.278	-	-	-	46.514	-
96.817.230-1	EPSA Eléctrica Puntilla S.A.	Common board member	Purchase of Raw Water and electricity	168.615	(141.693)	57.208	(48.074)	139.661	(117.362)	28.317	(23.796)
No ID	Aqua Development Network	Related to the controller	Integrated talent management contract	273.057	(273.057)	349.373	(349.373)	136.597	(136.597)	137.856	(137.856)
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	Treatment Plant Improvement	1.107.883	-	811.103	-	257.955	-	688.909	-
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Evolutionary maintenance and virtual office	1.054.726	(616.626)	768.069	(564.796)	392.135	(401.910)	341.939	(283.643)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Operational Control Center Update Project OCC 2.0, Talagante plant expansion	-	-	2.517.163	(224.972)	-	-	1.529.564	(33.293)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Start-up, operation and integral maintenance of microsectorization	768.096	(84.616)	-	-	641.998	(50.886)	-	-
65.113.732-2	Cetaqua Spa	Related to the controller	Studies and research advice	189.312	(189.312)	188.554	(188.554)	127.714	(127.714)	110.377	(110.377)
76.746.454-1	Suez Biofactoría Andina spa.	Related to the controller	Operation, maintenance and adaptation of Biofactory treatment plant.	29.946.495	(14.043.088)	21.711.625	(12.989.699)	14.612.217	(7.021.161)	11.518.998	(6.573.476)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Copnstruction Arsenic Plant San Antonio	-	-	65.090	-	-	-	65.090	-
70.009.410-3	Asociacion Canalistas del Maipo	Common board member	Expansion and improvements of the Batuco Canal facilities	132.420	-	-	-	72.920	-	-	-
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Construction Chamisero plant (Canal Batuco)	132.420	-	-	-	72.920	-	1.652.755	-
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	Biogas Plant Operation	132.420	-	-	-	72.920	(48.604)	86.993	(75.495)
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Meter Supply	132.420	-	-	-	72.920	-	23.730	(19.949)
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Purchase of Network Materials	132.420	-	-	-	72.920	-	425.737	-
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Sale of Network Materials	132.420	-	-	-	72.920	48.864	(39.540)	33.227
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Sampling and Analysis Services	132.420	-	-	-	72.920	-	(43.488)	38.046
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends paid	66.561.303	-	68.979.435	-	44.905.189	-	47.944.140	-

The materiality criterion for reporting transactions with related entities is amounts over accumulated Th\$25,000



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

	30-06-2019 Th\$	30-06-2018 Th\$	01-04-2019 30-06-2019 Th\$	01-04-2018 30-06-2018 Th\$
Directors	215.515	205.663	99.483	128.482
Directors' committee	23.919	22.939	12.758	15.683
<b>Total</b>	<b>239.434</b>	<b>228.602</b>	<b>112.241</b>	<b>144.165</b>

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

#### Information on related parties and transactions with related parties by Board Members and Executives

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

#### Note 6. INVENTORIES

The table below shows the detail by inventory class as of June 30, 2019 and 2018:

Inventory class	30-06-2019 Th\$	31-12-2018 Th\$
Spares & meters	1.799.467	2.143.347
Supplies for production	1.612.293	1.488.249
Others inventories	162.732	104.060
Obsolescence estimation	(99.268)	(99.268)
<b>Total</b>	<b>3.475.224</b>	<b>3.636.388</b>

The cost of the inventories recognized as an expense in the statement of results as of March 31, 2019 and 2018 amounts to Th\$**6.226.9970** and Th\$**5.273.829**, respectively.

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

	30-06-2019 Th\$	31-12-2018 Th\$
Initial Balance	(99.268)	(2.883)
Provision for Price	-	(15.624)
Provision for Obsolescence	-	(52.810)
Provision for Damage	-	(30.834)
Reverse provision	-	2.883
<b>Total Estimation due to deterioration</b>	<b>(99.268)</b>	<b>(99.268)</b>



## Note 7. OTROS ACTIVOS FINANCIEROS

### 7.1 Corrientes

As of June 30, 2019, the Group presents in the interim consolidated financial statements the effect of the market valuation of hedging contracts per readjustment units, for an amount of Th\$ \$ 198.047.

### 7.2 No corrientes

It corresponds mainly to the acquisition of shares of Sociedad Eléctrica Puntilla S.A. (EPSA), for an amount as of June 30, 2019 and December 31, 2018 of Th\$7.835,395 (note 2.2, letter H, ii), with which the group does not have control or significant influence. Additionally in both periods are other investments of Th\$17.517.

Associated with this acquisition, an obligation is maintained with the Asociación Sociedad de Canalistas del Maipo, referring to the commitment not to move the water rights in force to the contract date in an amount of Th\$7,294,709 as of June 30, 2019 and 31 of December 2018.

## Note 8. ACTIVOS NO CORRIENTES MANTENIDOS PARA LA VENTA

Al 30 de junio de 2019, la sociedad clasificó tres grupos de activos como mantenidos para la venta según lo establecido en NIIF 5, de acuerdo con el siguiente detalle:

Asset Type	30/06/2019 Th\$
Land property	3.130.127
Buildings	936.157
Additional Works	245.726
<b>Total</b>	<b>4.312.010</b>

The company has actively initiated a sales plan for land and real estate located in the communes of San Joaquín and San Bernardo, which are expected to be carried out within the next 12 months.

## Note 9. INTANGIBLE ASSETS OTHER THAN CAPITAL GAIN

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

	30/06/2019 Th\$	31/12/2018 Th\$
<b>Intangible assets, net</b>	<b>224.390.966</b>	<b>224.864.424</b>
Trademarks, net	15.933	15.933
Computer programs, net	5.230.671	5.700.799
Other intangible assets, net*	219.144.362	219.147.692
<b>Intangible assets, gross</b>	<b>283.851.077</b>	<b>282.823.147</b>
Trademarks, gross	15.933	15.933
Computer programs, gross	51.655.437	50.717.784
Other intangible assets, gross	232.179.707	232.089.430
<b>Intangible assets, accumulated amortization</b>	<b>(59.460.111)</b>	<b>(57.958.723)</b>
Computer programs, accumulated amortization	(46.424.766)	(45.016.985)
Other intangible assets, accumulated amortization	(13.035.345)	(12.941.738)

\*Water rights, easements and other rights.



### Intangible assets movements as of June 30, 2019

Intangible assets movements	Trademarks, net Th\$	Computer programs, net Th\$	Other intangible assets, net Th\$	Total Th\$
<b>Initial balance 01/01/2019</b>	<b>15.933</b>	<b>5.700.799</b>	<b>219.147.692</b>	<b>224.864.424</b>
Amortization	-	(1.407.781)	(93.607)	<b>(1.501.388)</b>
Increases (reductions) for transfers	-	767.961	-	<b>767.961</b>
Increases (reductions) for other changes	-	169.692	91.554	<b>261.246</b>
Disposals and withdrawals from service	-	-	(1.277)	<b>(1.277)</b>
<b>Changes, total</b>	<b>-</b>	<b>(470.128)</b>	<b>(3.330)</b>	<b>(473.458)</b>
<b>Closing 30/06/2019</b>	<b>15.933</b>	<b>5.230.671</b>	<b>219.144.362</b>	<b>224.390.966</b>

### Account activity of intangible assets as of December 31, 2018

Intangible assets movements	Trademarks, net Th\$	Computer programs, net Th\$	Other intangible assets, net Th\$	Total Th\$
<b>Initial balance 01/01/2018</b>	<b>13.000</b>	<b>7.910.586</b>	<b>219.160.913</b>	<b>227.084.499</b>
Amortization	-	(4.051.560)	(187.216)	<b>(4.238.776)</b>
Increases (reductions) for transfers	-	1.740.932	(58.904)	<b>1.682.028</b>
Increases (reductions) for other changes	2.933	100.841	238.494	<b>342.268</b>
Disposals and withdrawals from service	-	-	(5.595)	<b>(5.595)</b>
<b>Changes, total</b>	<b>2.933</b>	<b>(2.209.787)</b>	<b>(13.221)</b>	<b>(2.220.075)</b>
<b>Closing 31/12/2018</b>	<b>15.933</b>	<b>5.700.799</b>	<b>219.147.692</b>	<b>224.864.424</b>

### Disclosure information on intangible assets [gross value]

#### Current period: June 30, 2019

Intangible assets movements	Trademarks, gross Th\$	Computer programs, gross Th\$	Other intangible assets, gross Th\$	Total Th\$
<b>Initial balance as of 01-01-2019</b>	<b>15.933</b>	<b>50.717.784</b>	<b>232.089.430</b>	<b>282.823.147</b>
Increases (reductions) for transfers	-	767.961	-	<b>767.961</b>
Increases (reductions) for other changes	-	169.692	91.554	<b>261.246</b>
<b>Changes, total</b>	<b>-</b>	<b>937.653</b>	<b>90.277</b>	<b>1.027.930</b>
<b>Closing balance as of 30/06/2019</b>	<b>15.933</b>	<b>51.655.437</b>	<b>232.179.707</b>	<b>283.851.077</b>



Previous period: December 31, 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	-	1.740.932	(58.904)	1.682.028
Increases (reductions) for other changes	2.933	100.841	238.494	342.268
Disposals and withdrawals from service	-	-	(5.595)	(5.595)
Changes, total	2.933	1.841.773	173.995	2.018.701
Closing balance as of 31-12-2018	15.933	50.717.784	232.089.430	282.823.147

Disclosure information on intangible assets [accumulated amortization]

Current period: June 30, 2019

Intangible assets movements	Trademarks, accumulated amortization Th\$	Computer programs, accumulated amortization Th\$	Other intangible assets, accumulated amortization Th\$	Total Th\$
Initial balance as of 01-01-2019	-	(45.016.985)	(12.941.738)	(57.958.723)
Amortization	-	(1.407.781)	(93.607)	(1.501.388)
Changes, total	-	(1.407.781)	(93.607)	(1.501.388)
Closing balance as of 30-06-2019	-	(46.424.766)	(13.035.345)	(59.460.111)

Previous period: December 31, 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	-	(40.965.425)	(12.754.522)	(53.719.947)
Amortization	-	(4.051.560)	(187.216)	(4.238.776)
Changes, total	-	(4.051.560)	(187.216)	(4.238.776)
Closing balance as of 31-12-2018	-	(45.016.985)	(12.941.738)	(57.958.723)



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

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

Company	30-06-2019			31-12-2018		
	Water rights Th\$	Easements Th\$	Others Th\$	Water rights Th\$	Easements Th\$	Others Th\$
Aguas Andinas S.A.	76.631.357	8.422.025	4.480.312	76.598.437	8.364.563	4.574.022
Aguas Cordillera S.A.	92.732.672	7.761.932	-	92.732.674	7.761.932	-
Aguas Manquehue S.A.	21.924.557	866.673	-	21.924.557	866.673	-
Essal S.A.	5.622.185	1.095.557	-	5.622.185	1.095.557	-
Aguas del Maipo S.A.	13.700	-	-	13.700	-	-
Ecoriles S.A.	13.700	-	-	13.700	-	-
Gestión y Servicios S.A.	13.700	-	-	13.700	-	-
Análisis Ambientales S.A.	13.700	-	-	13.700	-	-
Ajustes de Consolidación	(333.913)	(113.795)	-	(333.913)	(113.795)	-
<b>Total</b>	<b>196.631.658</b>	<b>18.032.392</b>	<b>4.480.312</b>	<b>196.598.740</b>	<b>17.974.930</b>	<b>4.574.022</b>

#### Intangible assets with indefinite useful lives

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

#### Commitments for acquiring intangible assets

The table below shows the commitments for acquisitions of intangible assets for the financial year 2019 related to water rights, easements and computer programs needed for the normal operation of the Group Companies, particularly for new works that are being developed or are in preliminary study stages, plus the expansion of concession areas, which are presented below:

Company	Th\$
Aguas Andinas S.A.	799.427
Aguas Manquehue S.A.	50.000
Ecoriles S.A.	1.846
<b>Total</b>	<b>915.757</b>



## Note 10. CAPITAL GAIN

The table below shows the detail of goodwill for the different Cash Generating Units (CGUs) or CGU groups to which they have been assigned as of June 30, 2019 and December 31, 2018:

Tax ID	Company	31-03-2019 Th\$	31-12-2018 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
<b>Total</b>		<b>36.233.012</b>	<b>36.233.012</b>

## Note 11. PROPERTY, PLANT AND EQUIPMENT

The balances of the property, plant and equipment as of June 30, 2019 and December 31, 2018 are as follows:

Property, plant & equipment	Net Value		Gross Value		Accumulated Depreciation	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	156.545.225	159.536.229	156.545.225	159.536.229	-	-
Buildings	78.394.006	79.624.966	111.681.601	113.252.042	(33.287.595)	(33.627.076)
Machinery	111.830.867	115.993.853	392.808.028	384.958.947	(280.977.161)	(268.965.094)
Transport vehicles	1.008.093	958.353	5.344.368	5.102.427	(4.336.275)	(4.144.074)
Fixed installations & accessories	1.347.652	1.407.509	6.336.196	6.291.229	(4.988.544)	(4.883.720)
Computer equipment	2.102.186	2.460.174	14.615.411	14.284.065	(12.513.225)	(11.823.891)
Improvements to leased assets	206.891	234.177	810.168	806.931	(603.277)	(572.754)
Construction in progress	249.588.602	226.774.354	249.588.602	226.774.354	-	-
Additional works	21.515.439	21.892.366	44.403.992	44.316.092	(22.888.553)	(22.423.726)
Production facilities	175.952.710	173.754.928	333.476.534	328.291.901	(157.523.824)	(154.536.973)
Drinking water networks	198.881.039	192.291.391	525.379.021	514.892.514	(326.497.982)	(322.601.123)
Sewerage networks	250.256.029	249.193.038	541.986.042	534.440.825	(291.730.013)	(285.247.787)
Wastewater treatment plants	165.976.999	168.050.123	232.854.610	232.373.341	(66.877.611)	(64.323.218)
Other facilities	46.170.343	47.699.634	160.396.613	158.049.182	(114.226.270)	(110.349.548)
Goods out of service	218.043	222.036	1.868.637	1.868.637	(1.650.594)	(1.646.601)
Usage rights	1.379.710	-	1.857.217	-	(477.507)	-
<b>Totals</b>	<b>1.461.373.834</b>	<b>1.440.093.131</b>	<b>2.779.952.265</b>	<b>2.725.238.716</b>	<b>(1.318.578.431)</b>	<b>(1.285.145.585)</b>



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

Net property, plant & equipment	30/06/2019 Th\$	Aguas Andinas S.A. %	Aguas Cordillera S.A. %	Aguas Manquehue S.A. %	ESSAL S.A. %	Other %
Land	156.545.225	74%	13%	1%	11%	0%
Buildings	78.394.006	74%	4%	2%	17%	3%
Machinery	111.830.867	73%	7%	3%	14%	3%
Transport vehicles	1.008.093	88%	0%	0%	10%	2%
Fixed installations & accessories	1.347.652	68%	3%	0%	10%	18%
Computer equipment	2.102.186	85%	1%	0%	12%	3%
Improvements to leased assets	206.891	81%	0%	0%	0%	19%
Construction in progress	249.588.602	73%	6%	7%	13%	0%
Additional works	21.515.439	79%	6%	3%	11%	1%
Production facilities	175.952.710	63%	14%	14%	10%	0%
Drinking water networks	198.881.039	68%	16%	2%	14%	0%
Sewerage networks	250.256.029	84%	2%	4%	11%	0%
Wastewater treatment plants	165.976.999	92%	0%	0%	6%	1%
Other facilities	46.170.343	72%	7%	7%	10%	4%
Goods out of service	218.043	30%	70%	0%	0%	0%
Usage rights	1.379.710	59%	5%	3%	16%	17%
<b>Totals</b>	<b>1.461.373.834</b>	<b>75%</b>	<b>8%</b>	<b>5%</b>	<b>11%</b>	<b>1%</b>

