

Interim Consolidated Financial Statements

AGUAS ANDINAS S.A. AND SUBSIDIARIES

Santiago, Chile

September 30th 2019 and 2018



Interim Consolidated Financial Statements

For period ended
September 30th, 2019 and 2018

AGUAS ANDINAS S.A. AND SUBSIDIARIES

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 Position Statements
As of September 30th, 2019 (unaudited) and December 31st, 2018
(In Thousand Pesos Th\$)

ASSETS	Currency	30-09-2019 M\$	31-12-2018 M\$
CURRENT ASSETS			
Cash and cash equivalent	3	28,309,357	39,980,474
Other financial assets	8	5,851,960	-
Other non-financial assets		2,368,150	2,324,238
Commercial debtors and other accounts receivable	5	98,516,526	116,821,062
Accounts receivable from related entities	6	37,203	91,183
Inventories	7	3,520,068	3,636,388
Tax assets		3,625,785	5,660,627
Total current assets other than the assets or groups of available assets classified as being retained for sale or being retained to be distributed among holders		142,229,049	168,513,972
Non-current assets held for sale	9	4,307,946	-
TOTAL CURRENT ASSETS		146,536,995	168,513,972
NON-CURRENT ASSETS			
Other financial assets	9	7,852,912	7,852,912
Other non-financial assets		492,188	495,067
Receivables	6	4,031,212	4,500,020
Intangible assets other than goodwill	10	224,226,063	224,864,424
Goodwill	11	36,233,012	36,233,012
Properties, plant and equipment	12	1,476,451,469	1,440,093,131
Deferred tax assets	14	26,997,882	23,499,561
TOTAL NON-CURRENT ASSETS		1,776,284,738	1,737,538,127
TOTAL ASSETS		1,922,821,733	1,906,052,099

The accompanying notes 1 to 34 are an integral part of these interim consolidated financial statements.

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

EQUITY AND LIABILITIES	Note	30-09-2019 M\$	31-12-2018 M\$
CURRENT LIABILITIES			
Other financial liabilities	15	41,605,859	33,963,316
Trade debts and other accounts payable	16	93,270,283	136,899,175
Accounts payable from related entities	7	19,826,040	46,569,102
Other provisions	17	1,242,766	2,992,246
Tax liabilities		826,333	181,758
Provisions for employee benefits	18	3,708,922	5,496,070
Other non-financial liabilities	19	18,374,978	16,216,857
Total current liabilities other than the liabilities included in available liability groups classified as being retained for sale.		178,855,181	242,318,524
TOTAL CURRENT LIABILITIES		178,855,181	242,318,524
NON-CURRENT LIABILITIES			
Other financial liabilities	16	987,332,229	912,513,179
Other accounts payable	17	1,065,553	983,335
Other provisions	18	1,366,467	1,341,233
Deferred tax liabilities	15	34,439,702	35,452,801
Provisions for employee benefits	19	18,075,940	17,338,241
Other non-financial liabilities	20	9,082,859	9,113,389
TOTAL NON-CURRENT LIABILITIES		1,051,362,750	976,742,178
TOTAL LIABILITIES		1,230,217,931	1,219,060,702
EQUITY			
Issued capital	20	155,567,354	155,567,354
Accumulated earnings	20	335,274,241	324,954,813
Share premium	20	164,064,038	164,064,038
Other equity interests	20	(5,965,550)	(5,965,550)
Equity attributable to owners of the controller		648,940,083	638,620,655
Non-controlling interests	20	43,663,719	48,370,742
TOTAL EQUITY		692,603,802	686,991,397
TOTAL EQUITY AND LIABILITIES		1,922,821,733	1,906,052,099

The accompanying notes 1 to 34 are an integral part of these interim consolidated financial statements.

Comprehensive Interim Consolidated Revenue Statements by Nature
For the period ended on September 30th, 2019 y 2018 (unaudited)
(In Thousand Pesos Th\$)

INCOME STATEMENT BY NATURE	Note	30-09-2019 M\$	30-09-2018 M\$	01-07-2019 30-09-2019 M\$	01-07-2018 30-09-2018 M\$
Revenues for regular activities	22	405,378,666	390,691,403	120,478,718	114,384,402
Used raw materials and expendables		(32,859,966)	(29,441,230)	(11,344,427)	(10,016,832)
Provisions for employee benefits	19	(43,724,231)	(43,572,983)	(13,825,371)	(14,271,638)
Expenses related to depreciation and amortization	10-12	(56,306,789)	(56,866,447)	(18,737,503)	(19,248,372)
Other expenses by nature	23	(103,252,013)	(90,088,367)	(40,748,874)	(29,267,654)
Other (losses) earnings	24	(1,842,201)	1,565,754	(593,062)	(1,002,853)
Financial income	24	4,015,743	4,531,100	1,191,936	1,328,608
Financial costs	25	(22,770,338)	(22,141,793)	(7,408,775)	(7,517,834)
Exchange differences	25	(86,533)	(27,176)	(19,099)	(865)
Results of indexation adjustments	26	(14,622,873)	(16,782,867)	(4,079,942)	(6,141,195)
Earnings before taxes		133,929,465	137,867,394	24,913,601	28,245,767
Expenses for earning taxes	16	(35,298,749)	(34,262,868)	(8,482,553)	(7,001,764)
Earnings from continuous operations		98,630,716	103,604,526	16,431,048	21,244,003
Earnings		98,630,716	103,604,526	16,431,048	21,244,003
Earnings due to					
Earnings attributable to owners of the controller		99,946,358	101,565,511	19,336,161	20,400,449
Earnings attributable to non-controlling shares	21	(1,315,642)	2,039,015	(2,905,113)	843,554
Earnings		98,630,716	103,604,526	16,431,048	21,244,003
Earnings per share					
Earnings per basic shares in continuous operations (\$)	28	16.334	16.598	3.160	3.334
Earnings per basic shares (\$)		16.334	16.598	3.160	3.334

COMPREHENSIVE INCOME STATEMENT		30-09-2019 M\$	30-09-2018 M\$	01-07-2019 30-09-2019 M\$	01-07-2018 30-09-2018 M\$
Earnings		98,630,716	103,604,526	16,431,048	21,244,003
TOTAL COMPREHENSIVE INCOME STATEMENT		98,630,716	103,604,526	16,431,048	21,244,003
Comprehensive income statement attributable to					
Comprehensive income statement attributable to the owners of the controller		99,946,358	101,565,511	19,336,161	20,400,449
Comprehensive income statement attributable to non-controlling shares		(1,315,642)	2,039,015	(2,905,113)	843,554
Total comprehensive income		98,630,716	103,604,526	16,431,048	21,244,003

The accompanying notes 1 to 34 are an integral part of these interim consolidated financial statements.

Interim Consolidated Direct Cash Flow Statements
For the period ended on September 30th, 2019 y 2018 (unaudited)
(In Thousand Pesos Th\$)

Direct cash flow statement	Note	30-09-2019 M\$	30-09-2018 M\$
Collections from the sales of assets and services		492,197,681	479,472,865
Collections from premiums and services, annuities and other liabilities arising from contracted policies		561,269	1,023,708
Other collections from operational activities		3,142,863	972,499
Types of payments in cash from operational activities		495,901,813	481,469,072
Payments to suppliers for goods and services		(158,001,555)	(156,786,217)
Payments to and on behalf of the employees		(47,552,118)	(51,253,004)
Payments of premiums and services, annuities and other liabilities arising from contracted policies		(2,572,919)	(685,752)
Other payments for operational activities		(42,827,719)	(42,013,195)
Cash flow from operational activities		(250,954,311)	(250,738,168)
Interests paid		(19,344,102)	(22,138,377)
Interest received		616,770	569,597
Taxes on earnings paid (reimbursed)		(34,542,194)	(33,830,542)
Other cash in-flow (out-flow)		(2,031,067)	(1,246,858)
Cash flow from (used in) operations		(55,300,593)	(56,646,180)
Cash flow from (used in) operational activities		189,646,909	174,084,724
Amounts from the sale of property, plant and equipment		2,430,262	5,048,436
Purchases of property, plant and equipment		(122,495,548)	(103,044,454)
Purchases of intangible assets		(12,455)	(239,000)
Other cash in-flow (out-flow)		(2,020,253)	(1,177,282)
Cash flow from (used in) investment activities		(122,097,994)	(99,412,300)
Amounts from long-term loans		72,560,527	104,988,208
Amounts from short-term loans		69,788,952	48,633,811
Amounts from loans, classified as financing activities		142,349,479	153,622,019
Loans refund		(83,197,093)	(70,094,106)
Paid dividends		(137,931,219)	(143,316,076)
Other cash in-flow (out-flow)		(441,199)	-
Cash flows from (used in) financing activities		(79,220,032)	(59,788,163)
Net increase (decrease) in cash and cash equivalents		(11,671,117)	14,884,261
Cash and equivalent cash at the beginning of the fiscal year		39,980,474	18,808,340
Cash and equivalent cash at the end of the fiscal year	3	28,309,357	33,692,601

The accompanying notes 1 to 34 are an integral part of these interim consolidated financial statements.

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

Status of equity changes	Note	Issued Capital M\$	Share premiums M\$	Other equity shares M\$	Accumulated earnings (losses) M\$	Equity attributable to the owners of the controlled M\$	Non-controlling equity M\$	Equity Total M\$
Initial balance at 01-01-2019		155,567,354	164,064,038	(5,965,550)	324,954,813	638,620,655	48,370,742	686,991,397
Integral result								
Gain		-	-	-	99,946,358	99,946,358	(1,315,642)	98,630,716
Dividends		-	-	-	(89,626,929)	(89,626,929)	-	(89,626,929)
Decrease by transfers and other changes		-	-	-	-	-	(3,391,381)	(3,391,381)
Total changes in equity		-	-	-	10,319,429	10,319,429	(4,707,023)	5,612,406
Closing balance at 30-09-2019	20-21	155,567,354	164,064,038	(5,965,550)	335,274,242	648,940,084	43,663,719	692,603,803

Status of equity changes	Note	Issued Capital M\$	Share premiums M\$	Other equity shares M\$	Accumulated earnings (losses) M\$	Equity attributable to the owners of the controlled M\$	Non-controlling equity M\$	Equity Total M\$
Initial balance at 01-01-2018		155,567,354	164,064,038	(5,965,550)	328,964,934	642,630,776	50,668,701	693,299,477
Integral result								
Gain		-	-	-	101,565,511	101,565,511	2,039,015	103,604,526
Dividends		-	-	-	(95,692,416)	(95,692,416)	-	(95,692,416)
Decrease by transfers and other changes		-	-	-	-	-	(3,805,999)	(3,805,999)
Total changes in equity		-	-	-	5,873,095	5,873,095	(1,766,984)	4,106,111
Closing balance at 30-09-2018	20-21	155,567,354	164,064,038	(5,965,550)	334,838,029	648,503,871	48,901,717	697,405,588

The accompanying notes 1 to 34 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 Suez Inversiones Aguas del gran Santiago (“IAGSA”), which is controlled by Suez Andinas A.A., its controller is Suez Spain S.L., entity based in Spain and one of the largest worldwide sanitation services operators, which in turn is controlled by Suez Groupe S.A.S. (France).

Note 2. PREPARATION BASIS AND ACCOUNTING POLICIES

2.1 Preparation basis

These interim consolidated financial statements are the consolidated financial statements as of September 30, 2019 and December 31, 2018 and the consolidated statements of comprehensive income, changes in net equity and cash flows for the periods ended at September 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 enforcement
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019
IFRIC 23, Treatment of uncertain fiscal positions	Annual periods beginning on or after January 1, 2019

Amendments	Date of mandatory enforcement
IFRS 3, Business Combinations – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IFRS 9, Financial instruments – Payments with negative compensation	Annual periods beginning on or after January 1, 2019
IFRS 11, Joint agreements – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IAS 12, Corporate income taxes – Tax consequences of payments related to financial instruments classified as equity.	Annual periods beginning on or after January 1, 2019
IAS 23, Borrowing costs – Borrowing costs eligible to be capitalized	Annual periods beginning on or after January 1, 2019
IAS 28, Investment in associates and joint ventures – Long-term investments in partnerships or joint ventures.	Annual periods beginning on or after January 1, 2019
IAS 19, Employee benefits – modification, reduction or settlement of the plan	Annual periods beginning on or after January 1, 2019

IFRS 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 replaces 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 properties, 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, at the end of the third quarter of 2019 the Group recognized a higher financial expense associated to the new leasing liabilities by Th\$51,717 and a greater depreciation associated to the usage rights by Th\$930,248.

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

Standards and Interpretations	Date of mandatory enforcement
Conceptual framework (reviewed)	Annual periods beginning on or after January 1, 2020
IFRS 17, Insurance contracts	Annual periods beginning on or after January 1, 2021

Amendments	Date of mandatory enforcement
IFRS 3, Business combinations - Definition of a business	Annual periods beginning on or after January 1, 2020
IAS 1, Presentation of financial statements and NIC 8, Investments in associated companies - Definition of material	Annual periods beginning on or after January 1, 2020
IFRS 10 and IAS 28, Consolidated Financial Statements – Sale or contribution of assets between an investor and its partner or joint venture	Pending

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 properties, plant and equipment and intangibles
- 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:

R.U.T.	Company Name	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. Properties, plant and equipment

The Company uses the cost method for the valuation of Properties, 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 properties, 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
Improvement of leased assets	5	5
Other property, plant & equipment	5	80



Policy for estimating the costs for dismantling, decommissioning or renovating properties, 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.