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

Class of assets	Cost 30/06/2019 Th\$	Fair Value 30/06/2019 Th\$
Buildings	78.394.006	111.125.998
Additional works	21.515.439	35.194.280
Production facilities	175.952.710	283.785.637
Drinking water networks	198.881.039	398.427.099
Sewerage networks	250.256.029	400.918.626
Wastewater treatment plants	165.976.999	181.298.400
Other facilities	46.170.343	47.104.802
Machines and equipment	111.830.867	121.260.650
<b>Totals</b>	<b>1.048.977.432</b>	<b>1.579.115.492</b>

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

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





Account activity of property, plant and equipment as of June 30, 2019 (net values)

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\$
Terrenos	159.536.229	-	-	187.173	(3.178.177)	(2.991.004)	156.545.225
Edificios	79.624.966	(1.132.652)	1.116.799	(280.550)	(934.557)	(1.230.960)	78.394.006
Maquinaria	115.993.853	(12.605.156)	9.322.502	(879.791)	(541)	(4.162.986)	111.830.867
Equipos de Transporte	958.353	(215.930)	494.764	(228.534)	(560)	49.740	1.008.093
Enseres y accesorios	1.407.509	(104.824)	157.288	(112.321)	-	(59.857)	1.347.652
Equipos informáticos	2.460.174	(689.334)	454.152	(122.806)	-	(357.988)	2.102.186
Mejoras de derechos de arrendamiento	234.177	(33.726)	8.752	(711)	(1.601)	(27.286)	206.891
Construcciones en proceso	226.774.354	-	(39.242.750)	62.120.090	(63.092)	22.814.248	249.588.602
Obras complementarias	21.892.366	(788.920)	1.588.606	(930.888)	(245.725)	(376.927)	21.515.439
Instalaciones de producción	173.754.928	(2.986.851)	6.263.018	(1.078.385)	-	2.197.782	175.952.710
Redes de agua potable	192.291.391	(3.896.859)	8.010.827	2.475.680	-	6.589.648	198.881.039
Redes de alcantarillado	249.193.038	(6.482.226)	4.139.500	3.405.717	-	1.062.991	250.256.029
Plantas de tratamiento de aguas servidas	168.050.123	(2.554.393)	2.358.571	(1.877.302)	-	(2.073.124)	165.976.999
Otras instalaciones	47.699.634	(3.998.744)	4.560.009	(2.090.210)	(346)	(1.529.291)	46.170.343
Bienes fuera de operación	222.036	(3.993)	-	-	-	(3.993)	218.043
Activo por derechos de uso	-	(574.290)	-	1.954.000	-	1.379.710	1.379.710
<b>Class of property, plant &amp; equipment, net</b>	<b>1.440.093.131</b>	<b>(36.067.898)</b>	<b>(767.962)</b>	<b>62.541.162</b>	<b>(4.424.599)</b>	<b>21.280.703</b>	<b>1.461.373.834</b>



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

Concept	Initial balance	Depreciation	Increases (reductions) for transfers from construction in progress	Other increases (decreases)	Disposals & withdrawals from service	Total changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160.461.335	-	58.903	41.948	(1.025.957)	(925.106)	159.536.229
Buildings	79.601.087	(2.245.955)	1.569.810	714.702	(14.678)	23.879	79.624.966
Machinery	120.338.507	(25.510.942)	13.145.270	8.021.019	(1)	(4.344.654)	115.993.853
Transport vehicles	1.320.419	(453.132)	129.550	72.545	(111.029)	(362.066)	958.353
Fixed installations & accessories	1.315.585	(207.553)	251.739	47.738	-	91.924	1.407.509
Computer equipment	3.659.346	(1.561.660)	215.394	147.094	-	(1.199.172)	2.460.174
Improvements to leased assets	64.266	(39.741)	64.999	144.653	-	169.911	234.177
Construction in progress	156.563.062	-	(58.984.644)	130.120.937	(925.001)	70.211.292	226.774.354
Additional works	22.349.067	(1.564.306)	768.303	343.898	(4.596)	(456.701)	21.892.366
Production facilities	167.598.083	(5.963.222)	9.510.498	2.624.481	(14.912)	6.156.845	173.754.928
Drinking water networks	174.661.097	(7.585.423)	12.978.119	12.266.887	(29.289)	17.630.294	192.291.391
Sewerage networks	246.165.604	(12.874.297)	9.496.203	6.406.072	(544)	3.027.434	249.193.038
Wastewater treatment plants	169.331.810	(5.214.662)	3.608.476	324.499	-	(1.281.687)	168.050.123
Other facilities	48.103.767	(7.999.170)	5.505.350	2.089.687	-	(404.133)	47.699.634
Goods out of service	230.781	(8.746)	-	-	1	(8.745)	222.036
<b>Class of property, plant &amp; equipment, net</b>	<b>1.351.763.816</b>	<b>(71.228.809)</b>	<b>(1.682.030)</b>	<b>163.366.160</b>	<b>(2.126.006)</b>	<b>88.329.315</b>	<b>1.440.093.131</b>



**Disclosure information for property, plant and equipment [gross value]**

**Current period: June 30, 2019**

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	159.536.229	-	187.173	(3.178.177)	(2.991.004)	156.545.225
Buildings	113.252.042	1.116.799	(280.550)	(2.406.690)	(1.570.441)	111.681.601
Machinery	384.958.947	9.322.502	(879.791)	(593.630)	7.849.081	392.808.028
Transport vehicles	5.102.427	494.764	(228.534)	(24.289)	241.941	5.344.368
Fixed installations & accessories	6.291.229	157.288	(112.321)	-	44.967	6.336.196
Computer equipment	14.284.065	454.152	(122.806)	-	331.346	14.615.411
Improvements to leased assets	806.931	8.752	(711)	(4.804)	3.237	810.168
Construction in progress	226.774.354	(39.242.750)	62.120.090	(63.092)	22.814.248	249.588.602
Additional works	44.316.092	1.588.606	(930.888)	(569.818)	87.900	44.403.992
Production facilities	328.291.901	6.263.018	(1.078.385)	-	5.184.633	333.476.534
Drinking water networks	514.892.514	8.010.827	2.475.680	-	10.486.507	525.379.021
Sewerage networks	534.440.825	4.139.500	3.405.717	-	7.545.217	541.986.042
Wastewater treatment plants	232.373.341	2.358.571	(1.877.302)	-	481.269	232.854.610
Other facilities	158.049.182	4.560.009	(2.090.210)	(122.368)	2.347.431	160.396.613
Goods out of service	1.868.637	-	-	-	-	1.868.637
Usage rights	-	-	1.958.181	(100.964)	1.857.217	1.857.217
<b>Class of property, plant &amp; equipment, gross</b>	<b>2.725.238.716</b>	<b>(767.962)</b>	<b>62.545.343</b>	<b>(7.063.832)</b>	<b>54.713.549</b>	<b>2.779.952.265</b>



Previous period: December 31, 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	58.903	41.948	(1.025.957)	(925.106)	159.536.229
Buildings	111.011.034	1.569.810	714.626	(43.428)	2.241.008	113.252.042
Machinery	363.844.849	13.145.270	8.021.019	(52.191)	21.114.098	384.958.947
Transport vehicles	5.866.755	129.550	72.545	(966.423)	(764.328)	5.102.427
Fixed installations & accessories	5.992.005	251.739	47.738	(253)	299.224	6.291.229
Computer equipment	13.921.577	215.394	147.094	-	362.488	14.284.065
Improvements to leased assets	597.279	64.999	144.653	-	209.652	806.931
Construction in progress	156.563.062	(58.984.644)	130.120.937	(925.001)	70.211.292	226.774.354
Additional works	43.248.022	768.303	343.898	(44.131)	1.068.070	44.316.092
Production facilities	316.220.864	9.510.498	2.624.481	(63.942)	12.071.037	328.291.901
Drinking water networks	492.846.317	12.978.119	12.266.887	(3.198.809)	22.046.197	514.892.514
Sewerage networks	519.580.232	9.496.203	6.406.148	(1.041.758)	14.860.593	534.440.825
Wastewater treatment plants	228.440.366	3.608.476	324.499	-	3.932.975	232.373.341
Other facilities	150.469.536	5.505.350	2.089.687	(15.391)	7.579.646	158.049.182
Goods out of service	2.023.017	-	-	(154.380)	(154.380)	1.868.637
<b>Class of property, plant &amp; equipment, gross</b>	<b>2.571.086.250</b>	<b>(1.682.030)</b>	<b>163.366.160</b>	<b>(7.531.664)</b>	<b>154.152.466</b>	<b>2.725.238.716</b>



**Disclosure information for property, plant and equipment [accumulated depreciation]**

**Current period: June 30, 2019**

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	(33.627.076)	(1.132.652)	-	1.472.133	339.481	(33.287.595)
Machinery	(268.965.094)	(12.605.156)	-	593.089	(12.012.067)	(280.977.161)
Transport vehicles	(4.144.074)	(215.930)	-	23.729	(192.201)	(4.336.275)
Fixed installations & accessories	(4.883.720)	(104.824)	-	-	(104.824)	(4.988.544)
Computer equipment	(11.823.891)	(689.334)	-	-	(689.334)	(12.513.225)
Improvements to leased assets	(572.754)	(33.726)	-	3.203	(30.523)	(603.277)
Additional works	(22.423.726)	(788.920)	-	324.093	(464.827)	(22.888.553)
Production facilities	(154.536.973)	(2.986.851)	-	-	(2.986.851)	(157.523.824)
Drinking water networks	(322.601.123)	(3.896.859)	-	-	(3.896.859)	(326.497.982)
Sewerage networks	(285.247.787)	(6.482.226)	-	-	(6.482.226)	(291.730.013)
Wastewater treatment plants	(64.323.218)	(2.554.393)	-	-	(2.554.393)	(66.877.611)
Other facilities	(110.349.548)	(3.998.744)	-	122.022	(3.876.722)	(114.226.270)
Goods out of service	(1.646.601)	(3.993)	-	-	(3.993)	(1.650.594)
Usage rights	-	(574.290)	(4.181)	100.964	(477.507)	(477.507)
<b>Class of property, plant &amp; equipment, accumulated depreciation</b>	<b>(1.285.145.585)</b>	<b>(36.067.898)</b>	<b>(4.181)</b>	<b>2.639.233</b>	<b>(33.432.846)</b>	<b>(1.318.578.431)</b>



Previous period: December 31, 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)	(2.245.955)	76	28.750	(2.217.129)	(33.627.076)
Machinery	(243.506.342)	(25.510.942)	-	52.190	(25.458.752)	(268.965.094)
Transport vehicles	(4.546.336)	(453.132)	-	855.394	402.262	(4.144.074)
Fixed installations & accessories	(4.676.420)	(207.553)	-	253	(207.300)	(4.883.720)
Computer equipment	(10.262.231)	(1.561.660)	-	-	(1.561.660)	(11.823.891)
Improvements to leased assets	(533.013)	(39.741)	-	-	(39.741)	(572.754)
Additional works	(20.898.955)	(1.564.306)	-	39.535	(1.524.771)	(22.423.726)
Production facilities	(148.622.781)	(5.963.222)	-	49.030	(5.914.192)	(154.536.973)
Drinking water networks	(318.185.220)	(7.585.423)	-	3.169.520	(4.415.903)	(322.601.123)
Sewerage networks	(273.414.628)	(12.874.297)	(76)	1.041.214	(11.833.159)	(285.247.787)
Wastewater treatment plants	(59.108.556)	(5.214.662)	-	-	(5.214.662)	(64.323.218)
Other facilities	(102.365.769)	(7.999.170)	-	15.391	(7.983.779)	(110.349.548)
Goods out of service	(1.792.236)	(8.746)	-	154.381	145.635	(1.646.601)
<b>Class of property, plant &amp; equipment, accumulated depreciation</b>	<b>(1.219.322.434)</b>	<b>(71.228.809)</b>	<b>-</b>	<b>5.405.658</b>	<b>(65.823.151)</b>	<b>(1.285.145.585)</b>



### Commitments for the acquisition of property, plant and equipment

The detail of the future amounts committed by each consolidated group company for the acquisition of property, plant and equipment for 2019, is the following:

<b>Sociedad</b>	<b>Th\$</b>
Aguas Andinas S.A.	55.019.881
Aguas Cordillera S.A.	6.440.752
Aguas Manquehue S.A.	1.488.064
ESSAL S.A.	5.282.155
EcoRiles S.A.	88.583
Gestión y Servicios S.A.	31.993
Análisis Ambientales S.A.	104.947
<b>Total</b>	<b>68.456.375</b>

Temporarily out of service property, plant and equipment as of June 30, 2019:

<b>Company</b>	<b>Gross Value Th\$</b>	<b>Accumulated Depreciation Th\$</b>	<b>Net Value Th\$</b>
Aguas Andinas S.A.	1.594.305	(1.529.759)	<b>64.546</b>
Aguas Cordillera S.A.	274.332	(120.835)	<b>153.497</b>
<b>Total</b>	<b>1.868.637</b>	<b>(1.650.594)</b>	<b>218.043</b>

### Restrictions of ownership for property, plant and equipment

As of June 30, 2019, and December 31, 2018, property, plant and equipment have not affected by ownership restrictions, nor are they affected by obligations pursuant to the provisions of IAS 16 paragraph 74 (a).

### Financial lease contracts

As of June 30, 2019, is recorded in property, plant and equipment usage right asset under IFRS 16 (see note 11). As of December 31, 2018, there is no property, plant and equipment kept under financial lease contracts, according to IAS 17.



## Note 12. LEASING

Showing up next a detail of usage rights asset and leasing liability according to established in IFRS 16.

### 12.1 Usage Right Assets

The detail of usage rights assets as of June 30, 2019, corresponds to the following:

Usage rights:	Gross value Th\$	Accumulated depreciation Th\$	Net value Th\$
Buildings	223.574	(87.829)	135.745
Transport equipment	1.633.643	(389.678)	1.243.965
<b>Total</b>	<b>1.857.217</b>	<b>(477.507)</b>	<b>1.379.710</b>

### 12.2 Leases Liabilities

The present value of the future payments derived from that contracts are the following:

Leases liabilities	30-06-2019 Th\$
Up to 90 days	243.112
More than 90 days no more than one year	563.735
	<b>806.847</b>
More than a year and no more than two years	348.679
More than two years and no more than three years	189.828
More than three years and no more than four years	31.635
More than four years and no more than five years	3.479
<b>Total</b>	<b>573.621</b>

### 12.3 Information to be disclosed on operating leases as a lessee

Under this concept, leases of transport services and commercial agencies are presented.