Properties, 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 cannot 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 18,046 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	30-09-2019 \$	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 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.

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.

Investing 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 September 30, 2019, in accordance with the following detail:

Reclassifications	Increase/ (Decrease) M\$
Statement of financial position:	
Trade accounts and other accounts payable	26,208
Other non-financial liabilities	-26,208
Statement of cash flow:	
Cash flow from (used in) operational activities	
Payment to suppliers for the supply of goods and services	92,676
Payment for premiums and benefits, annuities and other obligations derived from subscribed policies	-92,676

Note 3. RISK MANAGEMENT

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

This management is developed based on the identification of the risks, the determination of the tolerance of each risk, the coverage of said financial risks and the control of the operations of the hedges established. To achieve the objectives, the management of financial risks is based on covering all significant exposures, provided that adequate instruments exist, and the cost is reasonable.

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 the expected credit loss model as established in IFRS 9. The estimates are based considering the recovery statistics, which indicate after the 8th unpaid invoicing month, the probability to recovering an invoiced value is minimal. Consequently, from 9th invoicing month it is recognized immediately an impairment of account



receivable value, i.e. the past-due customer is individualized and with it, the provision amount is determined (it is not a percentage over total portfolio). Additionally, the consumption debts turned into agreements and documents receivable with overdue debt are 100% provisioned.

The credit risk of trade debtors and other accounts receivable had not variations regarding the effective date of IFRS 9, due to the Company did not change the model of impairment losses determination, since this considered in implicit form the credit risk losses.

As of September 30, 2019 and December 31, 2018 the credit risk balances are M\$37,210,479 and M\$34,211,483 respectively (see Note 5).

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.

Expiry profile (undiscounted flows)

Expiry profile	Up to 90 days		From 91 days to 1 year		From 13 months to 3 years		More than 3 years to 5 years		More than 5 years	
	M\$	Interest rate contract	M\$	Interest rate contract	M\$	Interest rate contract	M\$	Interest rate contract	M\$	Interest rate contract
AFR	5,658,387	3.25%	5,149,398	3.70%	46,268,675	3.57%	51,589,025	3.94%	112,108,511	2.91%
Bank loans	2,913,046	2.69%	10,687,137	3.33%	54,214,125	2.18%	39,460,194	2.88%	9,052,220	3.05%
Bonuses	11,176,236	4.65%	21,452,615	3.87%	78,520,183	2.69%	72,010,551	2.39%	880,816,831	3.70%
Liability for leases	358,825	3.96%	766,181	3.96%	1,254,846	3.96%	14,385	3.96%	-	0.00%
Trade accounts and other accounts payable	70,607,685	0.00%	22,662,598	0.00%	395,539	0.00%	173,947	0.00%	496,067	0.00%
Totals	90,714,179		60,717,929		180,653,368		163,248,102		1,002,473,629	

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	10.53%
Bonuses	Fixed	70.82%
AFR	Fixed	18.42%
Liability for lease	Fixed	0.23%
Total		100.00%



Interest rate sensitivity analysis

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

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

Company	Nominal debt amount (M\$)	Variable Rate	Points (+/-)	Annual Impact on result (M\$) (+/-)
Aguas Andinas S.A. Consolidated	108,382,348	180-day BAR	65	413,465

Note 4. CASH AND CASH EQUIVALENT

The table below contains a breakdown of this item:

Cash and cash equivalents	30-09-2019 M\$	31-12-2018 M\$
Banks	7,409,357	3,068,513
Term deposits	0	31,776,961
Mutual Funds	20,900,000	5,135,000
Totals	28,309,357	39,980,474

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 properties, plant and equipment.

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



4.1 Cash equivalents

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

Company	Instruments	30-09-2019 M\$	31-12-2018 M\$
Aguas Andinas S.A.	Term deposit	0	29,400,000
Aguas Andinas S.A.	Mutual Funds	17,700,000	4,525,000
Aguas Cordillera S.A.	Mutual Funds	1,400,000	0
Aguas Manquehue S.A.	Mutual Funds	900,000	0
Gestión y Servicios S.A.	Mutual Funds	0	584,570
Gestión y Servicios S.A.	Mutual Funds	900,000	390,000
EcoRiles S.A.	Mutual Funds	0	220,000
Essal S.A.	Term deposit	0	1,792,391
Totals		20,900,000	36,911,961

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 5. TRADE DEBTORS AND OTHER ACCOUNTS AND RIGHTS RECEIVABLE

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

Credit risk	30-09-2019 M\$	31-12-2018 M\$
Gross exposure of commercial debtors	128,855,560	143,403,576
Gross exposure documents receivable	2,192,804	2,313,427
Gross exposure other accounts receivable	4,678,641	5,323,852
Estimates for risks of accounts receivable	(37,210,479)	(34,211,483)
Trade debtors and other accounts receivable, current	98,516,526	116,829,372
Gross exposure documents receivable	1,588,108	1,262,927
Gross exposure other accounts receivable	2,443,104	3,237,093
Rights receivable, non-current	4,031,212	4,500,020
Net exposure, risk concentrations	102,547,738	121,329,392

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

Movement credit risk accounts receivable	30-09-2019 M\$	31-12-2018 M\$
Beginning balance	(34,211,483)	(33,121,765)
Increase in existing provisions	(3,275,964)	(3,944,967)
Decreases	276,968	2,855,249
Changes, totals	(2,998,996)	(1,089,718)



Closing balance	(37,210,479)	(34,211,483)
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According to the Group's policies, debts for consumption transformed into payment agreements, are totally provisioned.

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

Age of gross debt	30-09-2019 M\$	31-12-2018 M\$
less than three months	100,315,670	110,092,192
between three and six months	3,601,268	4,678,272
between six and eight months	1,903,227	1,822,807
greater than eight months	33,938,052	38,947,604
Totals	139,758,217	155,540,875

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

Past due debt	30-09-2019 M\$	31-12-2018 M\$
less than three months	9,796,134	11,485,973
between three and six months	1,995,215	1,987,895
between six and eight months	1,114,374	948,253
Totals	12,905,723	14,422,121

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.

As of September 30, 2019 and December 31, 2018, the gross exposure analysis of current trade debtors for the rescheduled and non-rescheduled portfolio, is the following:

September 30, 2019						
Tranche of Trade	Non-rescheduled portfolio		Rescheduled portfolio		Total gross portfolio	
Debtors	Number of customers	Gross amount M\$	Number of customers	Gross amount M\$	Number of customers	Gross amount M\$
Up to date	1,052,381	65,779,888	325	10,537	1,052,706	65,790,425
Between 1 and 30 days	464,351	19,650,716	4,111	127,486	468,462	19,778,202
Between 31 and 60 days	62,967	3,509,159	9,878	311,585	72,845	3,820,744
Between 61 and 90 days	20,882	1,274,331	6,247	259,931	27,129	1,534,262
Between 91 and 120 days	9,349	855,655	4,996	303,060	14,345	1,158,715
Between 121 and 150 days	6,803	697,404	4,027	295,815	10,830	993,219
Between 151 and 180 days	5,039	637,236	3,224	314,094	8,263	951,330
Between 181 and 210 days	4,523	691,946	2,695	285,732	7,218	977,678
Between 211 and 250 days	2,539	364,312	2,265	278,264	4,804	642,576
More than 251 days	49,310	10,771,967	38,381	22,436,442	87,691	33,208,409



Total	1,678,144	104,232,614	76,149	24,622,946	1,754,293	128,855,560
December 31, 2018						
Tranche of Trade Debtors	Non-rescheduled portfolio		Rescheduled portfolio		Total gross portfolio	
	Number of customers	Gross amount M\$	Number of customers	Gross amount M\$	Number of customers	Gross amount M\$
Up to date	1,043,128	72,702,816	346	13,670	1,043,474	72,716,486
Between 1 and 30 days	471,285	27,652,669	4,055	132,195	475,340	27,784,864
Between 31 and 60 days	60,422	4,230,402	9,793	313,456	70,215	4,543,858
Between 61 and 90 days	21,371	1,310,382	6,244	251,932	27,615	1,562,314
Between 91 and 120 days	9,488	748,074	4,874	286,031	14,362	1,034,105
Between 121 and 150 days	6,506	574,950	4,116	289,614	10,622	864,564
Between 151 and 180 days	4,440	638,845	3,355	277,386	7,795	916,231
Between 181 and 210 days	4,788	589,602	2,791	301,724	7,579	891,326
Between 211 and 250 days	2,945	510,037	2,446	318,559	5,391	828,596
More than 251 days	47,154	9,179,704	39,103	23,081,528	86,257	32,261,232
Total	1,671,527	118,137,481	77,123	25,266,095	1,748,650	143,403,576

Note 6. 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.

Rut related company	Related company name	Nature of relationship	Nature of transactions with related parties	30-09-2019 M\$	31-12-2018 M\$
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Laboratory analysis and sampling services	7,707	4,232
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Leases	411	404
65.113.732-2	Corporación Chilena de Investigación del Agua	Related to the controller	Laboratory analysis and sampling services	-	414
65.113.732-2	Corporación Chilena de Investigación del Agua	Related to the controller	Leases	-	1,393
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Laboratory analysis and sampling services	10,135	26,766
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Liquid waste in treatment plant	333	-
No Rut	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	-	32,010
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Sales of materials	18,617	25,964
Totals				37,203	91,183



Accounts payable to related entities

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



Rut related company	Related company name	Nature of relationship	Nature of transactions with related parties	Term	Guarantee	30-09-2019 M\$	31-12-2018 M\$
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CCO 2.0 Operative Control Center Update Project	30 days	Contract compliance guarantee Amount UF30,899	770,266	1,453,134
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	SCADA platform	30 days	Without guarantees	5,979	28,462
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	San Antonio Arsenic Plant	30 days	Contract compliance guarantee Amount UF24.264	910,125	1,230,939
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero Plant	30 days	Contract compliance guarantee Amount UF66,809.74	895,620	4,534,306
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Talagante Plant Expansion	30 days	Without guarantees	315,561	1,173,221
76.746.454-1	Suez Biofactoría Andina SpA	Related to the controller	Biofactory adaptation plan for La Farfana treatment plant	30 days	Contract compliance guarantee Amount UF1.048.050	8,338,849	9,029,874
76.746.454-1	Suez Biofactoría Andina SpA	Related to the controller	Nitrogen removal and adaptation plan to biofactory of Mapocho-Trebal treatment plant	30 days	Contract compliance guarantee Amount UF1.048.050	6,306,652	4,199,865
65.113.732-2	Corporación Chilena de Investigación del Agua	Related to the controller	Consulting	30 days	Without guarantees	258,503	97,322
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Virtual platform, Siebel	30 days	Without guarantees	112,748	78,265
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Purchase of materials	60 days	Contract compliance guarantee. Amount M \$ 279,298	12,043	8,182
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Evolutionary maintenance consulting service	30 days	Without guarantees	200,195	368,916
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Service contract for process reengineering and implementation of new information systems for customer service	30 days	Guarantee faithful fulfillment of contract for Th \$ 845,149	126,709	102,855
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Rehabilitation of Digesters Sewage Plant Mapocho - Trebal	90 days	Guarantee faithful fulfillment of contract for UF357.863	1,361,935	1,468,596
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Operation services Biogas Plant	30 days	Without guarantees	107,295	167,783
No Rut	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	30 days	Without guarantees	28,197	426,413
No Rut	Aqua Development Network S.A.	Related to the controller	Consulting	30 days	Without guarantees	-	41,712
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Payable dividends	30 days	Without guarantees	-	21,656,113
96.817.230-1	EPSA Eléctrica Puntilla S.A.	Common director	Electric power purchase	30 days	Without guarantees	12,723	-
96.817.230-1	Eléctrica La Puntilla S.A.	Common director	Water purchase	30 days	Without guarantees	62,640	5,657
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Common director	Payable dividends	30 days	Without guarantees	-	497,487
Totals						19,826,040	46,569,102