Minimum future lease payments non-cancellable, lessees	30/06/2019	30/06/2018
	Th\$	Th\$
Minimum future lease payments not cancelable, up to one year, tenants	733.986	1.512.056
Minimum future payments of non-cancellable lease, for more than one year and less than five years, tenants	1.563.985	2.899.415
<b>Total minimum future lease payments non-cancellable</b>	<b>2.297.971</b>	<b>4.411.471</b>
Minimum lease payments under operating leases	1.365.812	1.794.311
<b>Total lease and sublease installments recognized in the income statement</b>	<b>1.365.812</b>	<b>1.794.311</b>

(\*) The consolidated statement of income for the period ended June 30, 2019 includes an expense of Th\$1.365.812, which is related to payments for short-term leases, which are excluded from the application of IFRS 16 (see Note 2.2 letter G). As of June 30, 2018, the amount recognized in results was Th\$1.794.311, from assets lease contracts classified as operating leases, according to IAS 17.





### Significant operative leasing agreements:

The most significant operative leases are vehicle leasing. In these cases, contracts corresponding to periods less than 12 months as of June 30, 2019. The leasing services are paid on a monthly basis upon the submission and approval of payment statements.

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

### Disclosure of information on operative leasing as lessors

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

Minimum future lease payments non-cancellable, lessors	30/06/2019	30/06/2018
	Th\$	Th\$
Minimum future lease payments non-cancellable, up to one year, lessors	315.465	307.047
Amount of rentals booked in statements of results	474.340	576.056
<b>Totales</b>	<b>789.805</b>	<b>883.103</b>

### Significant operative leasing agreements by the lessor

Revenues from these sources are negligible for the Company.

### Note 13. REVENUE TAXES AND DEFERRED TAXES

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

Statements of financial position	30/06/2019	31/12/2018
	Th\$	Th\$
Deferred tax assets	26.814.022	23.499.561
Deferred tax liabilities	(34.758.991)	(35.452.801)
<b>Net deferred tax position</b>	<b>(7.944.969)</b>	<b>(11.953.240)</b>

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



## Disclosure of deferred tax assets

Deferred tax assets	30/06/2019	31/12/2018
	Th\$	Th\$
Water rights (amortization)	516.393	504.001
Provision for doubtful accounts	9.985.441	9.230.453
Provision for vacations	685.964	714.546
Litigation	743.156	807.907
Termination benefits	4.135.469	4.013.029
Other provisions	138.413	243.379
Anticipated income	833.399	-
Variation monetary correction & depreciation assets	71.767.673	69.908.916
Deferred income	1.969.571	1.969.571
La Dehesa dam transaction	393.821	389.058
Amortization	313.418	-
Others	1.456.778	1.625.101
<b>Deferred tax assets</b>	<b>92.939.496</b>	<b>89.405.961</b>

## Disclosure information on deferred tax liabilities

Deferred tax liabilities	30/06/2019	31/12/2018
	Th\$	Th\$
Depreciation fixed assets	18.948.750	18.637.043
Amortization	91.203	645.687
Expense investment related companies	114.266	114.266
Revaluation of land	24.318.139	24.349.342
Revaluations of water rights	46.832.342	46.834.696
Fair value of assets by business combination	9.828.271	10.539.459
Usage rights IFRS 16	311.625	-
Others	439.869	238.708
<b>Deferred tax liabilities</b>	<b>100.884.465</b>	<b>101.359.201</b>

<b>Net deferred tax position</b>	<b>(7.944.969)</b>	<b>(11.953.240)</b>
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## Disclosure of deferred tax assets

Movement in deferred tax assets	30/06/2019	31/12/2018
	Th\$	Th\$
<b>Deferred tax assets, initial balance</b>	<b>89.405.961</b>	<b>84.864.153</b>
Increases (decreases) in deferred tax assets	919.790	1.201.059
Increases (decreases) for variation in monetary correction and assets depreciation	1.858.757	3.046.526
Increases (decreases) for bad debt provision	754.988	294.223
<b>Changes in deferred tax assets</b>	<b>3.533.535</b>	<b>4.541.808</b>
<b>Changes in deferred tax assets, total</b>	<b>92.939.496</b>	<b>89.405.961</b>



## Disclosure on deferred tax liabilities

Movement in deferred tax liabilities	30/06/2019	31/12/2018
	Th\$	Th\$
<b>Deferred tax liabilities, initial balance</b>	<b>101.359.201</b>	<b>102.484.409</b>
Increases (decreases) in deferred tax liabilities	236.452	297.170
Increases (decreases) in acquisitions through combinations of businesses	(711.188)	(1.422.378)
<b>Changes in deferred tax liabilities</b>	<b>(474.736)</b>	<b>(1.125.208)</b>
<b>Changes in deferred tax liabilities, total</b>	<b>100.884.465</b>	<b>101.359.201</b>

## Earnings' tax expense

Revenues (charge) for income taxes by current & deferred parts	30/06/2019	30/06/2018	01-04-2019 30-06-2019	01-04-2018 30-06-2018
	Th\$	Th\$	Th\$	Th\$
Charge for current taxes	(30.511.740)	(30.371.864)	(11.193.381)	(10.770.820)
Previous year adjustment tax expense	(166.534)	(16.230)	(166.534)	2.524
<b>Charge for current income tax</b>	<b>(30.678.274)</b>	<b>(30.388.094)</b>	<b>(11.359.915)</b>	<b>(10.768.296)</b>
Deferred income (expenses) for taxes related to creation & reversal of timing differences	4.008.271	3.224.974	5.261.587	1.694.822
Charge for sole tax (disallowed expenses)	(146.193)	(97.984)	(102.644)	(58.186)
<b>Earnings (charge) for other taxes</b>	<b>3.862.078</b>	<b>3.126.990</b>	<b>5.158.943</b>	<b>1.636.636</b>
<b>Charge for income tax</b>	<b>(26.816.196)</b>	<b>(27.261.104)</b>	<b>(6.200.972)</b>	<b>(9.131.660)</b>

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

	30/06/2019	30/06/2018	01-04-2019 30-06-2019	01-04-2018 30-06-2018
	Th\$	M\$	M\$	M\$
<b>Charge for taxes using the statutory rate</b>	<b>(29.434.283)</b>	<b>(29.597.840)</b>	<b>(8.843.648)</b>	<b>(10.414.336)</b>
Permanent difference for monetary correction tax equity	3.021.018	2.518.175	3.015.713	1.308.236
Permanent difference for disallowed expenses	(146.193)	(97.984)	(102.644)	(58.186)
Permanent difference for previous years' income tax	(166.534)	(16.230)	(166.534)	2.524
Other permanent differences	(90.204)	(67.225)	(103.859)	30.102
<b>Adjustments to tax charge using the statutory rate</b>	<b>2.618.087</b>	<b>2.336.736</b>	<b>2.642.676</b>	<b>1.282.676</b>
<b>Tax charge using the effective rate</b>	<b>(26.816.196)</b>	<b>(27.261.104)</b>	<b>(6.200.972)</b>	<b>(9.131.660)</b>

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

	30/06/2019	30/06/2018
Statutory tax rate	27,00%	27,00%
Permanent difference for monetary correction tax equity	-2,77%	-2,30%
Permanent difference for disallowed expenses	0,13%	0,09%
Permanent difference for previous years' income tax	0,15%	0,01%
Other permanent differences	0,09%	0,07%
<b>Effective tax rate</b>	<b>24,60%</b>	<b>24,87%</b>



## **Note 14. FINANCIAL INSTRUMENTS**

### **14.1 Capital risk management**

The Group manages its capital to ensure that Group entities will continue as a going concern by maximizing the profitability for shareholders by optimizing the debt structure and the capital. The Group's general strategy has not changed since 2009. The Group's capital structure comprises debt, which includes the loans disclosed in Note 14.4, and the capital attributable to holders of equity of the controller, which includes the capital, reserves and retained earnings, as shown in Note 19.

### **14.2 Significant accounting policies**

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



### 14.3 Types of financial instruments

The summary table below shows the financial instruments as of June 30, 2019 and December 31, 2018:

Classes of financial instruments	Moneda	Nota	30/06/2019 M\$	31/12/2018 M\$
<b>Current financial assets</b>				
Coverage	CLP	7.1	198.047	-
<b>Other financial assets, current</b>			<b>198.047</b>	<b>-</b>
Trade debtors and other accounts receivable	CLP	4	106.331.622	116.800.398
Trade debtors and other accounts receivable	USD	4	5.822	8.424
Trade debtors and other accounts receivable	EUR	4	8.084	12.240
<b>Total trade debtors and other accounts receivable, current</b>			<b>106.345.528</b>	<b>116.821.062</b>
Accounts receivable to related entities	CLP	5	729.283	91.183
<b>Information of related entities, current</b>			<b>729.283</b>	<b>91.183</b>
<b>Total financial assets, current</b>			<b>107.272.858</b>	<b>116.912.245</b>
<b>Non-current financial assets</b>				
Rights receivable	CLP	4	3.806.413	4.500.020
Other financial assets	CLP	7.2	7.852.912	7.852.912
<b>Total financial assets, not current</b>			<b>11.659.325</b>	<b>12.352.932</b>
<b>Total financial assets</b>			<b>118.932.183</b>	<b>129.265.177</b>
<b>Current financial liabilities</b>				
Bank loans	CLP	14.4	20.432.837	3.503.647
Bonds	CLP	14.4	16.163.530	15.037.330
Refundable financial contributions	CLP	14.4	12.918.308	15.422.339
Lease liabilities	CLP	14.4	806.847	-
<b>Other current financial liabilities</b>			<b>50.321.522</b>	<b>33.963.316</b>
Trade accounts and other payable accounts	CLP	15	76.749.422	135.896.418
Trade accounts and other payable accounts	USD	15	1.033.320	903.099
Trade accounts and other payable accounts	EUR	15	416.625	99.658
<b>Commercial accounts and other accounts payable, current</b>			<b>78.199.367</b>	<b>136.899.175</b>
Accounts payable to related entities	CLP	5	21.465.011	46.569.102
<b>Information on related entities, current</b>			<b>21.465.011</b>	<b>46.569.102</b>
<b>Total current financial liabilities</b>			<b>149.985.900</b>	<b>217.431.593</b>
<b>Non-current financial liabilities</b>				
Bank loans	CLP	14.4	96.622.463	92.519.209
Bonds	CLP	14.4	710.032.555	646.960.110
Refundable financial contributions	CLP	14.4	176.221.991	173.033.860
Lease liabilities	CLP	14.4	573.621	-
<b>Other financial liabilities, non-current</b>			<b>983.450.630</b>	<b>912.513.179</b>
Other accounts payable	CLP	15	943.980	983.335
<b>Other accounts payable, non-current</b>			<b>943.980</b>	<b>983.335</b>
<b>Total financial liabilities, not current</b>			<b>984.394.610</b>	<b>913.496.514</b>
<b>Total financial liabilities</b>			<b>1.134.380.510</b>	<b>1.130.928.107</b>



## 14.4 Disclosure of information on financial liabilities

### Other financial liabilities

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

### Reimbursable Financial Contributions (AFR, in its Spanish acronym)

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

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

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

The following table summarizes reimbursable financial contributions as of June 30, 2019 and December 31, 2018:

### Reimbursable Financial Contributions, current portion

Registration number or identification of the instrument	Currency indexation unit	Residual UF 30/06/2019	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuing company	Issuer tax ID	Type of repayment	Secured (Yes/No)
			31-03-2019 Th\$	31-12-2018 Th\$							
AFR	UF	325.256,71	9.274.717	10.460.816	3,99%	3,91%	Chile	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	111.659,85	3.180.740	3.836.401	4,01%	3,90%	Chile	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	16.219,09	462.851	1.125.122	4,48%	4,37%	Chile	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
<b>Total</b>		<b>453.135,65</b>	<b>12.918.308</b>	<b>15.422.339</b>							

### Reimbursable Financial Contributions, non-current portion

Registration number or identification of the instrument	Currency indexation unit	Residual UF 30-06-2019	Book value		Maturity Date	Contract real interest rate	Effective rate	Issuing company	Issuer tax ID	Type of repayment	Secured (Yes/No)
			30-06-2019 Th\$	31-12-2018 Th\$							
AFR	UF	4.487.014,01	126.159.577	122.915.519	27/03/2034	3,19%	3,10%	Aguas Andinas S.A.	61.808.000-5	At maturity	No
AFR	UF	754.714,50	21.228.290	21.717.829	12/03/2034	3,12%	3,05%	Aguas Cordillera S.A.	96.809.310-k	At maturity	No
AFR	UF	667.114,53	18.767.738	17.950.443	20/10/2032	3,14%	3,08%	Aguas Manquehue S.A.	89.221.000-4	At maturity	No
AFR	UF	357.112,00	10.066.386	10.450.069	01/04/2034	3,50%	3,50%	Essal S.A	96.579.800-5	At maturity	No
<b>Total</b>		<b>6.265.955,04</b>	<b>176.221.991</b>	<b>173.033.860</b>							



The tables below show a detail of bank loans as of March 31, 2019 and December 31, 2018:

**Total bank loan balances, current period**

Debtor tax number	61.808.000 -5	61.808.000 -5	61.808.000 -5	61.808.000 -5	96.809.310 -K	96.579.800 -5	96.579.800 -5	96.579.800 -5	96.579.800 -5	
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	ESSAL S.A.	ESSAL S.A.	ESSAL S.A.	ESSAL S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	
Creditor tax ID	97.004.000 -5	97.006.000 -6	97.032.000 -8	97.006.000 -6	97.032.000 -8	97.004.000 -7	97.004.000 -7	97.006.000 -6	97.006.000 -6	
Bank or financial institution	Banco de Chile	Banco BCI	Banco de Chile	Banco BCI	Banco Scotiabank	Banco de Chile	Banco de Chile	Banco BCI	Banco BCI	
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP	CLP	CLP	CLP	CLP	
Repayment method	Semi-annual	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	At maturity	
Effective rate	3,05%	3,65%	3,46%	3,24%	3,65%	3,84%	3,29%	3,70%	3,29%	
Nominal rate	3,05%	3,65%	3,46%	3,24%	3,65%	3,84%	3,29%	3,70%	3,29%	
Nominal value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Up to 1 year	63.730	191.471	3.887.695	5.453.349	247.389	11.227	1.531.129	9.039.775	7.072	20.432.837
Up to 90 days	63.730	191.471	3.887.695	5.453.349	247.389	11.227	1.531.129	39.775	7.072	11.432.837
Over 90 days to 1 year	-	-	-	-	-	-	-	9.000.000	-	9.000.000
More than 1 up to 3 years	17.699.562	19.270.304	-	-	-	2.500.000	-	-	10.603.254	50.073.120
More than 1 up to 2 years	8.849.781	-	-	-	-	2.500.000	-	-	-	11.349.781
More than 2 up to 3 years	8.849.781	19.270.304	-	-	-	-	-	-	10.603.254	38.723.339
Over 3 to 5 years	17.699.562	-	-	-	20.000.000	-	-	-	-	37.699.562
More than 3 up to 4 years	8.849.781	-	-	-	-	-	-	-	-	8.849.781
More than 4 up to 5 years	8.849.781	-	-	-	20.000.000	-	-	-	-	28.849.781
More than 5 years	8.849.781	-	-	-	-	-	-	-	-	8.849.781
More than 5 years	8.849.781	-	-	-	-	-	-	-	-	8.849.781
Total nominal values	44.312.635	19.461.775	3.887.695	5.453.349	20.247.389	2.511.227	1.531.129	9.039.775	10.610.326	117.055.300
Book value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current public obligations	63.730	191.471	3.887.695	5.453.349	247.389	11.227	1.531.129	9.039.775	7.072	20.432.837
Up to 90 days	63.730	191.471	3.887.695	5.453.349	247.389	11.227	1.531.129	39.775	7.072	11.432.837
More than 90 days up to 1 year	-	-	-	-	-	-	-	9.000.000	-	9.000.000
Non-current bank loans	44.248.905	19.270.304	-	-	20.000.000	2.500.000	-	-	10.603.254	96.622.463
More than 1 up to 3 years	17.699.562	19.270.304	-	-	-	2.500.000	-	-	10.603.254	50.073.120
More than 1 up to 2 years	8.849.781	-	-	-	-	2.500.000	-	-	-	11.349.781
More than 2 up to 3 years	8.849.781	19.270.304	-	-	-	-	-	-	10.603.254	38.723.339
More than 3 up to 5 years	17.699.562	-	-	-	20.000.000	-	-	-	-	37.699.562
More than 3 up to 4 years	8.849.781	-	-	-	-	-	-	-	-	8.849.781
More than 4 up to 5 years	8.849.781	-	-	-	20.000.000	-	-	-	-	28.849.781
More than 5 years	8.849.781	-	-	-	-	-	-	-	-	8.849.781
More than 5 years	8.849.781	-	-	-	-	-	-	-	-	8.849.781
Total public obligations	44.312.635	19.461.775	3.887.695	5.453.349	20.247.389	2.511.227	1.531.129	9.039.775	10.610.326	117.055.300

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

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

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

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



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

#### Bank loan balances for the previous period

Debtor tax number	61.808.000-5	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 Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	
Creditor tax ID	97.004.000-5	97.006.000-6	97.006.000-6	97.032.000-8	97.004.000-5	97.006.000-6	
Bank or financial institution	Banco de Chile	Banco BCI	Banco Scotiabank	Banco Scotiabank	Banco de Chile	Banco BCI	
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP	CLP	
Repayment method	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	
Effective rate	3,83%	3,22%	3,51%	3,20%	3,44%	3,29%	
Nominal rate	3,83%	3,22%	3,51%	3,20%	3,44%	3,29%	
Nominal value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Up to 1 year	71.002	217.177	439.245	222.223	2.512.182	41.818	3.503.647
Up to 90 days	-	217.177	300	222.223	12.182	-	451.882
Over 90 days to 1 year	71.002	-	438.945	-	2.500.000	41.818	3.051.765
More than 1 up to 3 years	13.274.672	19.270.304	-	-	-	9.000.000	41.544.976
More than 1 up to 2 years	4.424.891	19.270.304	-	-	-	-	23.695.195
More than 2 up to 3 years	8.849.781	-	-	-	-	9.000.000	17.849.781
Over 3 to 5 years	17.699.562	-	-	20.000.000	-	-	37.699.562
More than 3 up to 4 years	8.849.781	-	-	-	-	-	8.849.781
More than 4 up to 5 years	8.849.781	-	-	20.000.000	-	-	28.849.781
More than 5 years	13.274.671	-	-	-	-	-	13.274.671
More than 5 years	13.274.671	-	-	-	-	-	13.274.671
Total nominal values	44.319.907	19.487.481	439.245	20.222.223	2.512.182	9.041.818	96.022.856
Book value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current public obligations	71.002	217.177	439.245	222.223	2.512.182	41.818	3.503.647
Up to 90 days	-	217.177	300	222.223	12.182	-	451.882
More than 90 days up to 1 year	71.002	-	438.945	-	2.500.000	41.818	3.051.765
Non-current bank loans	44.248.905	19.270.304	-	20.000.000	-	9.000.000	92.519.209
More than 1 up to 3 years	13.274.672	19.270.304	-	-	-	9.000.000	41.544.976
More than 1 up to 2 years	4.424.891	19.270.304	-	-	-	-	23.695.195
More than 2 up to 3 years	8.849.781	-	-	-	-	9.000.000	17.849.781
More than 3 up to 5 years	17.699.562	-	-	20.000.000	-	-	37.699.562
More than 3 up to 4 years	8.849.781	-	-	-	-	-	8.849.781
More than 4 up to 5 years	8.849.781	-	-	20.000.000	-	-	28.849.781
More than 5 years	13.274.671	-	-	-	-	-	13.274.671
More than 5 years	13.274.671	-	-	-	-	-	13.274.671
Total public obligations	44.319.907	19.487.481	439.245	20.222.223	2.512.182	9.041.818	96.022.856

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

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

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

The table below shows the detail of bonds outstanding as of June 30, 2019 and December 31, 2018:





**Total public obligations for the current period**

Debtor tax number	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	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.	Essal S.A.	Essal S.A.
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Registration number	630	655	655	713	713	778	778	806	777	806	887	886	887	284	870
Series	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	BAGUA-AD	BAGUA-AC	BAGUA-AE	Besal-B	Besal-C
Final maturity	01/04/2031	01/10/2033	01/06/2032	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	15/03/2044	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
Repayment period	At maturity	At maturity	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual
Effective rate	4,16%	3,82%	4,05%	3,92%	3,81%	3,50%	3,18%	3,15%	2,34%	3,33%	2,87%	1,96%	2,01%	6,63%	2,93%
Nominal rate	4,20%	3,86%	4,00%	3,90%	3,80%	3,50%	3,30%	3,00%	2,40%	3,20%	2,80%	1,80%	2,50%	6,00%	2,80%
Nominal value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Up to 1 year	507.449	400.071	151.964	619.731	525.224	484.094	175.055	553.936	7.284.510	816.973	456.907	220.845	408.268	143.273	161.641
Up to 90 days	-	-	-	-	-	-	-	553.936	3.796.597	816.973	456.907	220.845	408.268	143.273	161.641
More than 90 up to 1 year	507.449	400.071	151.964	619.731	525.224	484.094	175.055	-	3.487.913	-	-	-	-	-	-
More than 1 up to 3 years	-	-	-	-	-	-	-	-	13.951.650	-	-	10.463.738	-	6.461.814	-
More than 1 up to 2 years	-	-	-	-	-	-	-	-	6.975.825	-	-	-	-	3.230.907	-
More than 2 up to 3 years	-	-	-	-	-	-	-	-	6.975.825	-	-	10.463.738	-	3.230.907	-
More than 3 up to 5 years	48.830.775	41.854.950	46.040.445	64.177.590	55.806.600	55.806.600	64.177.590	44.645.280	6.975.825	55.806.600	55.806.600	31.391.214	55.806.600	21.000.919	30.610.882
More than 3 up to 4 years	-	-	-	-	-	-	-	-	6.975.825	-	-	10.463.738	-	3.230.907	-
More than 4 up to 5 years	-	-	-	-	-	-	-	-	-	-	-	10.463.738	-	3.230.907	-
More than 5 years	48.830.775	41.854.950	46.040.445	64.177.590	55.806.600	55.806.600	64.177.590	44.645.280	-	55.806.600	55.806.600	10.463.738	55.806.600	14.539.105	30.610.882
Total nominal values	49.338.224	42.255.021	46.192.409	64.797.321	56.331.824	56.290.694	64.352.645	45.199.216	28.211.985	56.623.573	56.263.507	42.075.797	56.214.868	27.606.006	30.772.523
Book value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current public obligations	507.449	400.071	151.964	619.731	525.224	484.094	175.055	553.936	7.284.510	816.973	456.907	220.845	408.268	143.273	161.641
Up to 90 days	-	-	-	-	-	-	-	553.936	3.796.597	816.973	456.907	220.845	408.268	143.273	161.641
More than 90 up to 1 year	507.449	400.071	151.964	619.731	525.224	484.094	175.055	-	3.487.913	-	-	-	-	-	-
Non-current bank loans	-	-	-	-	-	-	-	-	13.951.650	-	-	10.463.738	-	6.461.814	-
More than 1 up to 3 years	-	-	-	-	-	-	-	-	6.975.825	-	-	-	-	3.230.907	-
More than 1 up to 2 years	-	-	-	-	-	-	-	-	6.975.825	-	-	10.463.738	-	3.230.907	-
More than 2 up to 3 years	48.830.775	41.854.950	46.040.445	64.177.590	55.806.600	55.806.600	64.177.590	44.645.280	6.975.825	55.806.600	55.806.600	31.391.214	55.806.600	21.000.919	30.610.882
More than 3 up to 5 years	-	-	-	-	-	-	-	-	6.975.825	-	-	10.463.738	-	3.230.907	-
More than 3 up to 4 years	-	-	-	-	-	-	-	-	-	-	-	10.463.738	-	3.230.907	-
More than 4 up to 5 years	48.830.775	41.854.950	46.040.445	64.177.590	55.806.600	55.806.600	64.177.590	44.645.280	-	55.806.600	55.806.600	10.463.738	55.806.600	14.539.105	30.610.882
More than 5 years	49.338.224	42.255.021	46.192.409	64.797.321	56.331.824	56.290.694	64.352.645	45.199.216	28.211.985	56.623.573	56.263.507	42.075.797	56.214.868	27.606.006	30.772.523
Total public obligations	49.529.800	42.412.001	46.425.383	64.655.840	56.249.596	56.290.694	65.301.378	44.279.318	28.240.618	55.591.064	55.634.950	41.820.812	60.903.617	28.793.555	30.067.459



## Total public obligations for the previous period

Debtor tax number	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	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.	Essal S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	
Registration number	630	655	655	712	713	713	778	778	806	777	806	887	886	284	870	
Series	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	BAGUA-AD	BAGUA-AC	Besal-B	Besal-C	
Final maturity	01-04-2031	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	15-03-2043	15-03-2025	01-06-2028	01-12-2040	
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	
Repayment period	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%	3,82%	4,05%	3,44%	3,92%	3,81%	3,50%	3,18%	3,15%	2,34%	3,33%	2,87%	1,96%	6,63%	2,93%	
Nominal rate	4,20%	3,86%	4,00%	3,30%	3,90%	3,80%	3,50%	3,30%	3,00%	2,40%	3,20%	2,80%	1,80%	6,00%	2,80%	
Nominal value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Up to 1 year	501.311	395.231	150.126	3.087.924	612.235	518.871	478.239	172.938	547.236	3.748.693	806.326	219.393	451.380	2.649.403	-	14.339.306
Up to 90 days	-	-	-	-	-	-	-	-	547.236	3.748.693	806.326	219.393	451.380	2.649.403	-	8.422.431
More than 90 up to 1 year	501.311	395.231	150.126	3.087.924	612.235	518.871	478.239	172.938	-	-	-	-	-	-	-	5.916.875
More than 1 up to 3 years	-	-	-	-	-	-	-	-	-	13.782.896	-	-	5.168.586	6.383.654	-	25.335.136
More than 1 up to 2 years	-	-	-	-	-	-	-	-	-	6.891.448	-	-	-	3.191.827	-	10.083.275
More than 2 up to 3 years	-	-	-	-	-	-	-	-	-	6.891.448	-	-	5.168.586	3.191.827	-	15.251.861
More than 3 up to 5 years	48.240.133	41.348.685	45.483.554	-	63.401.317	55.131.580	55.131.580	63.401.317	44.105.264	10.337.172	55.131.580	55.131.580	36.180.099	23.606.307	27.565.790	624.195.958
More than 3 up to 4 years	-	-	-	-	-	-	-	-	-	6.891.448	-	-	10.337.171	3.191.827	-	20.420.446
More than 4 up to 5 years	-	-	-	-	-	-	-	-	-	3.445.724	-	-	10.337.171	3.191.827	-	16.974.722
More than 5 years	48.240.133	41.348.685	45.483.554	-	63.401.317	55.131.580	55.131.580	63.401.317	44.105.264	-	55.131.580	55.131.580	15.505.757	17.222.653	27.565.790	586.800.790
Total nominal values	48.741.444	41.743.916	45.633.680	3.087.924	64.013.552	55.650.451	55.609.819	63.574.255	44.652.500	27.868.761	55.937.906	55.350.973	41.800.065	32.639.364	27.565.790	663.870.400
Book value	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current public obligations	514.006	403.555	163.916	3.088.985	605.265	515.342	478.239	216.304	510.665	3.762.546	769.268	199.950	390.405	3.259.198	159.686	15.037.330
Up to 90 days	-	-	-	-	-	-	-	-	510.665	3.762.546	769.268	199.950	390.405	-	-	5.632.834
More than 90 up to 1 year	514.006	403.555	163.916	3.088.985	605.265	515.342	478.239	216.304	-	-	-	-	-	3.259.198	159.686	9.404.496
Non-current bank loans	48.424.970	41.501.290	45.709.303	-	63.263.490	55.051.193	55.131.580	64.327.541	43.204.473	24.139.660	54.118.401	54.513.068	41.129.323	29.601.126	26.844.692	646.960.110
More than 1 up to 3 years	-	-	-	-	-	-	-	-	-	13.792.692	-	-	5.113.745	6.218.496	-	25.124.933
More than 1 up to 2 years	-	-	-	-	-	-	-	-	-	6.896.346	-	-	-	3.109.248	-	10.005.594
More than 2 up to 3 years	-	-	-	-	-	-	-	-	-	6.896.346	-	-	5.113.745	3.109.248	-	15.119.339
More than 3 up to 5 years	48.424.970	41.501.290	45.709.303	-	63.263.490	55.051.193	55.131.580	64.327.541	43.204.473	10.346.968	54.118.401	54.513.068	36.015.578	23.382.630	26.844.692	621.835.177
More than 3 up to 4 years	-	-	-	-	-	-	-	-	-	6.896.346	-	-	10.282.331	3.109.248	-	20.287.925
More than 4 up to 5 years	-	-	-	-	-	-	-	-	-	3.450.622	-	-	10.282.331	3.109.248	-	16.842.201
More than 5 years	48.424.970	41.501.290	45.709.303	-	63.263.490	55.051.193	55.131.580	64.327.541	43.204.473	-	54.118.401	54.513.068	15.450.916	17.164.134	26.844.692	584.705.051
Total public obligations	48.938.976	41.904.845	45.873.219	3.088.985	63.868.755	55.566.535	55.609.819	64.543.845	43.715.138	27.902.206	54.887.669	54.713.018	41.519.728	32.860.324	27.004.378	661.997.440



## Leasing liability

Corresponds to the obligation for lease payments according to IFRS 16 by Th\$806.847 (current) and Th\$573.621 (non-current), see Note 12.