Transactions with related entities

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

Rut related company	Related company name	Nature of relationship	Nature of transactions with related parties	M\$		M\$		M\$		M\$	
				30-09-2019		30-09-2018		01-07-2019 30-09-2019		01-07-2018 30-09-2018	
				Amount	Effects on Result (Charge) / Credit	Amount	Effects on Result (Charge) / Credit	Amount	Effects on Result (Charge) / Credit	Amount	Effects on Result (Charge) / Credit
96.817.230-1	EPSA Eléctrica Puntilla S.A.	Common director	Purchase of raw water and electricity	1,053,641	(885,412)	1,125,278	(1,125,278)	(885,026)	743,719	1,087,026	(1,087,026)
No Rut	Aqua Development Network	Related to the controller	Support in Human Resources Management	271,112	(271,112)	525,017	(525,017)	1,945	(1,945)	147,921	(147,921)
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	Improvement in Treatment Plants	1,212,318	-	877,622	-	(104,435)	-	(2,229,418)	3,107,040
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Purchase of materials and Siebel virtual platform maintenance, consulting and evolutionary maintenance	1,465,938	(1,277,247)	2,022,989	(1,265,833)	(8,814)	762,623	865,684	(213,175)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Hydraulic efficiency plan, distribution CCO 2.0, expansion of Talagante plant	1,596,168	(101,735)	2,367,765	(406,115)	(1,596,168)	101,735	1,092,254	(169,589)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Implementation, operation and comprehensive maintenance of micro-sectorization	412,785	-	-	-	355,311	(84,616)	-	-
65.113.732-2	Cetaqua Spa	Related to the controller	Studies and investigation consultancies	573,095	(573,095)	226,728	(226,728)	(383,783)	383,783	115,829	(115,829)
76.746.454-1	Suez Biofactoría Andina spa.	Related to the controller	Operation of Wastewater Treatment Plants	41,719,926	(20,819,819)	26,441,270	(19,319,445)	(11,773,431)	6,776,731	8,651,583	(6,329,746)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	San Antonio Arsenic Plant Construction	-	-	(60,127)	-	-	-	(125,217)	-
70.009.410-3	Asociación de Canalistas del Canal del Maipo	Common director	Expansion and improvements of facilities of Batuco canal and water purchase	359,448	190,780	-	-	(227,028)	(190,780)	-	-
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero Plant Construction (Batuco Canal)	163,531	-	2,450,629	-	(0)	-	475,191	-
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	Biogas Plant Operation	154,469	(140,654)	-	-	(65,645)	61,967	-	-
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Paid dividends	66,561,303	-	68,979,435	-	-	-	-	-
59.066.560-6	Suez International	Related to the controller	Supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4	-	-	5,002,176	-	-	-	24,898	-

The materiality criterion for reporting transactions with related entities is amounts over accumulated Th\$75,000



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

	30-09-2019 M\$	30-09-2018 M\$	01-07-2019 30-09-2019 M\$	01-07-2018 30-09-2018 M\$
Board of Directors	338,902	323,539	123,386	117,876
Directors Committee	38,336	33,988	14,417	11,049
Totals	377,238	357,527	137,803	128,925

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 7. INVENTORIES

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

Inventory classes	30-09-2019 M\$	31-12-2018 M\$
Merchandise	1,752,740	2,143,347
Supplies for production	1,719,440	1,488,249
Other inventories	147,156	104,060
Obsolescence estimation	(99,268)	(99,268)
Totals	3,520,068	3,636,388

The cost of the inventories recognized as an expense in the statement of results as of September 30, 2019 and 2018 amounts to Th\$9,453,960 and Th\$8,065,046, 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:

Obsolescence estimation movement	30-09-2019 M\$	31-12-2018 M\$
Beginning balance	(99,268)	(2,883)
Provision for price	-	(15,624)
Provision of obsolescence	-	(52,810)
Provision for damage	-	(30,834)
Reverse provision	-	2,883
Totals	(99,268)	(99,268)



Note 8. OTHER FINANCIAL ASSETS

8.1 Current

As of September 30, 2019, and according to established in the respective contracts, it was delivered to the Paying Bank and Representative of Bondholders, an advance for an amount of Th\$5,099,882 corresponding to the available amounts to interests payment and bond amortization, what became effective on October 1, 2019.

As of September 30, 2019, the Group presents the effect in the interim consolidated financial statements of the market valuation of the hedging contracts by exchange rate, for an amount of Th\$752,078.

8.2 Non-current

It corresponds mainly to the acquisition of shares of Sociedad Eléctrica Puntilla S.A. (EPSA), for an amount as of September 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 September 30, 2019 and December 31, 2018.

Note 9. NON-CURRENT ASSETS HELD FOR SALE

As of September 30, 2019, the company classified four groups of assets as held for sale as established in IFRS 5, according with the following detail:

Asset type	30-09-2019 M\$
Lands	3,130,127
Buildings	920,846
Complementary works	241,722
Other facilities	15,251
Totals	4,307,946

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 10. 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:

	30-09-2019 M\$	31-12-2018 M\$
Intangible assets, net	224,226,063	224,864,424
Trademarks, net	15,933	15,933
Computer programs, net	5,224,417	5,700,799
Other intangible assets, net *	218,985,713	219,147,692
Trademarks, gross	284,469,818	282,823,147
Computer programs, gross	15,933	15,933
Other intangible assets, gross	52,386,022	50,717,784
Intangible assets, accumulated amortization	232,067,863	232,089,430
Other intangible assets, accumulated amortization	(60,243,755)	(57,958,723)
Computer programs, accumulated depreciation	(47,161,605)	(45,016,985)
Other intangible assets, accumulated amortization	(13,082,150)	(12,941,738)



*Water rights, easements and other rights.

Intangible assets movements as of September 30, 2019

Movements in intangible assets	Trademarks, net M\$	Computer programs, net M\$	Other Intangible Assets, net M\$	Total M\$
Initial balance at 01-01-2019	15,933	5,700,799	219,147,692	224,864,424
Amortization	-	(2,144,620)	(140,412)	(2,285,032)
Increases (decreases) by transfers	-	1,189,785	(125,330)	1,064,455
Increases (decreases) due to other changes	-	478,453	105,040	583,493
Changes, total	-	(476,382)	(161,979)	(638,361)
Closing balance at 30-09-2019	15,933	5,224,417	218,985,713	224,226,063

Account activity of intangible assets as of December 31, 2018

Movements in intangible assets	Trademarks, net M\$	Computer programs, net M\$	Other Intangible Assets, net M\$	Total M\$
Initial balance at 01-01-2018	13,000	7,910,586	219,160,913	227,084,499
Amortization	-	(4,051,560)	(187,216)	(4,238,776)
Increases (decreases) by transfers	-	1,740,932	(58,904)	1,682,028
Increases (decreases) due to other changes	2,933	100,841	238,494	342,268
Dispositions and withdrawals of service	-	-	(5,595)	(5,595)
Changes, Total	2,933	(2,209,787)	(13,221)	(2,220,075)
Closing Balance at 31-12-18	15,933	5,700,799	219,147,692	224,864,424

Disclosure information on intangible assets [gross value]

Current period: September 30, 2019

Movements in intangible assets	Trademarks, gross M\$	Computer programs, gross M\$	Other Intangible Assets, gross M\$	Total M\$
Initial balance at 01-01-2019	15,933	50,717,784	232,089,430	282,823,147
Increases (decreases) by transfers	-	1,189,785	(125,330)	1,064,455
Increases (decreases) due to other changes	-	478,453	105,040	583,493
Dispositions and withdrawals of service	-	-	(1,277)	(1,277)
Changes, total	-	1,668,238	(21,567)	1,646,671
Closing Balance 30-09-19	15,933	52,386,022	232,067,863	284,469,818



Previous period: December 31, 2018

Movements in intangible assets	Trademarks, gross M\$	Computer programs, gross M\$	Other Intangible Assets, gross M\$	Total M\$
Initial balance at 01-01-2018	13,000	48,876,011	231,915,435	280,804,446
Increases (decreases) by transfers	-	1,740,932	(58,904)	1,682,028
Increases (decreases) due to other changes	2,933	100,841	238,494	342,268
Dispositions and withdrawals of service	-	-	(5,595)	(5,595)
Changes, total	2,933	1,841,773	173,995	2,018,701
Closing Balance at 31-12-18	15,933	50,717,784	232,089,430	282,823,147

Disclosure information on intangible assets [accumulated amortization]

Current period: September 30, 2019

Movements in intangible assets	Trademarks, accumulated depreciation M\$	Computer programs, accumulated depreciation M\$	Other Intangible Assets, accumulated depreciation M\$	Total M\$
Initial balance at 01-01-2019	-	(45,016,985)	(12,941,738)	(57,958,723)
Amortization	-	(2,144,620)	(140,412)	(2,285,032)
Changes, total	-	(2,144,620)	(140,412)	(2,285,032)
Closing Balance 30-09-19	-	(47,161,605)	(13,082,150)	(60,243,755)

Previous period: December 31, 2018

Movements in intangible assets	Trademarks, accumulated depreciation M\$	Computer programs, accumulated depreciation M\$	Other Intangible Assets, accumulated depreciation M\$	Total M\$
Initial balance at 01-01-2018	-	(40,965,425)	(12,754,522)	(53,719,947)
Amortization	-	(4,051,560)	(187,216)	(4,238,776)
Changes, total	-	(4,051,560)	(187,216)	(4,238,776)
Closing Balance at 31-12-18	-	(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	30-09-2019			31-12-2018		
	Water rights M\$	Easement M\$	Others M\$	Water rights M\$	Easement M\$	Others M\$
Aguas Andinas S.A.	76,631,393	8,422,025	4,433,902	76,598,437	8,364,563	4,574,022
Aguas Cordillera S.A.	92,745,127	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.	5,422,410	1,170,602	-	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	-	-
Consolidation adjustments	(333,913)	(113,795)	-	(333,913)	(113,795)	-
Totals	196,444,374	18,107,437	4,433,902	196,598,740	17,974,930	4,574,022

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	M\$
Aguas Andinas S.A.	657,811
Aguas Manquehue S.A.	50,000
EcoRiles S.A.	713
Total	708,524



Note 11. 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 September 30, 2019 and December 31, 2018:

Rut	Company	30-09-2019 M\$	31-12-2018 M\$
96.809.310-k	Aguas Cordillera S.A.	33,823,049	33,823,049
96.897.320-7	Inversiones Iberaguas Ltda.	2,066,631	2,066,631
96.579.800-5	ESSAL S.A.	343,332	343,332
Totals		36,233,012	36,233,012

Note 12. PROPERTIES, PLANT AND EQUIPMENT

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

Properties, plant and equipment	Net Values		Gross Values		Accumulated Depreciation	
	30-09-2019 M\$	31-12-2018 M\$	30-09-2019 M\$	31-12-2018 M\$	30-09-2019 M\$	31-12-2018 M\$
Land	156,677,451	159,536,229	156,677,451	159,536,229	-	-
Buildings	75,333,821	79,624,966	112,455,047	113,252,042	(37,121,226)	(33,627,076)
Machinery	115,778,031	115,993,853	397,507,283	384,958,947	(281,729,252)	(268,965,094)
Transportation equipment	927,699	958,353	5,378,190	5,102,427	(4,450,491)	(4,144,074)
Appliances and accessories	1,399,572	1,407,509	6,417,881	6,291,229	(5,018,309)	(4,883,720)
Computer equipment	1,831,845	2,460,174	14,644,628	14,284,065	(12,812,783)	(11,823,891)
Leasehold rights improvements	196,355	234,177	819,857	806,931	(623,502)	(572,754)
Constructions in process	261,147,234	226,774,354	261,147,234	226,774,354	-	-
Complementary works	21,302,447	21,892,366	44,684,887	44,316,092	(23,382,440)	(22,423,726)
Production facilities	177,713,689	173,754,928	338,111,971	328,291,901	(160,398,282)	(154,536,973)
Drinking water networks	200,907,342	192,291,391	529,357,738	514,892,514	(328,450,396)	(322,601,123)
Sewer networks	250,335,256	249,193,038	545,312,668	534,440,825	(294,977,412)	(285,247,787)
Wastewater treatment plants	163,783,573	168,050,123	233,267,255	232,373,341	(69,483,682)	(64,323,218)
Other facilities	46,517,517	47,699,634	161,968,101	158,049,182	(115,450,584)	(110,349,548)
Goods out of operation	216,148	222,036	1,868,637	1,868,637	(1,652,489)	(1,646,601)
Asset for usage rights	2,383,489	-	3,142,045	-	(758,556)	-
Totals	1,476,451,469	1,440,093,131	2,812,760,873	2,725,238,716	(1,336,309,404)	(1,285,145,585)



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

Properties, plant and equipment, net	30-09-2019 M\$	Aguas Andinas S.A. %	Aguas Cordillera S.A. %	Aguas Manquehue S.A. %	ESSAL S.A. %	Other %
Land	156,677,451	74%	13%	1%	11%	0%
Buildings	75,333,821	74%	4%	2%	17%	3%
Machinery	115,778,031	73%	7%	3%	14%	3%
Transportation equipment	927,699	88%	0%	0%	10%	2%
Appliances and accessories	1,399,572	68%	3%	0%	10%	18%
Computer equipment	1,831,845	85%	1%	0%	12%	3%
Leasehold rights improvements	196,355	81%	0%	0%	0%	19%
Constructions in process	261,147,234	73%	6%	7%	13%	0%
Complementary works	21,302,447	79%	6%	3%	11%	1%
Production facilities	177,713,689	63%	14%	14%	10%	0%
Drinking water networks	200,907,342	68%	16%	2%	14%	0%
Sewer networks	250,335,256	84%	2%	4%	11%	0%
Wastewater treatment plants	163,783,573	92%	0%	0%	6%	1%
Other facilities	46,517,517	72%	7%	7%	10%	4%
Goods out of operation	216,148	30%	70%	0%	0%	0%
Asset for usage rights	2,383,489	59%	5%	3%	16%	17%
Totals	1,476,451,469	75%	8%	5%	11%	1%