## Reconciliation of financial liabilities

The following is a reconciliation between initial and final balances of other financial liabilities as of June 30, 2019 and December 31, 2018:

### Current period

Other current financial liabilities	Initial balance 31-12-2018 Th\$	Additions Th\$	Payments Th\$	Transfers Th\$	Final balance 30-06-2019 Th\$
Bank loans	3.503.647	75.162.964	(58.233.774)	-	20.432.837
Bonds	15.037.330	1.763.356	(1.552.281)	915.125	16.163.530
Refundable financial contributions	15.422.339	-	-	(2.504.031)	12.918.308
Lease liabilities	-	1.072.440	(574.878)	309.285	806.847
<b>Totals</b>	<b>33.963.316</b>	<b>77.998.760</b>	<b>(60.360.933)</b>	<b>(1.279.621)</b>	<b>50.321.522</b>

Other financial liabilities, non-current	Initial balance 31-12-2018 Th\$	Additions Th\$	Payments Th\$	Transfers Th\$	Final balance 30-06-2019 Th\$
Bank loans	92.519.209	4.103.254	-	-	96.622.463
Bonds	646.960.110	60.554.993	(3.950.518)	6.467.970	710.032.555
Refundable financial contributions	173.033.860	7.893.755	(12.219.153)	7.513.529	176.221.991
Lease liabilities	-	882.906	-	(309.285)	573.621
<b>Totals</b>	<b>912.513.179</b>	<b>73.434.908</b>	<b>(16.169.671)</b>	<b>13.672.214</b>	<b>983.450.630</b>

### Previous period

Other current financial liabilities	Initial balance 31-12-2017 Th\$	Additions Th\$	Payments Th\$	Transfers Th\$	Final balance 30-06-2018 Th\$
Bank loans	7.436.617	24.492.934	(24.436.123)	(3.989.781)	3.503.647
Bonds	40.406.918	3.191.827	(30.543.587)	1.982.172	15.037.330
Refundable financial contributions	15.201.817	3.036.088	(2.623.884)	(191.682)	15.422.339
<b>Totals</b>	<b>63.045.352</b>	<b>30.720.849</b>	<b>(57.603.594)</b>	<b>(2.199.291)</b>	<b>33.963.316</b>

Other financial liabilities, non-current	Saldo inicial 31-12-2017 Th\$	Additions Th\$	Payments Th\$	Transfers Th\$	Saldo final 31-12-2018 Th\$
Bank loans	88.735.865	64.248.905	(44.248.905)	(16.216.656)	92.519.209
Bonds	545.691.060	113.369.845	(7.515.955)	(4.584.840)	646.960.110
Refundable financial contributions	168.551.242	13.265.467	(13.089.756)	4.306.907	173.033.860
<b>Totals</b>	<b>802.978.167</b>	<b>190.884.217</b>	<b>(64.854.616)</b>	<b>(16.494.589)</b>	<b>912.513.179</b>



## 14.5 Risk management

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

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

### i. Credit risk

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

Aguas Andinas and its Subsidiaries have a fragmented 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 credit losses model expected according to IFRS 9 (see Note 2.2 letter H).

### ii. Liquidity risk

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

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

Preventive measures taken to manage liquidity risk include the following:

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

### Perfil de vencimientos (flujos no descontados)

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
Reimbursable financial contributions	4.059.389	3,29%	9.609.427	3,68%	40.332.328	3,57%	52.317.343	3,94%	114.937.838	2,91%
Bank loans	11.599.190	3,25%	11.066.275	3,44%	55.234.158	2,69%	40.009.194	3,37%	9.052.220	3,05%
Bonds	7.520.467	3,96%	24.396.715	3,37%	73.141.124	2,71%	75.395.507	2,37%	884.570.916	3,70%
Leasing liabilities	243.112	3,96%	563.735	3,96%	538.507	3,96%	35.114	3,96%	-	0,00%
Trade accounts and other payable accounts	63.775.576	0,00%	14.423.791	0,00%	337.567	0,00%	171.695	0,00%	434.718	0,00%
<b>Total</b>	<b>87.197.734</b>		<b>60.059.943</b>		<b>169.583.684</b>		<b>167.928.853</b>		<b>1.008.995.692</b>	

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



### iii. Interest rate risk

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

Debt instruments	Rate	%
Bank loans	Variable	11,32%
Bonds	Fixed	70,25%
Reimbursable financial contributions	Fixed	18,30%
Leasing liabilities	Fixed	0,13%
<b>Total</b>		<b>100,00%</b>

### Interest rate sensitivity analysis

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

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

Company	Nominal amount of debt (Th\$)	Variable rate	Points (+/-)	Impact on result Th\$ (+/-)
Aguas Andinas S.A. Consolidated	117.055.300	TAB 180 días	28	331.588

### 14.6 Fair value of financial instruments

Fair value of financial instruments recorded at amortized cost.

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

	31-03-2019	
	Amortized cost Th\$	Fair value Th\$
<b>Cash equivalents</b>		
Mutual funds, level 1	13.994.514	13.994.514
<b>Investments booked at fair value</b>	<b>13.994.514</b>	<b>13.994.514</b>
<b>Other financial liabilities</b>		
Bank debt, level 2	117.055.300	119.267.191
Bonds, level 1	726.196.085	885.079.520
AFR, level 3	189.140.299	189.140.299
<b>Financial liabilities booked at amortized cost</b>	<b>1.032.391.684</b>	<b>1.193.487.010</b>



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

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

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

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

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

## Note 15. TRADE ACCOUNTS AND OTHER ACCOUNTS PAYABLE

The composition of trade accounts and other current and non-current accounts receivable as of June 30, 2019 and December 31, 2018, is the following:

Trade creditors & other accounts payable, current	Currency	30/06/2019 Th\$	31/12/2018 Th\$
Subcontractors	CLP	25.349.678	39.997.433
Dividends	CLP	140.304	22.849.266
Suppliers	CLP	24.152.595	48.205.090
Suppliers	USD	1.033.320	903.099
Suppliers	EUR	416.625	99.658
Accrued products and services	CLP	18.825.957	17.545.125
Personnel	CLP	4.211.326	4.221.514
Payable documents	CLP	3.360.901	2.640.953
Others	CLP	708.661	437.037
<b>Sub-total current</b>		<b>78.199.367</b>	<b>136.899.175</b>
Payable documents	CLP	703.039	730.021
Suppliers	CLP	170.546	182.919
Various creditors	CLP	70.395	70.395
<b>Sub total non-current</b>		<b>943.980</b>	<b>983.335</b>
<b>Total current &amp; non-current</b>		<b>79.143.347</b>	<b>137.882.510</b>



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

## 15.1 Trade Accounts

### Current period

Current trade accounts according to term	30-06-2019			
	Goods Th\$	Services Th\$	Other Th\$	Total Th\$
Up to 30 days	3.752.991	14.553.319	851.841	19.158.151
Between 31 and 60 days	418.325	3.278.074	315	3.696.714
Between 61 and 90 days	-	17.228	-	17.228
Between 91 and 120 days	-	17.228	-	17.228
Between 121 and 365 days	-	54.690	-	54.690
<b>Total</b>	<b>4.171.316</b>	<b>17.920.539</b>	<b>852.156</b>	<b>22.944.011</b>

Current trade accounts according to term	31-12-2018			
	Goods Th\$	Services Th\$	Other Th\$	Total Th\$
Up to 30 days	570.691	1.098.088	12.243	1.681.022
Between 31 and 60 days	556.755	280.149	25.158	862.062
Between 61 and 90 days	18.181	11.841	18.510	48.532
Between 91 and 120 days	(50.730)	28.421	392	(21.917)
Between 121 and 365 days	7.742	12.158	42.700	62.600
More than 365 days	9.328	8.316	8.586	26.230
<b>Total</b>	<b>1.111.967</b>	<b>1.438.973</b>	<b>107.589</b>	<b>2.658.529</b>

### Previous period:

Overdue trade accounts according to term	31-12-2018			
	Goods Th\$	Services Th\$	Other Th\$	Total Th\$
Up to 30 days	11.577.843	22.520.176	229.274	34.327.293
Between 31 and 60 days	3.237.666	6.521.436	30.993	9.790.095
Between 61 and 90 days	-	435.541	-	435.541
Between 91 and 120 days	-	26.793	-	26.793
Between 121 and 365 days	-	228.113	-	228.113
<b>Total</b>	<b>14.815.509</b>	<b>29.732.059</b>	<b>260.267</b>	<b>44.807.835</b>

Overdue trade accounts according to term	31-12-2018			
	Goods Th\$	Services Th\$	Other Th\$	Total Th\$
Up to 30 days	-	458.332	4.979	463.311
Between 31 and 60 days	2.582.452	60.118	198.854	2.841.424
Between 61 and 90 days	663.178	24.747	45.366	733.291
Between 91 and 120 days	312.414	20.577	388	333.379
Between 121 and 365 days	1.581	22.696	1.451	25.728
More than 365 days	171	2.618	90	2.879
<b>Total</b>	<b>3.559.796</b>	<b>589.088</b>	<b>251.128</b>	<b>4.400.012</b>



## Note 16. OTHER PROVISIONS AND CONTINGENT LIABILITIES

### A. Other provisions

Below is a breakdown of the heading as of June 30, 2019 and December 31, 2018:

Classes of provisions	30-06-2019 Th\$	31-12-2018 Th\$
Provisions for legal claims*	2.762.428	2.992.246
<b>Other provisions, current</b>	<b>2.762.428</b>	<b>2.992.246</b>
Other provisions, non-current	1.358.876	1.341.233
<b>Provisions, non-current</b>	<b>1.358.876</b>	<b>1.341.233</b>

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

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

Legal claims	30-06-2019 Th\$	31-12-2018 Th\$
<b>Initial balance provisions</b>	<b>2.992.246</b>	<b>2.603.819</b>
Increase in existing provisions	288.871	891.679
Provision used	(509.824)	(549.895)
Other increases (decreases)	(8.865)	46.643
<b>Changes in provisions, total</b>	<b>(229.818)</b>	<b>388.427</b>
<b>Total</b>	<b>2.762.428</b>	<b>2.992.246</b>

The provisions under this item are as follows:

#### 1.- Legal claims

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

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

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

**The Superintendence for Sanitation Services (SISS)**, has levied fines against Aguas Andinas S.A. and Subsidiaries, mainly for not complying with instructions and breaching the continuity and quality of the service provided by the Company. The total number of complaints filed as of June 2019 amount to UTA 3.917, which were paid out prior to initiating the claim processes of each case. The final sentences are pending.

Additionally, Aguas Andinas S.A. was notified of the initiation of sanction procedures by the Superintendence of Sanitary Services. The foregoing corresponds to alleged breaches in the delivery of the service. Currently, there are judicial complaints and lawsuits pending to be resolved, consequently, it is yet premature to estimate an outcome. The Company considers that it did not incur such infringements, therefore, it expects that such complaint and lawsuit procedures will be admitted.





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

**Labor lawsuits:** Aguas Andinas was directly or alternatively sued, regarding labor demands whose matter corresponds mainly to unjustified dismissals. The total amount of such lawsuits amounts to Th\$209,280. The judicial proceedings are pending in the respective courts or administrative bodies concerned.

## **2.- Other non-current provisions**

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

## **B.- Contingent liabilities**

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

2.- On June 9, 2016, as a result of a potable water main break that affected the commune of Providencia, Aguas Andinas S.A. had to compensate the damage to third parties. In consideration of said emergency, the Company is being audited by the Superintendence of Sanitation Services. The Company submitted its reply to such charges; which are now pending to be resolved by the authority.

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

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

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

## **Note 17. EMPLOYEE BENEFITS**

The Company, at the consolidated level, has a workforce of 2,119 employees, of which 77 are Managers and senior executives. Employees included in collective bargaining agreements and those with individual employment contracts containing special indemnity clauses total 1,779 and 15, respectively, whereas 325 workers are under the provisions of the Labor Code.

During the month of January 2018, the subsidiary Aguas Andinas S.A. culminated the anticipated collective bargaining with the unions of employees, operators and professions No. 1, 2 and 3. The agreement was signed on January 29, 2018, taking effect for 3 years.

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

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



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

#### **Policies about defined benefit plans**

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

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

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

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

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

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

#### **Actuarial assumptions**

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

**Participants in each plan:** These benefits cover all workers who participate in a union agreement (indicated above) and workers with individual contracts including an indemnity clause in any event. Workers included in the calculation of the actuarial indemnity by company: Aguas Andinas S.A.: 904; Aguas Cordillera S.A.: 120; Aguas Manquehue S.A.: 14; Essal S.A.: 342 and Gestión y Services S.A.: 1.

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

**Employee turnover and disability rates and early retirements:** Based on the Group's statistical experience, the turnover rate used for target workers during period 2019 is the following: 7.10%; Aguas Cordillera S.A.: 4.8%; Aguas Manquehue S.A.: 0.00% and Essal S.A.: 6.2%. Disabled workers and early retirements have not been considered due to their infrequent occurrence.

**Discount rate:** For period 2019 the Company applied a discount rate 5.0%, which corresponds to a risk-free rate and long-term inflation projections.

**Inflation rate:** For making long-term estimates, in period 2019 the Company applied an inflation rate of 3.0%, as reported by the Central Bank of Chile.

**Salary increase rates:** The salary increase rates applied for period 2019 are as follows: Aguas Andinas S.A.: 3.3%; Aguas Cordillera S.A.: 2.7%; Aguas Manquehue S.A.: 2.4% and Essal S.A.: 3.1%.

#### **General description of defined benefit plans**

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



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

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

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

The following table shows the account activity in actuarial provisions as of June 30, 2019 and December 31, 2018, which include provision account activity:

Provisions for employee benefits	30-06-2019 Th\$	31-12-2018 Th\$
<b>Movement in actuarial provision</b>		
<b>Initial balance</b>	18.133.927	16.245.576
Cost of services	845.608	1.260.866
Interest cost	405.223	1.645.624
Actuarial (gains) or losses	-	1.534.815
Benefits paid	(878.986)	(3.100.569)
Provision termination benefits	125.472	547.615
<b>Sub-total</b>	<b>18.631.244</b>	<b>18.133.927</b>
Profit sharing & bonuses	2.135.833	4.700.384
<b>Total</b>	<b>20.767.077</b>	<b>22.834.311</b>

The Balance Sheet includes the following balances:

Provisions for employee benefits	30-06-2019 Th\$	31-12-2018 Th\$
Provisions for employee benefits, current	2.527.462	5.496.070
Provisions for employee benefits, non-current	18.239.615	17.338.241
<b>Total</b>	<b>20.767.077</b>	<b>22.834.311</b>

#### Expected payment flows

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

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

During period 2018 the Company, together with the Aguas Andinas' union workers and in the spirit of recognized the track record of personnel having serious health problems who, in turn, have a duly accredited a disabling disease that affects their performance or that does not allow them to resume the normal conditions of their duties or that are close to their legal age of retirement (in the understanding that this applies to women workers, with an indefinite-term work contract in force who turn 57 years of age and to men workers with an indefinite work contract in force, that turn 62 years of age) the option of accepting a Voluntary Retirement Plan. Also eligible to opt for this plan will be those workers that have already



met their established retirement age, as required by article 3 of Decree Law No 3,500, in order to obtain their old-age pension, i.e. over 60 years of age for women and over 65 years of age for men (actual age).

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

Company	Number of employees	Expected payment flow Th\$	Year
A.Andinas S.A.	15	993.158	2019
Aguas Cordillera S.A.	11	389.419	2019
ESSAL S.A.	1	3.352	2019
	<b>27</b>	<b>1.385.929</b>	

#### Liabilities projected for December 31, 2019

In calculating the projected liabilities for indemnities at their actuarial value as of December 2019, as established in IAS 19, we have used the actuarial assumptions as of June 30, 2019, as already reported in this Note. The only amount that increased is the legal bonus, as a result of the increase in the minimum legal wage established in January of the present year.