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

Assets Classes	Cost 30-09-2019 M\$	Fair Value 30-09-2019 M\$
Buildings	75,333,821	106,741,211
Additional works	21,302,447	34,813,961
Production facilities	177,713,689	284,604,507
Drinking water networks	200,907,342	395,000,943
Sewer networks	250,335,256	396,314,694
Wastewater treatment plants	163,783,573	178,688,420
Other facilities	46,517,517	47,491,059
Machinery	115,778,031	124,026,313
Totals	1,051,671,676	1,567,681,110

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

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



Account activity of properties, plant and equipment as of September 30, 2019 (net values)

Concept	Initial Balance	Depreciation	Increases (decreases) by transfers from constructions in process	Increases (decreases) due to other changes	Dispositions and withdrawals of service	Total changes	Closing balance
	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Land	159,536,229	-	125,330	194,069	(3,178,177)	(2,858,778)	156,677,451
Buildings	79,624,966	(4,979,994)	1,179,918	429,777	(920,846)	(4,291,145)	75,333,821
Machinery	115,993,853	(13,356,565)	10,575,608	2,565,677	(542)	(215,822)	115,778,031
Transportation equipment	958,353	(330,146)	511,654	(211,602)	(560)	(30,654)	927,699
Appliances and accessories	1,407,509	(134,589)	160,074	(33,422)	-	(7,937)	1,399,572
Computer equipment	2,460,174	(988,892)	455,351	(94,788)	-	(628,329)	1,831,845
Leasehold rights improvements	234,177	(50,748)	14,756	(1,830)	-	(37,822)	196,355
Constructions in process	226,774,354	-	(51,573,504)	86,017,858	(71,474)	34,372,880	261,147,234
Complementary works	21,892,366	(1,286,810)	1,611,621	(673,008)	(241,722)	(589,919)	21,302,447
Production facilities	173,754,928	(5,861,990)	10,607,269	(786,518)	-	3,958,761	177,713,689
Drinking water networks	192,291,391	(5,849,273)	9,783,269	4,681,955	-	8,615,951	200,907,342
Sewer networks	249,193,038	(9,729,625)	7,211,540	3,660,303	-	1,142,218	250,335,256
Wastewater treatment plants	168,050,123	(5,160,464)	2,642,739	(1,748,825)	-	(4,266,550)	163,783,573
Other facilities	47,699,634	(5,356,525)	5,629,919	(1,439,914)	(15,597)	(1,182,117)	46,517,517
Goods out of operation	222,036	(5,888)	-	-	-	(5,888)	216,148
Asset for usage rights	-	(930,248)	-	3,313,737	-	2,383,489	2,383,489
Classes of properties, plant and equipment, net	1,440,093,131	(54,021,757)	(1,064,456)	95,873,469	(4,428,918)	36,358,338	1,476,451,469



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

Concept	Initial Balance	Depreciation	Increases (decreases) by transfers from constructions in process	Increases (decreases) due to other changes	Dispositions and withdrawals of service	Total changes	Closing balance
	M\$	M\$	M\$	M\$	M\$	M\$	M\$
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
Transportation equipment	1,320,419	(453,132)	129,550	72,545	(111,029)	(362,066)	958,353
Appliances and accessories	1,315,585	(207,553)	251,739	47,738	-	91,924	1,407,509
Computer equipment	3,659,346	(1,561,660)	215,394	147,094	-	(1,199,172)	2,460,174
Leasehold rights improvements	64,266	(39,741)	64,999	144,653	-	169,911	234,177
Constructions in process	156,563,062	-	(58,984,644)	130,120,937	(925,001)	70,211,292	226,774,354
Complementary 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
Sewer 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 operation	230,781	(8,746)	-	-	1	(8,745)	222,036
Classes of properties, plant and equipment, net	1,351,763,816	(71,228,809)	(1,682,030)	163,366,160	(2,126,006)	88,329,315	1,440,093,131



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

Current period: September 30, 2019

Concept	Initial Balance	Increases (decreases) by transfers from constructions in process	Increases (decreases) due to other changes	Dispositions and withdrawals of service	Total changes	Closing balance
	M\$	M\$	M\$	M\$	M\$	M\$
Land	159,536,229	125,330	194,069	(3,178,177)	(2,858,778)	156,677,451
Buildings	113,252,042	1,179,918	429,777	(2,406,690)	(796,995)	112,455,047
Machinery	384,958,947	10,575,608	2,566,358	(593,630)	12,548,336	397,507,283
Transportation equipment	5,102,427	511,654	(211,602)	(24,289)	275,763	5,378,190
Appliances and accessories	6,291,229	160,074	(33,422)	-	126,652	6,417,881
Computer equipment	14,284,065	455,351	(94,788)	-	360,563	14,644,628
Leasehold rights improvements	806,931	14,756	(1,830)	-	12,926	819,857
Constructions in process	226,774,354	(51,573,504)	86,017,858	(71,474)	34,372,880	261,147,234
Complementary works	44,316,092	1,611,621	(673,008)	(569,818)	368,795	44,684,887
Production facilities	328,291,901	10,607,269	(787,199)	-	9,820,070	338,111,971
Drinking water networks	514,892,514	9,783,269	4,681,955	-	14,465,224	529,357,738
Sewer networks	534,440,825	7,211,540	3,660,303	-	10,871,843	545,312,668
Wastewater treatment plants	232,373,341	2,642,739	(1,748,825)	-	893,914	233,267,255
Other facilities	158,049,182	5,629,919	(1,439,914)	(271,086)	3,918,919	161,968,101
Goods out of operation	1,868,637	-	-	-	-	1,868,637
Asset for usage rights	-	-	3,321,222	(179,177)	3,142,045	3,142,045
Classes of properties, plant and equipment, gross	2,725,238,716	(1,064,456)	95,880,954	(7,294,341)	87,522,157	2,812,760,873



Previous period: December 31, 2018

Concept	Initial Balance	Increases (decreases) by transfers from constructions in process	Increases (decreases) due to other changes	Dispositions and withdrawals of service	Total changes	Closing balance
	M\$	M\$	M\$	M\$	M\$	M\$
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
Transportation equipment	5,866,755	129,550	72,545	(966,423)	(764,328)	5,102,427
Appliances and accessories	5,992,005	251,739	47,738	(253)	299,224	6,291,229
Computer equipment	13,921,577	215,394	147,094	-	362,488	14,284,065
Leasehold rights improvements	597,279	64,999	144,653	-	209,652	806,931
Constructions in process	156,563,062	(58,984,644)	130,120,937	(925,001)	70,211,292	226,774,354
Complementary 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
Sewer 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 operation	2,023,017	-	-	(154,380)	(154,380)	1,868,637
Classes of properties, plant and equipment, gross	2,571,086,250	(1,682,030)	163,366,160	(7,531,664)	154,152,466	2,725,238,716



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

Current period: September 30, 2019

Concept	Initial Balance M\$	Increases (decreases) by transfers from constructions in process M\$	Increases (decreases) due to other changes M\$	Dispositions and withdrawals of service M\$	Total changes M\$	Closing balance M\$
Buildings	(33,627,076)	(4,979,994)	-	1,485,844	(3,494,150)	(37,121,226)
Machinery	(268,965,094)	(13,356,565)	(681)	593,088	(12,764,158)	(281,729,252)
Transportation equipment	(4,144,074)	(330,146)	-	23,729	(306,417)	(4,450,491)
Appliances and accessories	(4,883,720)	(134,589)	-	-	(134,589)	(5,018,309)
Computer equipment	(11,823,891)	(988,892)	-	-	(988,892)	(12,812,783)
Leasehold rights improvements	(572,754)	(50,748)	-	-	(50,748)	(623,502)
Complementary works	(22,423,726)	(1,286,810)	-	328,096	(958,714)	(23,382,440)
Production facilities	(154,536,973)	(5,861,990)	681	-	(5,861,309)	(160,398,282)
Drinking water networks	(322,601,123)	(5,849,273)	-	-	(5,849,273)	(328,450,396)
Sewer networks	(285,247,787)	(9,729,625)	-	-	(9,729,625)	(294,977,412)
Wastewater treatment plants	(64,323,218)	(5,160,464)	-	-	(5,160,464)	(69,483,682)
Other facilities	(110,349,548)	(5,356,525)	-	255,489	(5,101,036)	(115,450,584)
Goods out of operation	(1,646,601)	(5,888)	-	-	(5,888)	(1,652,489)
Asset for usage rights	-	(930,248)	(7,485)	179,177	(758,556)	(758,556)
Classes of properties, plant and equipment, accumulated depreciation	(1,285,145,585)	(54,021,757)	(7,485)	2,865,423	(51,163,819)	(1,336,309,404)



Previous period: December 31, 2018

Concept	Initial Balance	Increases (decreases) by transfers from constructions in process	Increases (decreases) due to other changes	Dispositions and withdrawals of service	Total changes	Closing balance
	M\$	M\$	M\$	M\$	M\$	M\$
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)
Transportation equipment	(4,546,336)	(453,132)	-	855,394	402,262	(4,144,074)
Appliances and accessories	(4,676,420)	(207,553)	-	253	(207,300)	(4,883,720)
Computer equipment	(10,262,231)	(1,561,660)	-	-	(1,561,660)	(11,823,891)
Leasehold rights improvements	(533,013)	(39,741)	-	-	(39,741)	(572,754)
Complementary 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)
Sewer 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 operation	(1,792,236)	(8,746)	-	154,381	145,635	(1,646,601)
Classes of properties, plant and equipment, accumulated depreciation	(1,219,322,434)	(71,228,809)	-	5,405,658	(65,823,151)	(1,285,145,585)



Commitments for the acquisition of properties, plant and equipment

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

Company	M\$
Aguas Andinas S.A.	29,138,788
Aguas Cordillera S.A.	4,589,525
Aguas Manquehue S.A.	772,225
ESSAL S.A.	1,632,332
EcoRiles S.A.	70,588
Gestión y Servicios S.A.	16,920
Análisis Ambientales S.A.	41,251
Total	36,261,629

Temporarily out of service properties, plant and equipment as of September 30, 2019:

Company	Gross value M\$	Accumulated depreciation M\$	Net Value M\$
Aguas Andinas S.A.	1,594,305	(1,531,166)	63,139
Aguas Cordillera S.A.	274,332	(121,323)	153,009
Total	1,868,637	(1,652,489)	216,148

Restrictions of ownership for properties, plant and equipment

As of September 30, 2019, and December 31, 2018, properties, 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 September 30, 2019, is recorded in properties, plant and equipment usage right asset under IFRS 16 (see note 12). As of December 31, 2018, there is no property, plant and equipment kept under financial lease contracts, according to IAS 17.

Impairment of assets value

As of September 30, 2019 and December 31, 2018, the Company has not recognized in the period result, losses for impairment of assets value, reverse of these, as well as neither compensations from third parties, as established in points (v) and (vi) of letter e) of paragraph 73 and letter d) of paragraph 74 of IAS 16, product that there are no evidence of impairment according with IAS 36 (see Note 30).



Note 13. LEASING

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

13.1 Usage Right Assets

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

Usage rights assets	Gross value M\$	Accumulated depreciation M\$	Net value M\$
Buildings	204,066	(109,180)	94,886
Transportation equipment	2,937,979	(649,376)	2,288,603
Totals	3,142,045	(758,556)	2,383,489

13.2 Liability for leases

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

Liability for leases	30-09-2019 M\$
Up to 90 days	358,825
More than 90 days and no more than a year	766,181
Current total	1,125,006
More than one year and no more than two years	1,235,063
More than two years and no more than three years	19,783
More than three years and no more than four years	14,385
Non-current total	1,269,231

13.3 Information to be disclosed on operating leases as a lessee

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

Minimum future payments of the non-cancelable lease, tenants	30-09-2019 M\$	30-09-2018 M\$
Minimum future payments of the non-cancelable lease, up to one year, lessee	867,489	2,074,320
Minimum future payments of non-cancelable lease, more than one year and less than five years, lessee	2,645,846	4,165,526
Total minimum future payments of the non-cancelable lease	3,513,335	6,239,846
Minimum payments for lease under operating leases	2,480,220	2,267,204
Total lease and sub-lease fees recognized in the income statement	2,480,220	2,267,204

(*) The consolidated statement of income for the period ended September 30, 2019 includes an expense of Th\$3,267,448, 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 September 30, 2018, the amount recognized in results was Th\$4,185,173, 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 September 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.

13.4 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.

Future minimum lease charges of non-cancellable, Lessors	30-09-2019 M\$	30-09-2018 M\$
Future minimum non-cancellable lease charges of up to one year, Lessors	317,107	309,293
Amount of contingent rents recognized in the income statement	662,390	610,351
Totals	979,497	919,644

Significant operative leasing agreements by the lessor

Revenues from these sources are negligible for the Company.

Note 14. 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:

States of financial situation	30-09-2019 M\$	31-12-2018 M\$
Deferred tax assets	26,997,882	23,499,561
Deferred tax liability	(34,439,702)	(35,452,801)
Net position of deferred taxes	(7,441,820)	(11,953,240)

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	30-09-2019	31-12-2018
	M\$	M\$
Water rights (amortization)	518,953	504,001
Provision for doubtful accounts	10,040,182	9,230,453
Provision for vacations	706,163	714,546
Litigation	335,547	807,907
Termination benefits	4,044,042	4,013,029
Other provisions	227,488	243,379
Amortization	838,447	-
Variation monetary correction & depreciation assets	71,926,262	69,908,916
Deferred income	1,969,571	1,969,571
La Dehesa dam transaction	395,871	389,058
Liability for leases	646,444	-
Others	1,881,736	1,625,101
Deferred tax assets	93,530,706	89,405,961

Disclosure information on deferred tax liabilities

Deferred tax liabilities	30-09-2019	31-12-2018
	M\$	M\$
Depreciation of properties, plant and equipment	19,141,753	18,637,043
Amortization	90,166	645,687
Investment expense related companies	114,266	114,266
Revaluations of land	24,304,406	24,349,342
Revaluations of water rights	46,831,415	46,834,696
Fair value of assets by business combination	9,557,455	10,539,459
Asset for usage rights	643,542	-
Others	289,523	238,708
Deferred tax liabilities	100,972,526	101,359,201

Net deferred tax position	(7,441,820)	(11,953,240)
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Movements of deferred tax assets

Movements of deferred tax assets	30-09-2019	31-12-2018
	M\$	M\$
Movements of deferred tax liabilities	89,405,961	84,864,153
Increases (decreases) in deferred tax assets	1,297,670	1,201,059
Increases (decreases) due to variation in monetary correction and depreciation assets	2,017,346	3,046,526
Increases (decreases) due to the provision of uncollectible debtors	809,729	294,223
Changes in deferred tax assets	4,124,745	4,541,808
Changes in total deferred tax assets	93,530,706	89,405,961



Movements of deferred tax liabilities

Movements of deferred tax liabilities	30-09-2019 M\$	31-12-2018 M\$
Deferred tax liabilities, initial balance	101,359,201	102,484,409
Increases (decreases) in deferred tax liabilities	595,329	297,170
Increases (decreases) in acquisitions through business combinations	(982,004)	(1,422,378)
Changes in deferred tax liabilities	(386,675)	(1,125,208)
Changes in total deferred tax liabilities	100,972,526	101,359,201

Earnings' tax expense

Income (expense) for income tax on current and deferred parts	30-09-2019 M\$	30-09-2018 M\$	01-07-2019 30-09-2019 M\$	01-07-2018 30-09-2018 M\$
Expenditure on current taxes	(37,864,809)	(38,154,945)	(7,353,069)	(7,783,081)
Tax expenditure adjustment previous year	(552,656)	(159,825)	(386,122)	(143,595)
Expenditure for current taxes on profits	(38,417,465)	(38,314,770)	(7,739,191)	(7,926,676)
Income (expenses) deferred by taxes related to the creation and reversal of temporary differences	4,511,420	4,195,582	503,149	970,608
Expenses for a single tax (expenses rejected)	(1,392,704)	(143,680)	(1,246,511)	(45,696)
Income (expenses) for other taxes	3,118,716	4,051,902	(743,362)	924,912
Income tax expense	(35,298,749)	(34,262,868)	(8,482,553)	(7,001,764)

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

	30-09-2019 M\$	30-09-2018 M\$	01-07-2019 30-09-2019 M\$	01-07-2018 30-09-2018 M\$
Expenses for taxes using the legal rate	(36,160,955)	(37,224,196)	(6,726,672)	(7,626,356)
Permanent difference for monetary correction tax assets	2,875,140	3,337,560	(145,878)	819,385
Permanent difference for rejected expenses	(1,392,704)	(143,680)	(1,246,511)	(45,696)
Permanent difference for income tax from previous years	(552,656)	(159,825)	(386,122)	(143,595)
Other permanent differences	(67,574)	(72,727)	22,630	(5,502)
Adjustments to tax expense using the legal rate	862,206	2,961,328	(1,755,881)	624,592
Tax expense using the effective rate	(35,298,749)	(34,262,868)	(8,482,553)	(7,001,764)



Reconciliation of the statutory tax rate and the effective tax rate

	30-09-2019	30-09-2018
Legal tax rate	27.00%	27.00%
Permanent difference for monetary correction tax assets	-2.15%	-2.42%
Permanent difference for rejected expenses	1.04%	0.10%
Permanent difference for income tax from previous years	0.41%	0.12%
Other permanent differences	0.06%	0.05%
Effective tax rate	26.36%	24.85%

Note 15. FINANCIAL INSTRUMENTS

15.1 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.

15.2 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.



15.3 Types of financial instruments

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

Types of financial instruments	Currency	Note	30-09-2019 M\$	31-12-2018 M\$
Current Financial Assets				
Bonds advance	CLP	7.1	5,099,882	-
Coverage	CLP	7.1	752,078	-
Other current financial assets			5,851,960	-
Trade debtors and other accounts receivable	CLP	4	98,502,620	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
Total commercial debtors and other accounts receivable, current			98,516,526	116,821,062
Accounts receivable to related entities	CLP	5	37,203	91,183
Information on related entities, current			37,203	91,183
Total financial assets, current			104,405,689	116,912,245
Non-current financial assets				
Rights receivable	CLP	4	4,031,212	4,500,020
Other financial assets	CLP	7.2	7,852,912	7,852,912
Total financial assets, non-current			11,884,124	12,352,932
Total financial assets			116,289,813	129,265,177
Current financial liabilities				
Bank Loans	CLP	14.4	11,704,698	3,503,647
Bonds	CLP	14.4	18,490,096	15,037,330
Reimbursable financial contributions	CLP	14.4	10,286,059	15,422,339
Liability for leases	CLP	14.4	1,125,006	-
Other financial liabilities, current			41,605,859	33,963,316
Trade accounts and other payable accounts	CLP	15	92,279,684	135,896,418
Trade accounts and other payable accounts	USD	15	781,176	903,099
Trade accounts and other payable accounts	EUR	15	209,423	99,658
Commercial accounts and other payable accounts, current			93,270,283	136,899,175
Accounts payable to related entities	CLP	5	19,826,040	46,569,102
Information on related entities, current			19,826,040	46,569,102
Total financial liabilities, current			154,702,182	217,431,593
Financial liabilities non-current				
Bank loans	CLP	14.4	96,677,650	92,519,209
Bonds	CLP	14.4	710,162,604	646,960,110
Reimbursable financial contributions	CLP	14.4	179,222,744	173,033,860
Liability for leases	CLP	14.4	1,269,231	-
Other financial liabilities, no-current			987,332,229	912,513,179
Other accounts payable	CLP	15	1,065,553	983,335
Other accounts payable, non-current			1,065,553	983,335
Total financial liabilities, non-current			988,397,782	913,496,514
Total financial liabilities			1,143,099,964	1,130,928,107



15.4 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 liability for leases 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 September 30, 2019 and December 31, 2018:

Reimbursable Financial Contributions, current portion

Registration No. or identification of the	Currency rate adjustment	Residual UF 30-09-2019	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuing company	Issuer Tax Identification Number	Type of repayment	Guaranteed (Yes/No)
			30-09-2019 M\$	31-12-2018 M\$							
AFR	UF	405,132.38	7,812,798	10,460,816	3.66%	3.56%	Chile	Aguas Andinas S.A.	61.808.000-5	Upon expiration	No
AFR	UF	99,089.74	2,270,754	3,836,401	3.74%	3.64%	Chile	Aguas Cordillera S.A.	96.809.310-k	Upon expiration	No
AFR	UF	35,298.71	202,507	1,125,122	3.79%	3.68%	Chile	Aguas Manquehue S.A.	89.221.000-4	Upon expiration	No
Totals		539,520.84	10,286,059	15,422,339							

Reimbursable Financial Contributions, non-current portion

Registration No. or identification of the instrument	Currency rate adjustment	Residual UF 30-09-2019	Book value		Expiration Date	Contract real interest rate	Effective rate	Issuing company	Issuer Tax Identification Number	Type of repayment	Guaranteed (Yes/No)
			30-09-2019 M\$	31-12-2018 M\$							
AFR	UF	4,515,783.60	127,723,507	122,915,519	27-09-2034	3.18%	3.09%	Aguas Andinas S.A.	61.808.000-5	Upon expiration	No
AFR	UF	783,378.58	22,153,510	21,717,829	27-09-2034	3.08%	3.00%	Aguas Cordillera S.A.	96.809.310-k	Upon expiration	No
AFR	UF	673,514.35	19,055,647	17,950,443	20-10-2032	3.12%	3.04%	Aguas Manquehue S.A.	89.221.000-4	Upon expiration	No
AFR	UF	366,866.86	10,290,080	10,450,069	13-09-2034	3.42%	3.42%	ESSAL S.A.	96.579.800-5	Upon expiration	No
Totals		6,339,543.39	179,222,744	173,033,860							



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

Total bank loan balances, current period

RUT debit entity	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 entity name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera	ESSAL S.A.	ESSAL S.A.	ESSAL S.A.	ESSAL S.A.	
Country of the debtor company	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	
RUT creditor entity	97.004.000-5	97.006.000-6	97.032.000-8	97.032.000-8	97.004.000-7	97.004.000-7	97.006.000-6	97.006.000-6	
Creditor entity name	Banco de Chile	Banco BCI	Banco de Chile	Banco Scotiabank	Banco de Chile	Banco de Chile	Banco BCI	Banco BCI	
Currency or reset unit	CLP	CLP	CLP	CLP	CLP	CLP	CLP	CLP	
Amortization rate	Biannual	Upon Expiration	Biannual	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	
Effective rate	3.05%	2.42%	2.64%	2.73%	3.84%	3.29%	3.70%	3.29%	
Nominal rate	3.05%	2.42%	2.64%	2.73%	3.84%	3.29%	3.70%	3.29%	
Nominal amounts	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Until a year	408,626	7,772	13	50,050	35,819	2,057,088	9,124,875	20,455	11,704,698
Up to 90 days	408,626	7,772	13	50,050	35,819	2,057,088	124,875	20,455	2,704,698
More than 90 days up to a year	-	-	-	-	-	-	9,000,000	-	9,000,000
More than 1 year up to 3 years	17,699,562	19,270,304	-	-	2,500,000	-	-	10,658,441	50,128,307
More than 1 year up to 2 years	8,849,781	-	-	-	2,500,000	-	-	-	11,349,781
More than 2 years up to 3 years	8,849,781	19,270,304	-	-	-	-	-	10,658,441	38,778,526
More than 3 years up to 5 years	17,699,562	-	-	20,000,000	-	-	-	-	37,699,562
More than 3 years up to 4 years	8,849,781	-	-	20,000,000	-	-	-	-	28,849,781
More than 4 years up to 5 years	8,849,781	-	-	-	-	-	-	-	8,849,781
More than 5 years	8,849,781	-	-	-	-	-	-	-	8,849,781
More than 5 years	8,849,781	-	-	-	-	-	-	-	8,849,781
Total nominal amounts	44,657,531	19,278,076	13	20,050,050	2,535,819	2,057,088	9,124,875	10,678,896	108,382,348
Accounting values	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Current bank loans	408,626	7,772	13	50,050	35,819	2,057,088	9,124,875	20,455	11,704,698
Up to 90 days	408,626	7,772	13	50,050	35,819	2,057,088	124,875	20,455	2,704,698
More than 90 days up to a year	-	-	-	-	-	-	9,000,000	-	9,000,000
Non-current bank loans	44,248,905	19,270,304	-	20,000,000	2,500,000	-	-	10,658,441	96,677,650
More than 1 year up to 3 years	17,699,562	19,270,304	-	-	2,500,000	-	-	10,658,441	50,128,307
More than 1 year up to 2 years	8,849,781	-	-	-	2,500,000	-	-	-	11,349,781
More than 2 years up to 3 years	8,849,781	19,270,304	-	-	-	-	-	10,658,441	38,778,526
More than 3 years up to 5 years	17,699,562	-	-	20,000,000	-	-	-	-	37,699,562
More than 3 years up to 4 years	8,849,781	-	-	20,000,000	-	-	-	-	28,849,781
More than 4 years up to 5 years	8,849,781	-	-	-	-	-	-	-	8,849,781
More than 5 years	8,849,781	-	-	-	-	-	-	-	8,849,781
More than 5 years	8,849,781	-	-	-	-	-	-	-	8,849,781
Total bank loans	44,657,531	19,278,076	13	20,050,050	2,535,819	2,057,088	9,124,875	10,678,896	108,382,348

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

RUT debit entity	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 entity name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera	ESSAL S.A.	ESSAL S.A.	
Country of the debtor company	Chile	Chile	Chile	Chile	Chile	Chile	
RUT creditor entity	97.004.000-5	97.006.000-6	97.032.000-8	97.032.000-8	97.004.000-5	97.006.000-6	
Creditor entity name	Banco de Chile	Banco BCI	Banco Scotiabank	Banco Scotiabank	Banco de Chile	Banco BCI	
Currency or reset unit	CLP	CLP	CLP	CLP	CLP	CLP	
Amortization rate	Biannual	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	
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 amounts	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Until a 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
More than 90 days up to a year	71,002	-	438,945	-	2,500,000	41,818	3,051,765
More than 1 year up to 3 years	13,274,672	19,270,304	-	-	-	9,000,000	41,544,976
More than 1 year up to 2 years	4,424,891	19,270,304	-	-	-	-	23,695,195
More than 2 years up to 3 years	8,849,781	-	-	-	-	9,000,000	17,849,781
More than 3 years up to 5 years	17,699,562	-	-	20,000,000	-	-	37,699,562
More than 3 years up to 4 years	8,849,781	-	-	-	-	-	8,849,781
More than 4 years 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 amounts	44,319,907	19,487,481	439,245	20,222,223	2,512,182	9,041,818	96,022,856
Accounting values	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Current bank loans	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 a 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 year up to 3 years	13,274,672	19,270,304	-	-	-	9,000,000	41,544,976
More than 1 year up to 2 years	4,424,891	19,270,304	-	-	-	-	23,695,195
More than 2 years up to 3 years	8,849,781	-	-	-	-	9,000,000	17,849,781
More than 3 years up to 5 years	17,699,562	-	-	20,000,000	-	-	37,699,562
More than 3 years up to 4 years	8,849,781	-	-	-	-	-	8,849,781
More than 4 years 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 bank loans	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 September 30, 2019 and December 31, 2018:

Total public obligations for the current period

RUT debit entity	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5
Debtor entity name	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	Agua Andinas S.A.	ESSAL S.A.	ESSAL S.A.
Country of the debtor company	Chile	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	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	BAGUA-AE	Besal-B	Besal-C
Expiration date	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	15-03-2044	01-06-2028	01-12-2040
Currency or reset unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Periodicity of depreciation	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Biannual	Biannual	Biannual	Biannual	Biannual	Biannual	Biannual	Biannual
Effective rate	4.16%	3.83%	4.05%	3.92%	3.81%	3.50%	3.18%	3.15%	2.34%	3.33%	2.87%	1.97%	2.05%	6.63%	2.93%	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%	2.80%
Nominal amounts	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Until a year	1,020,181	804,306	611,020	1,245,913	1,055,915	973,228	703,865	222,728	7,135,061	373,905	69,326	33,509	61,946	3,823,798	357,462	18,492,163
Up to 90 days	1,020,181	804,306	611,020	1,245,913	1,055,915	973,228	703,865	-	-	-	-	-	-	3,823,798	357,462	10,595,688
More than 90 days up to a year	-	-	-	-	-	-	-	222,728	7,135,061	373,905	69,326	33,509	61,946	-	-	7,896,475
More than 1 year up to 3 years	-	-	-	-	-	-	-	-	14,024,266	-	-	15,777,298	-	6,495,446	-	36,297,010
More than 1 year up to 2 years	-	-	-	-	-	-	-	-	7,012,133	-	-	5,259,099	-	3,247,723	-	15,518,955
More than 2 years up to 3 years	-	-	-	-	-	-	-	-	7,012,133	-	-	10,518,199	-	3,247,723	-	20,778,055
More than 3 years	49,084,928	42,072,795	46,280,075	64,511,619	56,097,060	56,097,060	64,511,619	44,877,648	3,506,066	56,097,060	56,097,060	26,295,497	56,097,060	22,118,032	28,048,530	671,792,109
More than 3 years up to 4 years	-	-	-	-	-	-	-	-	3,506,066	-	-	10,518,199	-	5,879,393	-	19,903,658
More than 4 years up to 5 years	-	-	-	-	-	-	-	-	-	-	-	10,518,199	-	3,247,723	-	13,765,922
More than 5 years	49,084,928	42,072,795	46,280,075	64,511,619	56,097,060	56,097,060	64,511,619	44,877,648	-	56,097,060	56,097,060	5,259,099	56,097,060	12,990,916	28,048,530	638,122,529
Total nominal amounts	50,105,109	42,877,101	46,891,095	65,757,532	57,152,975	57,070,288	65,215,484	45,100,376	24,665,393	56,470,965	56,166,386	42,106,304	56,159,006	32,437,276	28,405,992	726,581,282
Accounting values	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Obligations with the public	1,033,077	812,764	625,174	1,238,819	1,052,322	973,228	748,113	185,136	7,147,420	335,836	49,328	(32,962)	217,475	3,746,904	357,462	18,490,096
Up to 90 days	1,033,077	812,764	625,174	1,238,819	1,052,322	973,228	748,113	-	-	-	-	-	-	3,746,904	357,462	10,587,863
More than 90 days up to a year	-	-	-	-	-	-	-	185,136	7,147,420	335,836	49,328	(32,962)	217,475	-	-	7,902,233
Obligations with the non-current public	49,257,355	42,217,206	46,494,285	64,380,677	56,020,171	56,097,060	65,401,623	44,001,525	17,543,658	55,110,432	55,489,327	41,887,037	60,627,648	28,284,002	27,350,598	710,162,604
More than 1 year up to 3 years	-	-	-	-	-	-	-	-	14,033,150	-	-	15,702,995	-	8,968,841	-	38,704,986
More than 1 year up to 2 years	-	-	-	-	-	-	-	-	7,016,575	-	-	5,221,948	-	5,800,255	-	18,038,778
More than 2 years up to 3 years	-	-	-	-	-	-	-	-	7,016,575	-	-	10,481,047	-	3,168,586	-	20,666,208
More than 3 years	49,257,355	42,217,206	46,494,285	64,380,677	56,020,171	56,097,060	65,401,623	44,001,525	3,510,508	55,110,432	55,489,327	26,184,042	60,627,648	19,315,161	27,350,598	671,457,618
More than 3 years up to 4 years	-	-	-	-	-	-	-	-	3,510,508	-	-	10,481,047	-	3,168,586	-	17,160,141
More than 4 years up to 5 years	-	-	-	-	-	-	-	-	-	-	-	10,481,047	-	3,168,586	-	13,649,633
More than 5 years	49,257,355	42,217,206	46,494,285	64,380,677	56,020,171	56,097,060	65,401,623	44,001,525	-	55,110,432	55,489,327	5,221,948	60,627,648	12,977,989	27,350,598	640,647,844
Total obligations with the public	50,290,432	43,029,970	47,119,459	65,619,496	57,072,493	57,070,288	66,149,736	44,186,661	24,691,078	55,446,268	55,538,655	41,854,075	60,845,123	32,030,906	27,708,060	728,652,700



Total public obligations for the previous period

RUT debit entity	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5
Debtor entity name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	ESSAL S.A.	ESSAL S.A.
Country of the debtor company	Chile	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	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	BAGUA-AC	Besal-B	Besal-C
Expiration date	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	15-03-2043	15-03-2043	01-06-2028	01-12-2040
Currency or reset unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Periodicity of depreciation	Upon Expiration	Upon Expiration	Upon Expiration	Biannual	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Biannual	Biannual	Biannual	Biannual	Biannual	Biannual	Biannual
Effective rate	4.16%	3.82%	4.05%	3.44%	3.92%	3.81%	3.50%	3.18%	3.15%	2.34%	3.33%	2.87%	1.96%	6.63%	2.93%	
Nominal rate	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	2.40%	3.20%	2.80%	1.80%	6.00%	2.80%	
Nominal amounts	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Until a 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 days up to a year	501,311	395,231	150,126	3,087,924	612,235	518,871	478,239	172,938	-	-	-	-	-	-	-	5,916,875
More than 1 year up to 3 years	-	-	-	-	-	-	-	-	-	13,782,896	-	-	5,168,586	6,383,654	-	25,335,136
More than 1 year up to 2 years	-	-	-	-	-	-	-	-	-	6,891,448	-	-	-	3,191,827	-	10,083,275
More than 2 years up to 3 years	-	-	-	-	-	-	-	-	-	6,891,448	-	-	5,168,586	3,191,827	-	15,251,861
More than 3 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 years up to 4 years	-	-	-	-	-	-	-	-	-	6,891,448	-	-	10,337,171	3,191,827	-	20,420,446
More than 4 years 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 amounts	48,741,444	41,743,916	45,633,680	3,087,924	64,013,552	55,650,451	55,609,819	63,574,255	44,652,500	27,868,761	55,937,906	55,350,973	41,800,065	32,639,364	27,565,790	663,870,400
Accounting values	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Obligations with the public	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 days up to a 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
Obligations with the non-current public	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 year up to 3 years	-	-	-	-	-	-	-	-	-	13,792,692	-	-	5,113,745	6,218,496	-	25,124,933
More than 1 year up to 2 years	-	-	-	-	-	-	-	-	-	6,896,346	-	-	-	3,109,248	-	10,005,594
More than 2 years up to 3 years	-	-	-	-	-	-	-	-	-	6,896,346	-	-	5,113,745	3,109,248	-	15,119,339
More than 3 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 years up to 4 years	-	-	-	-	-	-	-	-	-	6,896,346	-	-	10,282,331	3,109,248	-	20,287,925
More than 4 years 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 obligations with the public	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



Liability for leases

Corresponds to the obligation for lease payments according to IFRS 16 by Th\$1,125,006 (current) and Th\$1,269,231 (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 September 30, 2019 and December 31, 2018:

Current period

Other current financial liabilities	Initial Balance 31-12-2018 M\$	High M\$	Low M\$	Transferences M\$	Final Balance 30-09-2019 M\$
Bank loans	3,503,647	113,091,335	(106,947,370)	2,057,086	11,704,698
Bonuses	15,037,330	56,264,797	(53,371,476)	559,445	18,490,096
Reimbursable financial contributions	15,422,339	-	-	(5,136,280)	10,286,059
Liability for leases	-	1,512,581	(923,379)	535,804	1,125,006
Totals	33,963,316	170,868,713	(161,242,225)	(1,983,945)	41,605,859

Other financial liabilities, non-current	Initial Balance 31-12-2018 M\$	High M\$	Low M\$	Transferences M\$	Final Balance 30-09-2019 M\$
Bank loans	92,519,209	13,158,441	-	(9,000,000)	96,677,650
Bonuses	646,960,110	61,503,935	(8,950,114)	10,648,673	710,162,604
Reimbursable financial contributions	173,033,860	12,279,731	(17,618,617)	11,527,770	179,222,744
Liability for leases	-	1,805,035	-	(535,804)	1,269,231
Totals	912,513,179	88,747,142	(26,568,731)	12,640,639	987,332,229

Previous period

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

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





15.5 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:

	30-09-2019	
	Amortized cost M\$	Fair value M\$
Cash Equivalents		
Mutual funds, level 1	20,900,000	20,900,000
Investments held at fair value	20,900,000	20,900,000
Other financial liabilities		
Bank debt, level 2	108,382,348	111,352,136
Bonuses, level 1	728,652,700	948,596,980
AFR, level 3	189,508,803	189,508,803
Financial liabilities maintained at amortized cost	1,026,543,851	1,249,457,919

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 16. TRADE ACCOUNTS AND OTHER ACCOUNTS PAYABLE

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

Commercial accounts and other accounts payable	Currency or unit of readjustment	30-09-2019 M\$	31-12-2018 M\$
Subcontractors	CLP	27,071,479	39,997,433
Dividends	CLP	86,633	22,849,266
Suppliers	CLP	34,785,373	48,205,090
Suppliers	USD	781,176	903,099
Suppliers	EUR	209,423	99,658
Accrued products and services	CLP	22,497,978	17,545,125
Personnel	CLP	3,836,493	4,221,514
Documents to pay	CLP	3,343,422	2,640,953
Others	CLP	658,306	437,037
Current sub-total		93,270,283	136,899,175
Documents to pay	CLP	823,118	730,021
Suppliers	CLP	172,040	182,919
Various creditors	CLP	70,395	70,395
Non-current sub-total		1,065,553	983,335
Total current and non-current		94,335,836	137,882,510

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

16.1 Trade Accounts

Current period

Commercial accounts per day according to deadline	30-09-2019			
	Goods M\$	Services M\$	Others M\$	Total M\$
Up to 30 days	3,831,305	20,020,393	652,861	24,504,559
Between 31 and 60 days	953,395	1,052,380	6,349	2,012,124
Between 61 and 90 days	827,723	99,224	-	926,947
Between 91 and 120 days	-	1,719,286	-	1,719,286
Between 121 and 365 days	-	709,834	-	709,834
Totals	5,612,423	23,601,117	659,210	29,872,750

Commercial accounts expired according to term	30-09-2019			
	Goods M\$	Services M\$	Others M\$	Total M\$
Up to 30 days	642,926	2,251,111	205,276	3,099,313
Between 31 and 60 days	219,842	540,255	5,624	765,721
Between 61 and 90 days	1,830,664	124,226	7,368	1,962,258
Between 91 and 120 days	16,367	(20,476)	4,629	520
Between 121 and 365 days	(33,231)	74,146	8,027	48,942
More than 365 days	8,788	16,411	1,269	26,468
Totals	2,685,356	2,985,673	232,193	5,903,222



Previous period:

Commercial accounts per day according to deadline	31-12-2018			
	Goods M\$	Services M\$	Others M\$	Total M\$
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
Totals	14,815,509	29,732,059	260,267	44,807,835

Commercial accounts expired according to term	31-12-2018			
	Goods M\$	Services M\$	Others M\$	Total M\$
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
Totals	3,559,796	589,088	251,128	4,400,012

Note 17. OTHER PROVISIONS AND CONTINGENT LIABILITIES

A. Other provisions

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

Classes of provisions	30-09-2019 M\$	31-12-2018 M\$
Provision of legal claims *	1,242,766	2,992,246
Other provisions, currents	1,242,766	2,992,246
Other provisions, non-current	1,366,467	1,341,233
Provisions, non-current	1,366,467	1,341,233

* 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	30-09-2019 M\$	31-12-2018 M\$
Initial balance provisions	2,992,246	2,603,819
Increase in existing provisions	1,430,030	891,679
Provision used	(1,049,387)	(549,895)
Another increase (decrease)	(2,130,123)	46,643
Changes in provisions, totals	(1,749,480)	388,427
Totals	1,242,766	2,992,246



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 September 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\$159,307. 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 first instance judgment was issued, which was revoked by the appeals court, which proved right to Aguas Andinas. The appeal for cassation is granted.