The following table summarizes this situation by company:

Company	Number of employees	Cost of services Th\$	Interest costs Th\$
A.Andinas S.A.	904	1.024.306	681.147
A.Cordillera S.A.	120	96.512	91.715
A Manquehue S.A.	14	11.177	10.035
ESSAL S.A.	342	34.218	35.373
	<b>1.380</b>	<b>1.166.213</b>	<b>818.270</b>

#### Sensitivity of assumptions

The sensitivity of the main assumptions is based on the actuarial calculation as of March 31, 2019. The following impacts have been determined:

Discount rate	Basis	More than 0.5% Th\$	Less than 0.5% Th\$
A.Andinas S.A.	5,0%	(707.750)	465.428
A.Cordillera S.A.	5,0%	(107.529)	68.345
A Manquehue S.A.	5,0%	(21.887)	21.977
ESSAL S.A.	5,0%	(31.625)	56.703
<b>Total</b>		<b>(868.791)</b>	<b>612.453</b>

Turnover rate	Basis	More than 0.5% Th\$	Less than 0.5% Th\$
A.Andinas S.A.	7,1%	(775.415)	536.832
A.Cordillera S.A.	4,8%	(115.574)	76.479
A Manquehue S.A.	0,0%	(663)	(663)
ESSAL S.A.	6,2%	(35.363)	61.864
<b>Total</b>		<b>(927.015)</b>	<b>674.512</b>



Wage increase rate	Basis	More than 0.5% Th\$	Less than 0.5% Th\$
A.Andinas S.A.	3,3%	472.705	(719.440)
A.Cordillera S.A.	2,7%	69.978	(109.790)
A Manquehue S.A.	2,4%	22.454	(22.511)
ESSAL S.A.	3,1%	57.366	(31.625)
<b>Total</b>		<b>622.503</b>	<b>(883.366)</b>

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

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

#### Profit sharing and bonuses

The Company has an obligation with its personnel with respect to profit-sharing bonuses payable the following year in February and March. The accrued participation payable to personnel, as stipulated in current contracts, is settled in February on the basis of the statement of financial position for the immediately-preceding period. As of June 30, 2019 and December 31, 2018, these amounts total Th\$2.135.833 y Th\$4,700,834, respectively. In addition, advances are made against this bonus in the months of March, June, September and December of each calendar year.

The annual amount will depend on the earnings of each Group Company.

#### Personnel expenses

Personnel expenses as of June 30, 2019 and 2018 are

Personnel expenses	30/06/2019 Th\$	30/06/2018 Th\$	01-04-2019 30-06-2019 Th\$	01-04-2018 30-06-2018 Th\$
Wages & salaries	(18.593.137)	(18.029.756)	(9.714.384)	(9.449.130)
Defined benefits	(8.508.975)	(8.190.692)	(4.493.415)	(4.136.453)
Termination benefits	(1.640.277)	(1.977.462)	(779.043)	(949.928)
Other personnel expenses	(1.156.471)	(1.103.435)	(551.562)	(374.101)
<b>Total</b>	<b>(29.898.860)</b>	<b>(29.301.345)</b>	<b>(15.538.404)</b>	<b>(14.909.612)</b>

#### Note 18. OTHER NON-FINANCIAL LIABILITIES

The breakdown of this current and non-current item as of June 30, 2019 and December 31, 2018 is the following:

Other non-financial liabilities	30-06-2019 Th\$	31-12-2018 Th\$
Value Added Tax	10.053.919	8.884.571
Monthly Provisional Payments	3.993.938	4.452.524
Other taxes	315.090	311.365
Agreement for real estate developments	2.668.252	1.164.189
Works requested by third parties	1.208.139	1.404.208
<b>Total current</b>	<b>18.239.338</b>	<b>16.216.857</b>
Asociación Sociedad de Canalistas del Maipo	7.294.709	7.294.709
Agreement for real estate developments	249.093	1.818.680
<b>Total non-current</b>	<b>7.543.802</b>	<b>9.113.389</b>



## Note 19. EQUITY ATTRIBUTABLE TO CONTROLLER'S PROPERTY OWNERS

The corporate capital is divided into 6,118,965,160 registered shares without par value, completely subscribed and paid as of June 30 March 31, 2019, of which 94.97% corresponds to series A and 5.03% to series B.

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

Each series comprises the following:

Currency	30-06-2019	31-12-2018
Series A Shares	5.811.031.417	5.811.031.417
Series B Shares	307.933.743	307.933.743

The capital as of June 30, 2019 and December 31, 2018 amounts to Th\$155,567,354. There are no company treasury shares nor preferred shares in portfolio.

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

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

As of June 30, 2019, no dividend payment was agreed.

The following dividend payment was agreed and made during the period ended December 31, 2018:

- The Board of Directors Meeting of December 12, 2018 unanimously agreed to distribute the amount of Th\$43,223,758 as an interim dividend deductible from the earnings in period 2018. Consequently, the interim dividend No. 67 of the Company amounted to \$7.0639 per share. This payment was payable as from January 18, 2019.
- At the shareholders' meeting held on April 24, 2018, the distribution of the net earnings obtained by the company in the year 2017 were agreed, which amounted to Th\$139,620,280, excluding the line item "Results other earnings" of the Financial Statements, net of taxes, thus the amount to be distributed totaled Th\$137,677,083. Considering the distribution of the provisional dividend paid out on January 2018, the dividend to be distributed amounted to Th\$95,692,416 corresponding to a dividend of \$15.6386 per share, which was paid on May 24, 2018.
- **Provision for minimum dividend**

In accordance with the policy described in Note 2.2. Letter J, the Company has not entered a minimum dividend provision as of June 30, 2019 and December 31, 2018.

- **Accumulated earnings**

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

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



- **Bond issue premiums**

The amount recorded for bond issue premiums is the markup on the sale of shares in 1999 due to the capital increase. The balance as of June 30, 2019 and December 31, 2018 amounted to Th\$164,064,038 for each period.

- **Other equity shareholdings**

The amounts included in Other shareholdings refer to the monetary correction of the capital paid in 2008, the year of transition to IFRS, in accordance with Circular No. 456 of the Superintendence of Securities and Insurance, and the effects of businesses combinations of companies under common control made in period 2007 and 2008. The balances as of June 30, 2019 and December 31, 2018 totaled Th\$-5,965,550.

## **Note 20. EQUITY ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDERS**

The following table, broken down by Company, shows the effects of third-party shareholding in the equity and results as of June 30, 2019 and December 31, 2018:

Company	% Participation		Non-controller participations			
	30/06/2019	30/06/2018	Equity		Result	
	%	%	30/06/2019	31/12/2018	30/06/2019	30/06/2018
			Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	0,00997%	0,00997%	20.120	20.223	1.175	1.151
Essal S.A. (1)	46,49350%	46,49350%	46.548.712	48.350.519	1.588.296	1.194.310
<b>Total</b>			<b>46.568.832</b>	<b>48.370.742</b>	<b>1.589.471</b>	<b>1.195.461</b>

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

The dividends paid to non-controlling shareholders of the subsidiary Essal S.A as of June 30, 2019 and 2018 amounted to Th\$6.705.908 and Th\$5.684.812 respectively.

## **Note 21. ORDINARY REVENUE**

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

Classes of ordinary revenue	30/06/2019	30/06/2018	01-04-2019 30-06-2019	01-04-2018 30-06-2018
	Th\$	Th\$	Th\$	Th\$
<b>Ordinary revenue</b>				
Sales of goods	4.285.454	3.139.340	1.896.023	1.467.868
Provision of services	280.604.622	273.049.709	126.130.744	122.358.521
Insurance repayment	9.872	117.952	9.872	1.234
<b>Total</b>	<b>284.899.948</b>	<b>276.307.001</b>	<b>128.036.639</b>	<b>123.827.623</b>



## Note 22. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature:

Other expenses by nature	30/06/2019 Th\$	30/06/2018 Th\$	01-04-2019 30-06-2019 Th\$	01-04-2018 30-06-2018 Th\$
Treatment plant operation	(14.043.088)	(12.989.699)	(7.021.161)	(6.573.476)
Services	(10.209.251)	(9.806.048)	(4.673.857)	(4.611.760)
Maintenance and repair of networks	(7.647.841)	(7.475.569)	(4.010.150)	(3.882.428)
Commercial services	(6.786.690)	(6.693.789)	(3.539.135)	(3.308.124)
Costs for work requested by third parties	(4.777.373)	(4.888.805)	(2.609.477)	(2.411.993)
Maintenance of equipment and enclosures	(4.705.905)	(3.938.672)	(2.718.293)	(2.331.625)
Leases	(1.365.812)	(1.794.311)	(934.121)	(1.068.865)
Waste and sludge removal	(3.074.559)	(3.061.029)	(1.628.568)	(1.444.679)
Insurance, taxation, licenses & permits	(3.040.206)	(3.357.905)	(1.749.233)	(1.956.411)
General expenses	(3.163.404)	(2.967.088)	(1.699.151)	(1.505.200)
Others	(3.689.010)	(3.847.798)	(1.115.003)	(1.628.554)
<b>Total</b>	<b>(62.503.139)</b>	<b>(60.820.713)</b>	<b>(31.698.149)</b>	<b>(30.723.115)</b>

## Note 23. OTHER REVENUES AND EXPENSES

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

Non-operating revenue & expenses	30/06/2019 Th\$	30/06/2018 Th\$	01-04-2019 30-06-2019 Th\$	01-04-2018 30-06-2018 Th\$
Gain (loss) on sale of non-current assets, not held for sale	98.523	4.743.198	104.700	2.906.233
Restructuration program*	(1.650.194)	(2.351.841)	(1.456.759)	(2.351.841)
Losses for property, plant and equipment replacements	-	-	-	-
Discarded projects and performance bond **	(19.098)	(28.591)	152.378	(15.226)
Other earnings (losses)	321.630	205.841	28.600	14.826
<b>Other (losses) earnings</b>	<b>(1.249.139)</b>	<b>2.568.607</b>	<b>(1.171.081)</b>	<b>553.992</b>
Bank loans	(2.050.085)	(1.754.944)	(991.048)	(854.036)
AFR interest expenses	(3.037.967)	(3.041.834)	(1.526.130)	(1.516.025)
Bond interest expense	(9.809.470)	(9.276.407)	(5.092.347)	(4.984.906)
Liability for lease	(26.768)	-	(13.357)	-
Other interest costs	(411.427)	(386.626)	(289.375)	(226.991)
Amortization of loan agreement complementary costs	(25.846)	(164.148)	17.313	(58.908)
<b>Financial costs</b>	<b>(15.361.563)</b>	<b>(14.623.959)</b>	<b>(7.894.944)</b>	<b>(7.640.866)</b>
Interest income	2.136.858	2.490.364	1.143.168	1.358.704
Gain on redemption & extinction of debt	686.949	712.128	337.178	456.477
Ingresos por instrumentos derivados	-	-	-	-
<b>Financial income</b>	<b>2.823.807</b>	<b>3.202.492</b>	<b>1.480.346</b>	<b>1.815.181</b>

\* Corresponds to the indemnity paid as a result of the restructuring plan carried out by the company, which consist of two parts: the redesign of the organization looking for a greater efficiency, which entails eliminating certain positions and a voluntary retirement plan.

\*\* Mainly corresponds to the earnings (losses) product of performance bond and discarded projects (see note 16).





## Note 24. EFFECT OF DIFFERENCE IN THE EXCHANGE RATE

The detail produced by exchange differences as of June 30, 2019 and 2018 is the following:

Concept	Currency	30/06/2019 Th\$	30/06/2018 Th\$	01-04-2019 30-06-2019 Th\$	01-04-2018 30-06-2018 Th\$
Trade debtors and other accounts receivable	EUR	(37)	(35.453)	(37)	3.722
Trade debtors and other accounts receivable	USD	60	(316)	(62)	(121)
<b>Total variation assets</b>		<b>23</b>	<b>(35.769)</b>	<b>(99)</b>	<b>3.601</b>
Trade accounts payable and other accounts payable	EUR	(4.046)	(8.150)	(5.970)	(25.124)
Trade accounts payable and other accounts payable	USD	(63.411)	28.752	(48.236)	28.543
Accounts payable to related entities	EUR	-	(11.144)	-	(4.409)
<b>Total variation liabilities</b>		<b>(67.457)</b>	<b>9.458</b>	<b>(54.206)</b>	<b>(990)</b>
<b>Gain (loss) from exchange differences</b>		<b>(67.434)</b>	<b>(26.311)</b>	<b>(54.305)</b>	<b>2.611</b>

## Note 25. RESULTS BY INDEXED UNITS

The composition of the results by indexed units for periods ended June 30, 2019 and 2018, is the following:

Concept	30/06/2019 Th\$	30/06/2018 Th\$	01-04-2019 30-06-2019 Th\$	01-04-2018 30-06-2018 Th\$
Accounts payable to related entities	53	4.494	55	3.420
Current tax assets	202.867	324.694	205.239	58.111
Trade debtors and other accounts receivable	1.087.435	81.363	673.808	59.587
<b>Total variation assets</b>	<b>1.290.355</b>	<b>410.551</b>	<b>879.102</b>	<b>121.118</b>
Other financial liabilities	(10.907.098)	(10.867.312)	(11.012.276)	(6.059.767)
Trade accounts payable and other accounts payable	(926.188)	(74.243)	(438.627)	15.943
Accounts payable to related entities	-	(92)	-	(30)
Other non-financial liabilities	-	(110.576)	-	(134.619)
<b>Total variation liabilities</b>	<b>(11.833.286)</b>	<b>(11.052.223)</b>	<b>(11.450.903)</b>	<b>(6.178.473)</b>
<b>Gain (loss) from exchange differences</b>	<b>(10.542.931)</b>	<b>(10.641.672)</b>	<b>(10.571.801)</b>	<b>(6.057.355)</b>

## Note 26. BUSINESS SEGMENTS

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

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

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



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

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

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

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

General information on results	30/06/2019		30/06/2018	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-Water Th\$
Revenues from ordinary activities with external customers	271.085.617	13.816.760	263.888.026	12.418.975
Revenues from ordinary activities between segments	529.715	2.067.720	631.563	2.237.927
Raw materials and consumables used	(15.595.308)	(6.066.097)	(14.875.231)	(4.666.192)
Employee benefit expenses	(25.834.352)	(4.163.280)	(25.626.113)	(3.712.961)
Operating expenses	(61.122.118)	(3.664.633)	(60.143.142)	(3.392.307)
Depreciation & amortization	(36.734.482)	(919.264)	(37.088.165)	(543.766)
Other revenue & expenses	(1.072.081)	(162.805)	2.573.987	8.476
Financial income	2.897.449	7.862	3.250.114	19.329
Financial costs	(15.341.448)	(103.168)	(14.607.690)	(83.220)
Result of indexation & exchange differences	(10.557.729)	(52.641)	(10.701.447)	33.464
Income tax charge	(26.619.377)	(196.672)	(26.660.151)	(600.953)
<b>Earnings by segment</b>	<b>81.635.886</b>	<b>563.782</b>	<b>80.641.751</b>	<b>1.718.772</b>
<b>Earnings by segment attributable to owners of the controller</b>	<b>80.046.415</b>	<b>563.782</b>	<b>79.446.290</b>	<b>1.718.772</b>
Earnings (losses) by segment attributable to non-controller participations	1.589.471	-	1.195.461	-

Total assets, liabilities & equity	30/06/2019		30/06/2018	
	Water Th\$	Non-Water Th\$	Water Th\$	Non-Water Th\$
Current assets	129.740.622	15.669.235	160.097.263	15.288.956
Non-current assets	1.742.291.003	20.213.152	1.718.816.310	20.176.274
<b>Total assets</b>	<b>1.872.031.625</b>	<b>35.882.387</b>	<b>1.878.913.573</b>	<b>35.465.230</b>
Current liabilities	170.434.581	14.992.259	236.740.971	13.904.256
Non-current liabilities	1.046.214.339	100.079	976.643.094	99.085
Equity attributable to owners of the controller	608.813.873	20.790.049	617.158.766	21.461.889
Non-controller participations	46.568.832	-	48.370.742	-
<b>Total equity &amp; liabilities</b>	<b>1.872.031.625</b>	<b>35.882.387</b>	<b>1.878.913.573</b>	<b>35.465.230</b>



## **Significant line items of revenues and expenses by segment**

### **Water and Non-Water Segments**

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

#### **Revenue**

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

#### **Detail of significant revenue line items**

##### **Water Segment**

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

##### **Tariffs**

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

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

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

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

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

##### **Non-Water Segment**

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

#### **Detail of significant expense items**

##### **Water Segment**

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



## Non-Water Segment

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

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

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

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

Reconciliation of revenues from ordinary activities	30/06/2019 Th\$	30/06/2018 Th\$
Revenues from ordinary activities of the segments	287.499.812	279.176.491
Elimination of ordinary activity revenues between segments	(2.599.864)	(2.869.490)
<b>Revenues from ordinary activities</b>	<b>284.899.948</b>	<b>276.307.001</b>

Reconciliation of earnings	30/06/2019 M	30/06/2018 Th\$
Total consolidated earnings (loss) of segments	82.199.668	82.360.523
Consolidation of elimination of earnings (loss) between segments	(1.589.471)	(1.195.461)
<b>Consolidation of earnings (loss)</b>	<b>80.610.197</b>	<b>81.165.062</b>

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

Reconciliations of segment assets, liabilities & equity of segments	30/06/2019 Th\$	30/06/2018 Th\$
<b>Reconciliation of assets</b>		
Consolidation total assets of segments	1.907.914.012	1.914.378.803
Elimination of accounts between segments	(9.376.549)	(8.326.704)
<b>Total assets</b>	<b>1.898.537.463</b>	<b>1.906.052.099</b>
<b>Reconciliation of liabilities</b>		
Consolidation total liabilities of segments	1.231.741.258	1.227.387.406
Elimination of accounts between segments	(9.376.549)	(8.326.704)
<b>Total liabilities</b>	<b>1.222.364.709</b>	<b>1.219.060.702</b>
<b>Reconciliation of equity</b>		
Consolidation total equities of segments	629.603.922	638.620.655
<b>Equity attributable to owners of the controller</b>	<b>629.603.922</b>	<b>638.620.655</b>



## Information about main customers

Main customers of the water utility segment:

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

Main customers of the non-water utility segment:

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

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

### Water utility segment

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

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

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

### Non-water utility segment

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

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

## Note 27. EARNINGS PER SHARE

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

Earnings per-share		30/06/2019	30/06/2018	01-04-2019 30-06-2019	01-04-2018 30-06-2018
Earnings attributable to shareholders in net equity of the controller	Th\$	80.610.197	81.165.062	26.040.935	29.107.672
Results available to common shareholders, basic	Th\$	80.610.197	81.165.062	26.040.935	29.107.672
Weighted average number of shares, basic		6.118.965.160	6.118.965.160	6.118.965.160	6.118.965.160
<b>Earnings per-share</b>	<b>\$</b>	<b>13,174</b>	<b>13,265</b>	<b>4,256</b>	<b>4,757</b>



## Disclosure of information on diluted earnings (losses) per share

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

## Note 28. FINANCIAL STATEMENTS OF SUBSIDIARIES

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

### Summarized financial information by Subsidiary (Balance Sheet) as of June 30, 2019

30-06-2019	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiary	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	9.989.910	268.805.420	30.937.443	46.046.555	201.811.332
Aguas Manquehue S.A.	3.044.059	92.400.577	15.842.526	25.692.835	53.909.275
Inversiones Iberaguas Ltda.	6.921	64.225.184	15.618	-	64.216.487
Essal S.A.	19.764.324	174.951.331	25.536.562	95.633.073	73.546.020
EcoRiles S.A.	5.384.671	625.708	2.992.913	16.369	3.001.097
Gestión y Servicios S.A.	5.970.448	867.580	3.658.920	72.658	3.106.450
Análisis Ambientales S.A.	3.095.126	5.440.754	2.800.330	11.052	5.724.498
Aguas del Maipo S.A.	1.519.245	13.279.111	5.840.352	-	8.958.004

### Summarized financial information by Subsidiary (Statement of Comprehensive Results) as of June 30, 2019

30-06-2019	Result for the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiary	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	11.787.791	31.264.832	(18.360.735)	(1.116.306)
Aguas Manquehue S.A.	2.416.990	8.282.373	(4.454.220)	(1.411.163)
Inversiones Iberaguas Ltda.	2.707.106	-	(3.177)	2.710.283
Essal S.A.	5.339.012	30.249.956	(20.509.543)	(4.401.401)
EcoRiles S.A.	495.191	6.759.465	(6.099.194)	(165.080)
Gestión y Servicios S.A.	32.464	5.314.910	(5.111.137)	(171.309)
Análisis Ambientales S.A.	209.664	4.349.215	(3.954.286)	(185.265)
Aguas del Maipo S.A.	(173.537)	489.249	(677.018)	14.232



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

31-12-2018	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiary	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	14.572.541	269.504.225	34.360.042	46.877.423	202.839.301
Aguas Manquehue S.A.	4.874.182	92.481.886	17.732.100	25.633.064	53.990.904
Inversiones Iberaguas Ltda.	1.820.982	65.220.985	33.186	-	67.008.781
Essal S.A.	22.086.592	167.386.351	21.913.688	92.060.682	75.498.573
EcoRiles S.A.	5.438.938	531.601	2.550.466	-	3.420.073
Gestión y Servicios S.A.	5.898.957	770.995	3.379.347	45.513	3.245.092
Análisis Ambientales S.A.	2.975.903	5.178.956	2.489.677	-	5.665.182
Aguas del Maipo S.A.	1.251.161	13.694.722	5.760.770	53.572	9.131.541

### Summarized financial information by Subsidiary (Balance Sheet) as of June 30, 2018

30-06-2019	Result for the period	Ordinary revenue	Operating expenses (-)	Other net expenses (-) / revenue (+)
Subsidiary	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	11.551.629	30.487.986	(18.286.309)	(650.048)
Aguas Manquehue S.A.	2.524.635	7.953.533	(4.376.563)	(1.052.335)
Inversiones Iberaguas Ltda.	2.277.725	-	(3.102)	2.280.827
Essal S.A.	4.491.610	27.971.951	(19.507.882)	(3.972.459)
EcoRiles S.A.	936.972	6.526.405	(5.218.297)	(371.136)
Gestión y Servicios S.A.	269.786	4.111.081	(3.887.388)	46.093
Análisis Ambientales S.A.	545.066	4.332.576	(3.550.849)	(236.661)
Aguas del Maipo S.A.	(33.052)	531.801	(503.654)	(61.199)

### Detail of Significant Subsidiaries

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

Name of significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.
Country	Chile	Chile	Chile
Debt Tax Number	96.809.310-k	89.221.000-4	95.579.800-5
Functional currency	Chilean pesos	Chilean pesos	Chilean pesos
Percentage share in significant subsidiary	99,99003%	100,00000%	53,50650%
Percentage voting rights in significant subsidiary	99,99003%	100,00000%	53,50650%
<b>Percentage of consolidated values as of 30/06/2019</b>			
Contribution margin	9,67%	2,87%	5,21%
Property, plant and equipment	7,63%	4,67%	11,50%
Net income for the period	11,63%	3,02%	2,27%



## **Note 29. IMPAIRMENT OF ASSET VALUE**

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

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

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

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

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

As of December 31, 2018, the respective deterioration tests were carried out, based on estimates and projections provided by the Group. These estimates indicated that the benefits attributable to the shares with lower associated values exceed individually the consolidated book value of the same in all cases, as well as the intangible assets with indefinite useful life were assessed to be of a higher value than that registered in books.

As of June 30, 2019, there is no record of asset impairment nor are there indications of asset impairment.

## **Note 30. GUARANTEES AND RESTRICTIONS**

### **a) Direct guarantees**

Policies and performance bonds have been granted to several institutions, especially to the Superintendence of Sanitation Services, to guarantee the conditions for the provision of services and development programs in the Company's concession areas; to SERVIU Metropolitano, to guarantee the replacement of paving; and to other institutions, for Th\$44,433,848 and Th\$45,873,654 as of March 31, 2019 and December 31, 2018, respectively.





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

Creditor of the guarantee	Debtor	Type of guarantee	30/06/2019 Th\$	31/12/2018 Th\$
ASOCIACION DE CANALISTAS DEL MAIPO	Aguas Andinas S.A.	Performance bond	7.944.875	7.870.828
CGE DISTRIBUCION	Aguas Andinas S.A.	Performance bond	53.349	53.349
COMITE INNOVA CHILE	Aguas Andinas S.A.	Performance bond	230.083	292.061
CONSTRUCTORA SAN FRANCISCO	Aguas Andinas S.A.	Performance bond	156.538	159.055
DIRECCION GENERAL AERONAUTICA	Aguas Andinas S.A.	Performance bond	11.161	22.053
DIRECCION OBRAS HIDRAULICAS	Aguas Andinas S.A.	Performance bond	4.264.897	4.484.817
DIRECCION VIALIDAD	Aguas Andinas S.A.	Performance bond	72.493	185.351
GOBIERNO REGION METROPOLITANA	Aguas Andinas S.A.	Performance bond	121.102	79.973
MUNICIPALIDAD PAINE	Aguas Andinas S.A.	Performance bond	19.837	19.837
MUNICIPALIDAD PROVIDENCIA	Aguas Andinas S.A.	Performance bond	57.258	56.730
MUNICIPALIDAD DE LA REINA	Aguas Andinas S.A.	Performance bond	69.758	68.914
MUNICIPALIDAD DE SANTIAGO	Aguas Andinas S.A.	Performance bond	25.950	30.636
INMOBILIARIA MACUL S.A.	Aguas Andinas S.A.	Performance bond	83.710	55.132
MUNICIPALIDAD DE LA FLORIDA	Aguas Andinas S.A.	Performance bond	496.352	490.348
MUNICIPALIDAD PEÑALOLEN	Aguas Andinas S.A.	Performance bond	45.310	44.762
SERVIU METROPOLITANO	Aguas Andinas S.A.	Performance bond	8.871.526	8.030.960
S.I.S.S.	Aguas Andinas S.A.	Performance bond	8.078.234	8.269.329
SOCIEDAD CONC. MELIPILLA	Aguas Andinas S.A.	Performance bond	83.710	41.349
MUNICIPALIDAD SAN BERNARDO	Aguas Andinas S.A.	Performance bond	-	17.419
SOCIEDAD CONC. AUTOPISTA CENTRAL	Aguas Andinas S.A.	Performance bond	-	55.132
ASOCIACION DE CANALISTAS DEL MAIPO	Aguas Cordillera S.A.	Performance bond	963.488	951.834
MUNICIPALIDAD LAS CONDES	Aguas Cordillera S.A.	Performance bond	173.000	156.000
MUNICIPALIDAD LO BARNECH	Aguas Cordillera S.A.	Performance bond	13.952	13.783
MUNICIPALIDAD VITACURA	Aguas Cordillera S.A.	Performance bond	55.807	55.132
MINISTERIO OBRA PUBLICAS	Aguas Cordillera S.A.	Performance bond	415.257	410.234
SERVIU METROPOLITANO	Aguas Cordillera S.A.	Performance bond	161.839	450.866
S.I.S.S.	Aguas Cordillera S.A.	Performance bond	1.284.724	1.263.671
SENCORP S.A.	Aguas Cordillera S.A.	Performance bond	-	313.974
ASOCIACION DE CANALISTAS DEL MAIPO	Aguas Manquehue S.A.	Performance bond	1.476.957	1.459.092
MUNICIPALIDAD DE VITACURA	Aguas Manquehue S.A.	Performance bond	11.161	11.026
S.I.S.S.	Aguas Manquehue S.A.	Performance bond	1.160.052	1.226.237
MUNICIPALIDAD DE LO BARNECHEA	Aguas Manquehue S.A.	Performance bond	-	88.514
S.I.S.S.	Aguas Manquehue S.A.	Performance bond	-	73.518
DIRECTOR DE OBRAS HIDRAULICAS	ESSAL S.A.	Performance bond	1.554.952	1.678.920
SERVIU METROPOLITANO	ESSAL S.A.	Performance bond	251.197	157.191
GOBIERNO REGIONAL DE LA REGION DE LOS RIOS	ESSAL S.A.	Performance bond	95.208	49.475
DIRECTOR DE VIALIDAD	ESSAL S.A.	Performance bond	60.941	21.722
MUNICIPALIDAD DE PAILACO	ESSAL S.A.	Performance bond	20.983	31.094
SOCIEDAD CONSESIONARIA DE LOS LAGOS	ESSAL S.A.	Performance bond	-	27.357
S.I.S.S.	ESSAL S.A.	Insurance policy	3.253.158	3.053.444
FLESAN S.A.	Gestión y Servicios S.A.	Performance bond	29.095	-
SERVIU METROPOLITANO	Gestión y Servicios S.A.	Performance bond	2.783.682	2.990.428
CORPORACION NACIONAL DEL COBRE	Análisis Ambientales S.A.	Performance bond	-	17.904
CMPC PULP SPA	Análisis Ambientales S.A.	Performance bond	32.591	-
CORPORACION NACIONAL DEL COBRE	Análisis Ambientales S.A.	Performance bond	37.516	-
DIRECTEMAR	Análisis Ambientales S.A.	Performance bond	115.226	115.226
ENAP REFINERIAS	Análisis Ambientales S.A.	Performance bond	18.665	18.439
GOB REG V REG VALPARAISO	Análisis Ambientales S.A.	Performance bond	24.862	24.862
SAAM S.A.	Análisis Ambientales S.A.	Performance bond	12.510	-
SUPERINTENDENCIA DEL MEDIO AMBIENTE	Análisis Ambientales S.A.	Performance bond	21.452	35.066
<b>Totals</b>			<b>44.714.418</b>	<b>45.023.044</b>



## b) Bond issue restrictions

### i) Aguas Andinas S.A.

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

1. Sending to bondholder representatives a copy of its Interim Consolidated Financial Statements, and those of its Subsidiary Corporations registered in the Financial Market Commission, both the quarterly as well as the annual audited statements, on the same deadline as they are to be delivered to the Financial Market Commission, plus any other public information which it provides to the Commission.
2. Registering in its accounting books the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements and/or those of its Subsidiaries.
3. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries such as the Company.
4. The Company is obligated to ensure that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
5. Maintaining, at the end of each quarter in the Issuer's Financial Statements, a debt ratio not exceeding 1.5 times. Nonetheless, the above limit is adjusted according to the quotient of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index as of December 2009. For all, the aforementioned limit will be adjusted up to a maximum of 2 times. As of March 31, 2019 the variation of the limit of debt ratio amounted to 2.0 times, being 33.1% the accumulated inflation.

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

As of June 30, 2019, the abovementioned accounts are (Th\$):

Indebtedness level	30/06/2019 Th\$
Total current liabilities	176.068.815
Total non-current liabilities	1.046.295.894
<b>Total IFRS liabilities</b>	<b>1.222.364.709</b>
Third party guarantees (*)	808.560
<b>Total liabilities</b>	<b>1.223.173.269</b>
Total assets	1.898.537.463
Total current liabilities	(176.068.815)
Total non-current liabilities	(1.046.295.894)
<b>Total net equity</b>	<b>676.172.754</b>

The level of indebtedness as of June 30, 2019 is 1.81 times.

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

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



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

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

The Company complies with all the covenants established in the bond indentures as of June 30, 2019 and December 31, 2018.

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

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

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

As of 2010, the above limit was adjusted according to the quotient of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index as of December 2009. This limit will be adjusted up to a maximum of 2 times (Debt = Liabilities/Total net equity). As of June 30, 2019, the debt ratio was times for the BESSALC and BESSALB series.

6. Maintaining an Ebitda /Financial Expenses ratio of no less than 3.5 times. As of March 31, 2019, the ratio was 7.5 times.
7. Not to sell, assign or transfer essential assets.