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. The judgement is in evidentiary stage.



4.- 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 cause is in appeals court and dated May 20, 2019 an appeal for cassation is presented.

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 18. EMPLOYEE BENEFITS

The Company, at the consolidated level, has a workforce of 2,133 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 1,815 and 14, respectively, whereas 304 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, 2018 and October 1, 2018, with Unions No. 1 and 2 and with the Workers and Supervisors Union, respectively; all of them with a three-year term.

The current collective bargaining agreements of Anam S.A., Gestión y Servicios and EcoRiles S.A., were signed on January 2019, November 2018 and April 2017, respectively; all of them for a three-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.: 887; Aguas Cordillera S.A.: 120; Aguas Manquehue S.A.: 14; and Essal S.A.: 341.

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.: 5.00%. 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 rate: The 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 September 30, 2019 and December 31, 2018, which include provision account activity:

Provisions for employee benefits	30-09-2019 M\$	31-12-2018 M\$
Movements actuarial provision		
Beginning balance	18,133,927	16,245,576
Cost of services	806,963	1,260,866
Cost for interest	624,568	1,645,624
(Gain) or actuarial losses	-	1,534,815
Benefits paid	(1,290,585)	(3,100,569)
Indemnización especial por antigüedad	72,948	-
Provision of benefits for termination	-	547,615
Sub-totals	18,347,820	18,133,927
Profit and bonds participation	3,437,042	4,700,384
Totals	21,784,862	22,834,311

The Balance Sheet includes the following balances:

Provisions for employee benefits	30-09-2019 M\$	31-12-2018 M\$
Provisions for employee benefits, current	3,708,922	5,496,070
Provisions for employee benefits, not current	18,075,940	17,338,241
Totals	21,784,862	22,834,311

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 flow of payment M\$	Year
Aguas Andinas S.A.	7	682,130	2019
Aguas Cordillera S.A.	11	389,419	2019
ESSAL S.A.	1	3,352	2019
Totals	19	1,074,901	



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 September 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	Costs for services M\$	Interest cost M\$
Aguas Andinas S.A.	887	914,387	68,115
Aguas Cordillera S.A.	120	46,195	91,053
Aguas Manquehue S.A.	14	10,159	9,121
ESSAL S.A.	341	33,848	35,373
Totals	1,362	1,004,589	203,662

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	Base	More than 0.5% M\$	Less than 0.5% M\$
Aguas Andinas S.A.	5.0%	(565,380)	600,151
Aguas Cordillera S.A.	5.0%	(86,644)	85,100
Aguas Manquehue S.A.	5.0%	(21,933)	20,917
ESSAL S.A.	5.0%	(42,311)	46,498
Totals		(716,268)	752,666

Turnover rate	Base	More than 0.5% M\$	Less than 0.5% M\$
Aguas Andinas S.A.	7.1%	(632,509)	671,023
Aguas Cordillera S.A.	4.8%	(94,492)	93,035
Aguas Manquehue S.A.	0.0%	(22,860)	(1,190)
ESSAL S.A.	5.0%	(47,063)	51,735
Totals		(796,924)	814,603

Salary increase rate	Base	More than 0.5% M\$	Less than 0.5% M\$
Aguas Andinas S.A.	3.3%	607,382	(576,991)
Aguas Cordillera S.A.	2.7%	86,695	(88,853)
Aguas Manquehue S.A.	2.4%	21,383	(22,544)
ESSAL S.A.	3.1%	47,171	(43,266)
Totals		762,631	(731,654)



-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 September 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 September 30, 2019 and 2018 are

Personnel expenses	30-09-2019 M\$	30-09-2018 M\$	01-07-2019 30-09-2019 M\$	01-07-2018 30-09-2018 M\$
Wages & salaries	(27,639,915)	(26,847,540)	(9,046,778)	(8,817,784)
Defined benefits	(12,570,604)	(12,118,305)	(4,061,629)	(3,927,613)
Termination benefits	(1,904,183)	(3,107,613)	(263,906)	(1,130,151)
Other personnel expenses	(1,609,529)	(1,499,525)	(453,058)	(396,090)
Totals	(43,724,231)	(43,572,983)	(13,825,371)	(14,271,638)

Note 19. OTHER NON-FINANCIAL LIABILITIES

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

Other non-financial liabilities	30-09-2019 M\$	31-12-2018 M\$
Value-Added Tax	7,478,668	8,884,571
Monthly Provisional Payments	4,250,751	4,452,524
Other taxes	272,937	311,365
Agreement for real estate developments	4,734,744	1,164,189
Works requested by third parties	1,637,878	1,404,208
Current totals	18,374,978	16,216,857
Asociación Sociedad de Canalistas del Maipo (see Note 7.2)	7,294,709	7,294,709
Agreement for real estate developments	1,788,150	1,818,680
Total non-current	9,082,859	9,113,389



Note 20. 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 September 30, 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 September 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.

The following dividend payments were agreed and carried out in period ended at September 30, 2019:

- Dated April 23, 2019, the Ordinary Shareholders' Meeting was held, in which it was agreed the distribution of Th\$132,850,909. Considering the interim dividend paid in January 2019, which amounted to Th\$43,223,758, the distributable income amounted to Th\$89,626,930, corresponding a dividend of \$14.6474 per share, payable from May 23, 2019.

The following dividend payment was agreed and carried out in period ended December 31, 2018:

- The Board of Directors Meeting of December 12, 2018 unanimously agreed to distribute between the shareholders 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 September 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).

The total balances of accumulated earnings as of September 30, 2019 and December 31, 2018 amounted to Th\$337,181,550 and Th\$324,954,813, respectively.

- **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 September 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 September 30, 2019 and December 31, 2018 totaled Th\$-5,965,550.

Note 21. 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 September 30, 2019 and December 31, 2018:

Company	% Interest		Non-controlling interests			
	30-09-2019	30-09-2018	Equity		Outcome	
	%	%	30-09-2019 M\$	31-12-2018 M\$	30-09-2019 M\$	30-09-2018 M\$
Aguas Cordillera S.A.	0.00997%	0.00997%	20,514	20,223	1,569	1,330
ESSAL S.A. (1)	46.49350%	46.49350%	43,643,205	48,350,519	(1,317,211)	2,037,685
Totals			43,663,719	48,370,742	(1,315,642)	2,039,015

(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 September 30, 2019 and 2018 amounted to Th\$6,705,908 and Th\$5,684,812 respectively.

Note 22. ORDINARY REVENUE

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

Classes of ordinary revenue	30-09-2019 M\$	30-09-2018 M\$	01-07-2019 30-09-2019 M\$	01-07-2018 30-09-2018 M\$
Ordinary revenue				
Sales of goods	6,261,558	4,694,919	1,976,104	1,555,579
Provision of services	399,107,236	385,878,532	118,502,614	112,828,823
Insurance repayment	9,872	117,952	-	-
Total	405,378,666	390,691,403	120,478,718	114,384,402



Note 23. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature:

Other expenses by nature	30-09-2019	30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018
	M\$	M\$	M\$	M\$
Treatment plant operation	(20,827,108)	(19,319,445)	(6,784,020)	(6,329,746)
Services	(15,561,084)	(15,457,707)	(5,351,833)	(5,651,659)
Maintenance and repair of networks	(12,324,477)	(11,131,791)	(4,676,636)	(3,656,222)
Commercial services	(10,346,430)	(10,036,596)	(3,559,740)	(3,342,807)
Costs for work requested by third parties	(7,523,190)	(6,938,124)	(2,745,817)	(2,049,319)
Maintenance of equipment and enclosures	(6,945,654)	(6,047,864)	(2,239,749)	(2,109,192)
Leases	(2,480,220)	(2,267,204)	(1,114,408)	(472,893)
Waste and sludge removal	(4,602,547)	(4,510,700)	(1,527,988)	(1,449,671)
Insurance, taxation, licenses & permits	(5,375,581)	(5,100,277)	(2,335,375)	(1,742,372)
General expenses	(4,948,874)	(4,379,373)	(1,785,470)	(1,412,285)
Others	(5,302,613)	(4,899,286)	(1,613,603)	(1,051,488)
Osorno Contingency*	(7,014,235)	-	(7,014,235)	-
Totals	(103,252,013)	(90,088,367)	(40,748,874)	(29,267,654)

*Dated July 11, 2019, occurred a hydrocarbons spill in the Osorno's production plant of Drinking Water. For this reason, security protocols were activated and subsidiary ESSAL S.A. had to suspend the drinking water supply for several days, affecting much of that city customers.

Economic impacts known as of September 30, 2019 are the following:

	M\$
Compensation Law No 19,496-Sernac	(2,956,599)
Voluntary Agreement with Customers (PVC ^(*) , Mypes, Pyme and others)	(2,863,354)
Legal and communicational consultancies	(680,204)
Extraordinary operating expenses	(514,078)
Totals	(7,014,235)

*Collective Voluntary Process

The above adds up M\$7,014,235, to that amount must be add the rejected expense tax of the mandatory compensation item SERNAC Law, which corresponds to 40% and amounted to Th\$1,182,640.

Finally, the total amount of Osorno emergency (tax included) reached the Th\$8,196,875.



Note 24. 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	30-09-2019 M\$	30-09-2018 M\$	01-07-2019 30-09-2019 M\$	01-07-2018 30-09-2018 M\$
Gain (loss) on sale of non-current assets, not held for sale	117,732	4,482,368	19,209	(260,830)
Restructuration program*	(2,067,677)	(2,874,263)	(417,483)	(522,422)
Discarded projects and performance bond **	(172,107)	(248,192)	(153,009)	(219,601)
Other earnings (losses)	279,851	205,841	(41,779)	-
Other (losses) earnings	(1,842,201)	1,565,754	(593,062)	(1,002,853)
Bank loans	(2,871,809)	(2,535,225)	(821,724)	(780,281)
AFR interest expenses	(4,545,881)	(4,558,926)	(1,507,914)	(1,517,092)
Bond interest expenses	(14,644,994)	(14,298,573)	(4,835,524)	(5,022,166)
Interest expenses, liability for leases	(51,717)	-	(24,949)	-
Other interest costs	(591,636)	(475,390)	(180,209)	(88,764)
Amortization of loan agreement complementary costs	(64,301)	(273,679)	(38,455)	(109,531)
Financial costs	(22,770,338)	(22,141,793)	(7,408,775)	(7,517,834)
Interest income	2,992,028	3,486,894	855,170	996,530
Gain on redemption & extinction of debt	1,023,715	1,044,206	336,766	332,078
Financial income	4,015,743	4,531,100	1,191,936	1,328,608

* 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 25. EFFECT OF DIFFERENCE IN THE EXCHANGE RATE

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

Category	Currency	30-09-2019 M\$	30-09-2018 M\$	01-07-2019 30-09-2019 M\$	01-07-2018 30-09-2018 M\$
Trade debtors and other accounts receivable	EUR	(11,323)	(35,394)	(11,286)	59
Trade debtors and other accounts receivable	USD	171	(717)	111	(401)
Other financial assets	USD	-	44,111	-	44,111
Total variation by assets		(11,152)	8,000	(11,175)	43,769
Commercial accounts payable and other accounts payable	EUR	(2,235)	(15,735)	1,811	(7,585)
Commercial accounts payable and other accounts payable	USD	(73,146)	(8,350)	(9,735)	(37,102)
Accounts payable to related entities	EUR	-	(11,091)	-	53
Total variation for liabilities		(75,381)	(35,176)	(7,924)	(44,634)
Profit (loss) due to exchange difference		(86,533)	(27,176)	(19,099)	(865)



Note 26. RESULTS BY INDEXED UNITS

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

Category	30-09-2019 M\$	30-09-2018 M\$	01-07-2019 30-09-2019 M\$	01-07-2018 30-09-2018 M\$
Accounts receivable from related entities	9,013	4,485	8,960	(9)
Current tax assets	337,855	376,479	134,988	51,785
Trade debtors and other accounts receivable	1,098,781	168,081	11,346	86,718
Total variation by assets	1,445,649	549,045	155,294	138,494
Other financial liabilities	(15,094,273)	(17,120,348)	(4,187,175)	(6,253,036)
Commercial accounts payable and other accounts payable	(952,122)	(100,896)	(25,934)	(26,653)
Accounts payable to related entities	(1,534)	(92)	(1,534)	-
Other non-financial liabilities	(20,593)	(110,576)	(20,593)	-
Total variation for liabilities	(16,068,522)	(17,331,912)	(4,235,236)	(6,279,689)
Utility (loss) per unit of readjustments	(14,622,873)	(16,782,867)	(4,079,942)	(6,141,195)

Note 27. 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.