The Company complies with all obligations the established in the bond indentures as of March 31, 2019 and December 31, 2018.

## **1) Bank loan restrictions**

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

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

1. Maintaining a debt ratio no higher than 1.5 times, measured on the basis of the figures in its consolidated balances. Nonetheless, the above limit is adjusted according to the quotient of the consumer price index for the month in which the debt ratio is calculated and the consumer price index as at December 2009. Nonetheless, the above limit will be adjusted to a maximum ratio of 2 times. For the financial year ended June 30, 2019, the debt ratio variation



is 2.0 times, inflation being accumulated by 33.1%. To this end, the debt ratio level shall be defined as the liability/total net equity ratio. As of June 30, 2019, the debt ratio is 1.81 times.

2. A prohibition on the disposal of or losing holder's rights on essential assets, except for contributions or transfers of essential assets to Subsidiary Companies.
3. Send to the various banks with which the company maintains loans, copies of the individual and Interim Consolidated financial statements, both quarterly and annual audited, within a period not exceeding 5 days of their submission to the Financial Market Commission.
4. Recording in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements.
5. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries of a nature similar to that of the Company.
6. Submitting a certificate signed by the Company's General Manager declaring compliance with the loan agreement obligations.
7. A prohibition to distribute dividends, except for the obligatory minimum if there is a situation of default or delay in the payment of any loan installment.
8. Maintaining a financial hedging ratio equal to or over 3 times, measured on the basis of the figures contained in its consolidated individual balances, defined as the ratio between operating Revenue plus depreciation during the financial year and the amortization of intangible assets divided by financial expenses. As of June 30, 2019, the Company's financial hedging ratio is 11.13 times.
9. A prohibition on liquidating or dissolving the Company, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present Subsidiaries.
10. The Company undertakes to ensuring that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

**b) Aguas Cordillera S.A.**

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

1. Maintaining a debt ratio no higher than 1.5 times, measured on the basis of the figures in its Interim Consolidated balances. Nonetheless, the above limit is adjusted according to the quotient of the consumer price index for the month in which the debt ratio is calculated and the consumer price index as at December 2009. Nonetheless, the above limit will be adjusted to a maximum ratio of 2 times. To this end, the debt ratio shall be defined as the liability/total net equity ratio. As of June 30, 2019, the debt ratio is 0.59 times.
2. Maintaining a financial hedging ratio equal to or over 3 times, measured on the basis of the figures contained in its consolidated individual balances, defined as the ratio between operating Revenue plus depreciation during the financial year and the amortization of intangible assets divided by financial expenses. As of June 30, 2019, the Company's financial hedging ratio is 16.18 times.
3. Sending a copy of both the quarterly and the audited individual Interim Consolidated financial statements to the different banks the Company has asked for loans, within five days of their submission to the Financial Market Commission.
4. Submitting a certificate issued by the Company's General Manager stating compliance with the loan agreement obligations.



5. Maintaining all rights, licenses, permits, trademarks, franchises, concessions or relevant parts thereof in full force.
6. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices of industries of a nature similar to that of the Company.
7. Ensuring that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

**c) ESSAL S.A.**

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

As of June 30, 2019 the Company and its Subsidiary Utilities comply with all requirements established in the loan agreements with accrediting Banks, as well as with all the provisions of DFL. No. 382 of the General Sanitation Services Act of 1988, and its Regulations (D.S. MOP No. 1199/2004, published in November 2005).

**3) Third party guarantees**

As of June 30, 2019 and December 31, 2018, the Company has received documents in guarantee for Th\$45,564,421 and Th\$42,150,481, respectively, arising mainly from work contracts with construction companies to guarantee due performance. Additionally, there are also other guarantees for services contracts and for the acquisition of materials toward ensuring their timely delivery.



A detail of the most important bank guarantees, received as of June 30, 2019, are summarized below:

Contractor or supplier	Name	31-03-2019 Th\$	Final maturity
A DENHAM Y CIA LTDA	Aguas Andinas S.A.	234.304	31/12/2021
AES GENER S.A.	Aguas Andinas S.A.	279.033	01/04/2022
AMEC CADE ING.Y DES PROY.LTDA	Aguas Andinas S.A.	104.154	12/08/2019
BAPA S.A.	Aguas Andinas S.A.	126.611	13/08/2019
BAPA S.A.	Aguas Andinas S.A.	264.458	31/07/2019
BRENNTAG CHILE LTDA.	Aguas Andinas S.A.	109.413	05/12/2019
BROTEC CONSTRUCCIÓN LTDA.	Aguas Andinas S.A.	2.484.900	31/01/2020
C. DE PETROLEOS DE CHILE COPEC S.A.	Aguas Andinas S.A.	469.189	16/03/2020
CONSORCIO BAPA GRAMATEC SPA	Aguas Andinas S.A.	368.235	28/12/2019
CONSORCIO NAC. DE DIST. Y LOG. S.A.	Aguas Andinas S.A.	111.613	03/06/2020
CONSTRUCTORA OLBERTZ LTDA.	Aguas Andinas S.A.	206.582	30/11/2019
CONSTRUCTORA OLBERTZ LTDA.	Aguas Andinas S.A.	157.502	30/11/2019
CONSTRUCTORA OLBERTZ LTDA.	Aguas Andinas S.A.	191.803	30/11/2019
CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	131.616	01/08/2019
CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	111.613	22/06/2020
CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	250.204	31/08/2019
CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	104.118	31/08/2019
CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	117.449	31/08/2019
CONSTRUCTORA VALKO S A	Aguas Andinas S.A.	2.484.900	30/01/2020
CRILLON S.A.	Aguas Andinas S.A.	205.871	15/09/2020
DALCO INGENIERIA LTDA.	Aguas Andinas S.A.	230.481	30/08/2019
DALCO INGENIERIA LTDA.	Aguas Andinas S.A.	271.667	30/10/2019
DALCO INGENIERIA LTDA.	Aguas Andinas S.A.	373.988	30/01/2020
ECHEVERRIA IZQUIERDO ING. Y CONSTRU	Aguas Andinas S.A.	201.546	15/08/2019
ECHEVERRIA IZQUIERDO ING. Y CONSTRU	Aguas Andinas S.A.	1.088.229	15/08/2019
EIFFAGE ENERGIA CHILE LTDA	Aguas Andinas S.A.	264.458	30/09/2019
EL PENON SPA	Aguas Andinas S.A.	111.613	28/02/2020
EMP.DEPURADORA DE A.S. MAPOCHO EL TREBAL	Aguas Andinas S.A.	14.477.461	31/12/2019
EMPRESA CONST. COTA MIL LTDA.	Aguas Andinas S.A.	111.613	01/07/2020
EMPRESA NACIONAL DE ENERGIA ENEX S.	Aguas Andinas S.A.	468.000	29/12/2019
EMPRESA NACIONAL DE ENERGIA ENEX S.	Aguas Andinas S.A.	254.800	29/12/2019
EMPRESAS JORDAN S.A.	Aguas Andinas S.A.	157.730	06/12/2020
ENEL DISTRIBUCION CHILE S.A	Aguas Andinas S.A.	279.033	10/05/2021
EULEN CHILE S.A.	Aguas Andinas S.A.	111.613	31/12/2020
EULEN CHILE S.A.	Aguas Andinas S.A.	111.613	31/12/2020
ICM S.A.	Aguas Andinas S.A.	102.612	16/04/2020
IDOM CONSULTING, ENGINEERING	Aguas Andinas S.A.	127.434	31/10/2020
ING. Y CONSTRUCCION MST LTDA.	Aguas Andinas S.A.	139.733	31/05/2020
INGENIERIA Y CONSTRUCCION M.S.T. LIMITADA	Aguas Andinas S.A.	191.243	30/06/2020
INGENIERIA Y CONSTRUCCION MST LTDA	Aguas Andinas S.A.	140.692	30/08/2019



INGENIERIA Y CONSTRUCCION MST LTDA.	Aguas Andinas S.A.	110.357	31/07/2019
INGENIERIA Y CONSTRUCCION MST LTDA.	Aguas Andinas S.A.	341.732	06/08/2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	223.226	01/06/2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	111.613	18/11/2019
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	137.008	18/10/2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	136.096	18/10/2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	135.119	18/10/2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	109.642	20/12/2020
INMOB. Y COMERCIAL QUILICURA LTDA.	Aguas Andinas S.A.	390.646	28/10/2020
INMOBILIARIA MONTE ACONCAGUA S.A.	Aguas Andinas S.A.	223.226	16/11/2019
LEVEL 3 CHILE S.A.	Aguas Andinas S.A.	104.498	30/11/2019
MARKETING RELACIONAL UPCOM LIMITADA	Aguas Andinas S.A.	223.226	30/05/2020
MOTOROLA CHILE S.A.	Aguas Andinas S.A.	771.805	01/12/2025
SECURITAS S.A.	Aguas Andinas S.A.	141.908	15/01/2020
SERVICIOS HELPBANK S.A.	Aguas Andinas S.A.	111.613	21/10/2019
SOC. DE TERCERIZACION DE SERV. PROV	Aguas Andinas S.A.	103.761	01/01/2020
SUEZ ADVANCED SOLUTIONS CHILE LTDA.	Aguas Andinas S.A.	652.937	30/03/2021
SUEZ ADVANCED SOLUTIONS CHILE LTDA.	Aguas Andinas S.A.	104.470	30/03/2021
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	861.923	30/05/2022
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	101.255	28/12/2020
TELEFONICA EMPRESAS CHILE S.A.	Aguas Andinas S.A.	151.306	31/08/2021
TELEFONICA EMPRESAS CHILE S.A.	Aguas Andinas S.A.	137.814	30/12/2022
TRANSPORTE CENTRO SUR-NORTE S.A.	Aguas Andinas S.A.	152.324	05/05/2022
XYLEM WATER SOLUTIONS CHILE S.A.	Aguas Andinas S.A.	149.422	28/02/2020
I C M S.A.	Aguas Cordillera S.A.	158.305	30/10/2019
INLAC S.A.	Aguas Cordillera S.A.	257.081	28/02/2021
OBRASCON HUARTE LAIN,S.A.	Aguas Cordillera S.A.	139.517	30/10/2019
SACYR CHILE S.A.	Aguas Cordillera S.A.	139.517	30/10/2019
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Cordillera S.A.	682.737	05/07/2019
INMOBILIARIA DG CUATRO LIMITADA	Aguas Manquehue S.A.	163.151	28/02/2020
INMOBILIARIA DG CUATRO LIMITADA	Aguas Manquehue S.A.	163.151	31/08/2019
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Manquehue S.A.	1.879.878	30/07/2019
SOCIEDAD CONSTRUCTORA SCHWERTER Y ASOCIADOS LTDA.	ESSAL S.A.	102.040	28/12/2019
		<b>37.101.431</b>	



### Note 31. CAPITALIZED FINANCING COSTS

The table below summarizes the capitalized financing costs as of June 30, 2019 and December 31, 2018:

#### Disclosure of capitalized interest costs

Capitalized interest costs, property, plant & equipment		30/06/2019	31/12/2018
Rate of capitalization of capitalized interest costs, property, plant & equipment	%	5,90	6,42
Amount of capitalized interest, property, plant & equipment	Th\$	1.780.717	3.215.456

### Note 32 ENVIRONMENT

#### Disclosure of information on environment-related investments.

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

The table below summarizes the environment-related investments:

#### Aguas Andinas S.A.

Project Name	30/06/2019 Th\$	31/12/2018 Th\$
Expansion & improvements Buin Maipo WWTP	2.258.964	1.596.552
Expansion & improvements Curacaví WWTP	-	501.322
Expansion & improvements El Monte WWTP	1.417.237	1.097.243
Expansion & improvement San José de Maipo WWTP	61	46.471
Expansion & improvement Talagante WWTP	1.086.823	3.623.144
Expansion & improvements Other Districts WWTP	4.287	5.948
Improvement & renewal equipment & purification facilities	359.649	1.047.679
La Farfana Plant	2.081.597	4.518.641
Mapocho - Trebal Plant	8.879.738	16.212.808
External platform handling and disposal sludge El Rital	4.959	6.755
<b>Total</b>	<b>16.093.315</b>	<b>28.656.563</b>

#### Aguas Manquehue S.A.

Project Name	30/06/2019 Th\$	31/12/2018 Th\$
Improvement & renewal equipment & purification facilities	21.614	26.590
<b>Total</b>	<b>21.614</b>	<b>26.590</b>





## ESSAL S.A.

Project Name	30/06/2019 Th\$	31/12/2018 Th\$
Improvement in disposal infrastructure	114.326	23.781
Improvement of EDAR system	294.209	673.808
Renewal of treatment & disposal equipment	181.300	101.253
<b>Total</b>	<b>589.835</b>	<b>798.842</b>

## Projected environmental investments for the period 2019

Company	Th\$
Aguas Andinas S.A.	11.860.066
Aguas Manquehue S.A.	101.061
Essal S.A.	496.153
<b>Total</b>	<b>12.457.280</b>

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

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

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

The projected disbursements are expected to be made in 2019.

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

## Note 33. EVENTS OCCURRING AFTER THE CLOSING OF THE BALANCE SHEET

### Aguas Andinas S.A.:

- On July 11, 2019, there was a spill of hydrocarbons at the Osorno Drinking Water Production Plant. For this reason the security protocols were activated and the Company had to suspend the supply of drinking water, for several days, affecting a large part of the clients of that city.

The economic impacts known to date are the automatic compensation contemplated in Law No. 19,496 on the Protection of Consumer Rights, which are estimated at M \$ 2,900,000 and the effects on lower billing estimated at M \$ 300,000.

Additionally, the necessary expenses and investments that must have been incurred due to the emergency and possible new investments, the amount of which has not yet been fully dimensioned, must be considered. On the other hand, as it is public knowledge, the company is involved in a Voluntary Procedure for the Protection of the Interest of Consumers with SERNAC, to determine possible reparations for damages in addition to that indicated in the preceding paragraph. Finally, as is known, various entities with sanctioning powers have initiated investigative procedures that could conclude in the application of fines.



As a result of all of the above, the Company is in the process of evaluating the eventual impact that the Osorno contingency could have on both its results and financial obligations.

Finally, it should be noted that there are committed insurance that have been activated with the respective insurance companies, and whose scope of coverage is in the process of analysis and evaluation.

- On July 30, 2019, in an extraordinary board session, Mr. Gustavo Gómez Jiménez presented his resignation as CEO of ESSAL. In his replacement Mr. José Sáez Albornoz was appointed, who assumed his duties immediately.
- On August 2, 2019, the Superintendence of Health Services decided to open an early termination file for the concessions of drinking water i) production and ii) distribution in the town of Osorno.
- On August 6, 2019, in an extraordinary board session, Mr. Guillermo Pickering de la Fuente submitted his resignation to the position of Chairman and Director of the Company. In his replacement Mr. Victor de la Barra Fuenzalida was appointed, in addition, it has been agreed to convene an Extraordinary Shareholders Meeting for September 9 at 10 am, to be held in Puerto Montt.
- Dated August 6, 2019, in board extraordinary session, Mr. Guillermo Pickering de la Fuente, presented his resignation as chairman and director of the company. In his replacement was designated Mr. Víctor de la Barra Fuenzalida, also, it has agreed to set up an Extraordinary Shareholders' Meeting for the next September 9th at 10 h, to be held in Puerto Montt.

As of the date of issuance of these interim consolidated financial statements, the Company and Subsidiary Administration is not aware of any subsequent events that affect the financial situation as of June 30, 2019.

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