Totals on general information about results	30.09.2019		30.09.2018	
	Water M\$	Non-water M\$	Water M\$	Non-water M\$
Revenue from ordinary activities from external customers	384,744,564	23,306,561	371,934,736	18,756,667
Revenue from ordinary activities between segments	853,362	853,362	911,630	3,276,667
Raw materials and consumables used	-24,210,295	-8,865,727	-22,478,105	-7,159,123
Expenses for employee benefits	-37,578,345	-6,277,824	-38,057,441	-5,563,098
Operating expenses	-102,040,722	-5,134,629	-88,910,620	-5,122,490
Depreciation and amortization	-55,034,906	-1,398,996	-55,978,415	-908,817
Other gains and expenses	-1,631,158	-189,980	1,842,091	-255,553
Financial income	4,129,577	13,677	4,610,609	21,609
Financial costs	-22,741,035	-158,710	-22,141,644	-101,267
Result by units of adjustment and exchange difference	-14,662,053	-47,364	-16,859,200	49,157
Expenditure on income tax	-34,761,543	-537,102	-33,512,258	-750,610
Segment gain	97,067,446	1,563,268	101,361,383	2,243,142
Segment gain attributable to owners of the parent	98,383,088	1,563,268	99,322,368	2,243,142
Gain (loss) of the segment attributable to non-controlling interests	-1,315,642	0	2,039,015	0

Totals on general information on assets, liabilities and equity	30.09.2019		31.12.2018	
	Water M\$	Non-water M\$	Water M\$	Non-water M\$
Current assets	137,966,639	16,113,996	160,097,263	15,288,956
Non-current assets	1,757,578,378	20,173,424	1,718,816,310	20,176,274
Total assets	1,895,545,017	36,287,419	1,878,913,573	35,465,230
Current liabilities	173,678,881	14,178,386	236,740,972	13,904,255
Non-current liabilities	1,051,051,871	319,498	976,643,094	99,085
Equity attributable to the owners of the parent	627,150,546	21,789,536	617,158,766	21,461,889
Non-controlling interests	43,663,719	0	48,370,742	0
Total equity and liabilities	1,895,545,017	36,287,419	1,878,913,573	35,465,230

Statement of Cash Flow	30.09.2019		30.09.2018	
	Water M\$	Non-water M\$	Water M\$	Non-water M\$
Cash flows from (used in) operating activities	221,833,128	66,595,111	208,301,228	70,135,886
Cash flows from (used in) investing activities	-128,809,245	-698,750	-110,541,059	1,483,212
Cash flows from (used in) financing activities	-105,831,755	-64,537,971	-83,242,407	-70,813,213

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, equity and cash flows 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 income from ordinary activities	30.09.2019 M\$	30.09.2018 M\$
Revenue from the ordinary activities of the segments	409,757,850	394,879,701
Elimination of ordinary activities between segments	-4,379,184	-4,188,298
Ordinary activities income	405,378,666	390,691,403

Profit reconciliation	30.09.2019 M\$	30.09.2018 M\$
Total gain (loss) of the segments	98,630,715	103,604,526
Consolidation of elimination of gain (loss) between segments	1,315,643	-2,039,015
Profit consolidation (loss)	99,946,358	101,565,511

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

Reconciliation of the assets, liabilities and equity of the segments	30.09.2019 M\$	31.12.2018 M\$
Asset reconciliation		
Consolidation of total assets of the segments	1,931,832,436	1,914,378,803
Elimination of accounts between segments	-9,010,703	-8,326,704
Total assets	1,922,821,733	1,906,052,099
Reconciliation of liabilities		
Consolidation of total liabilities of the segments	1,239,228,635	1,227,387,406
Elimination of accounts between segments	-9,010,704	-8,326,704
Total liabilities	1,230,217,931	1,219,060,702
Reconciliation of patrimony		
Consolidation of the total assets of the segments	648,940,083	638,620,655
Equity attributable to owners of the controller	648,940,083	638,620,655

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

Reconciliation of operating flows of the segments	30.09.2019 M\$	30.09.2018 M\$
Consolidation of the operating flows of the segments	288,428,239	278,437,114
Elimination of accounts between segments	-98,781,330	-104,352,390
Total operating flows	189,646,909	174,084,724

Reconciliation of investing flows of the segments	30.09.2019 M\$	30.09.2018 M\$
Consolidation of investing flows of the segments	-129,507,995	-109,057,847
Elimination of accounts between segments	7,410,001	9,645,547
Total investing flows	-122,097,994	-99,412,300



Reconciliation of financing flows of the segments	30.09.2019 M\$	30.09.2018 M\$
Consolidation of financing flows of the segments	-170,369,726	-154,055,620
Elimination of accounts between segments	91,149,694	94,267,457
Total financing flows	-79,220,032	-59,788,163

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
- El Peñon SpA
- I. Municipalidad de Peñalolén
- Administradora de Centros Comerciales CENCOSUD SpA
- Ministerio de Obras Públicas
- Metro S.A
- I. Municipalidad de San Bernardo
- Gobierno Regional Región Metropolitana

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.
- Echeverría Izquierdo Ingeniería y Construcción S.A.
- Constructora Pérez y Gómez Ltda.
- Agroindustrial El Paico 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 28. 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		30-09-2019	30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018
Profit attributable to the holders of equity instruments of the controller	M\$	99,946,358	101,565,511	19,336,161	20,400,449
Results available for common, basic shareholders	M\$	99,946,358	101,565,511	19,336,161	20,400,449
Weighted average number of shares, basic		6,118,965,160	6,118,965,160	6,118,965,160	6,118,965,160
Earnings per share	\$	16.334	16.598	3.160	3.334

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 29. 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 September 30, 2019

30-09-2019 Subsidiary	Current assets M\$	Non- current assets M\$	Current liabilities M\$	Current liabilities M\$	Equity M\$
Aguas Cordillera S.A.	12,118,634	271,430,125	31,003,414	46,783,867	205,761,478
Aguas Manquehue S.A.	4,076,395	92,633,021	14,672,265	26,289,843	55,747,308
Inversiones Iberaguas Ltda.	4,726	61,411,478	22,718	-	61,393,486
ESSAL S.A.	17,300,146	177,028,120	29,867,323	96,431,994	68,028,949
EcoRiles S.A.	4,997,152	638,660	2,085,528	63,522	3,486,762
Gestión y Servicios S.A.	6,189,716	862,132	3,770,491	78,913	3,202,444
Análisis Ambientales S.A.	3,788,230	5,576,780	2,932,312	177,063	6,255,635
Aguas del Maipo S.A.	1,439,154	13,095,851	5,690,309	-	8,844,696



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

30-09-2019				
Subsidiary	Income for the period M\$	Ordinary revenues M\$	Operating costs M\$	Other income (expenses) net M\$
Aguas Cordillera S.A.	15,737,937	42,721,778	(25,979,562)	(1,004,279)
Aguas Manquehue S.A.	4,255,023	12,917,495	(6,338,066)	(2,324,406)
Inversiones Iberaguas Ltda.	(115,895)	-	(5,695)	(110,200)
ESSAL S.A.	(178,059)	44,421,727	(39,282,597)	(5,317,189)
EcoRiles S.A.	980,856	10,166,048	(8,843,386)	(341,806)
Gestión y Servicios S.A.	128,458	7,833,504	(7,503,058)	(201,988)
Análisis Ambientales S.A.	740,801	6,980,883	(5,853,500)	(386,582)
Aguas del Maipo S.A.	(286,845)	756,574	(1,054,317)	10,898

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

31-12-2018					
Subsidiary	Current assets M\$	Non- current assets M\$	Current liabilities M\$	Current liabilities M\$	Equity M\$
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 September 30, 2018

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



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.
RUT	Chile	Chile	Chile
Country	96.809.310-k	89.221.000-4	95.579.800-5
Functional currency	CLP	CLP	CLP
Percentage of participation in a significant subsidiary	99.99003%	100.00000%	53.50650%
Percentage of voting power in a significant subsidiary	99.99003%	100.00000%	53.50650%
Percentage of consolidated values as of September 30, 2019			
Contribution margin	9.89%	3.89%	4.92%
Properties, plant and equipment	7.60%	4.63%	11.53%
Period's result	11.49%	4.28%	0.38%

Note 30. 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 September 30, 2019, there is no record of asset impairment nor are there indications of asset impairment.



Note 31. 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\$47,253,913 and Th\$45,873,654 as of September 30, 2019 and December 31, 2018, respectively.



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

Assurance creditor	Debtor Name	Type of assurance	30-09-2019 M\$	31-12-2018 M\$
ASOCIACION DE CANALISTAS DEL MAIPO	Aguas Andinas S.A.	Performance Bond	7,848,776	7,870,828
CGE DISTRIBUCION	Aguas Andinas S.A.	Performance Bond	53,349	53,349
COMITE INNOVA CHILE	Aguas Andinas S.A.	Performance Bond	216,096	278,074
CONSTRUCTORA SAN FRANCISCO	Aguas Andinas S.A.	Performance Bond	154,644	154,644
DGAC	Aguas Andinas S.A.	Performance Bond	11,026	22,053
DIRECCION OBRAS HIDRAULICAS	Aguas Andinas S.A.	Performance Bond	4,142,458	4,377,068
DIRECCION VIALIDAD	Aguas Andinas S.A.	Performance Bond	32,197	61,637
GOB REG METROPOLITANO	Aguas Andinas S.A.	Performance Bond	120,605	79,973
I MUN PAINE	Aguas Andinas S.A.	Performance Bond	19,837	19,837
MUNICIPALIDAD PROVIDENCIA	Aguas Andinas S.A.	Performance Bond	56,565	56,730
MUNICIPALIDAD DE LA REINA	Aguas Andinas S.A.	Performance Bond	68,914	68,914
MUNICIPALIDAD DE SANTIAGO	Aguas Andinas S.A.	Performance Bond	25,636	25,636
INMOB MACUL S.A.	Aguas Andinas S.A.	Performance Bond	27,566	55,132
MUNICIPALIDAD LA FLORIDA	Aguas Andinas S.A.	Performance Bond	481,527	481,527
MUNICIPALIDAD PEÑALOEN	Aguas Andinas S.A.	Performance Bond	44,762	44,762
I MUN DE RENCA	Aguas Andinas S.A.	Performance Bond	-	27,566
SOCIEDAD CONC. AUTOPISTA CENTRAL	Aguas Andinas S.A.	Performance Bond	-	55,132
SERVIU METROPOLITANO	Aguas Andinas S.A.	Performance Bond	10,315,875	8,182,332
S.I.S.S.	Aguas Andinas S.A.	Performance Bond	6,081,565	6,589,433
SOCIEDAD CONC. MELIPILLA	Aguas Andinas S.A.	Performance Bond	33,079	33,079
TESORERÍA MUNICIPAL DE LA FLORIDA	Aguas Andinas S.A.	Performance Bond	29,288	-
ASOCIACION DE CANALISTAS DEL MAIPO	Aguas Cordillera S.A.	Performance Bond	951,834	951,834
DIRECCION OBRAS HIDRAULICAS	Aguas Cordillera S.A.	Performance Bond	-	410,234
I MUN LAS CONDES	Aguas Cordillera S.A.	Performance Bond	171,000	156,000
I MUN LO BARNECHEA	Aguas Cordillera S.A.	Performance Bond	13,783	13,783
MUNICIPALIDAD VITACURA	Aguas Cordillera S.A.	Performance Bond	55,132	-
I MUN DE VITACURA	Aguas Cordillera S.A.	Performance Bond	-	55,132
SENCORP	Aguas Cordillera S.A.	Performance Bond	-	313,974
MINISTERIO DE OBRAS PUBLICAS	Aguas Cordillera S.A.	Performance Bond	410,234	-
SERVIU METROPOLITANO	Aguas Cordillera S.A.	Performance Bond	679,712	450,866
S.I.S.S.	Aguas Cordillera S.A.	Performance Bond	1,241,618	1,241,618
ASOCIACION DE CANALISTAS DEL MAIPO	Aguas Manquehue S.A.	Performance Bond	1,459,092	1,459,092
I MUN LO BARNECHEA	Aguas Manquehue S.A.	Performance Bond	-	88,514
MUNICIPALIDAD VITACURA	Aguas Manquehue S.A.	Performance Bond	11,026	11,026
S.I.S.S.	Aguas Manquehue S.A.	Performance Bond	989,502	1,119,006
DIRECCION OBRAS HIDRAULICAS	ESSAL S.A	Performance Bond	1,488,309	1,678,920
SERVIU METROPOLITANO	ESSAL S.A	Performance Bond	138,908	157,191
GOBIERNO REGIONAL DE LA REGION DE LOS RIOS	ESSAL S.A	Performance Bond	92,220	49,475
DIRECCION VIALIDAD	ESSAL S.A	Performance Bond	46,561	21,722
S.I.S.S.	ESSAL S.A	Guarantee Policy	3,919,511	3,053,444
MUNICIPALIDAD DE PAILLACO	ESSAL S.A	Performance Bond	-	31,094
SOCIEDAD CONSECONARIA DE LOS LAGOS	ESSAL S.A	Performance Bond	-	27,357
FLESAN S.A.	Gestión y Servicios S.A.	Performance Bond	29,095	-
SERVIU METROPOLITANO	Gestión y Servicios S.A.	Performance Bond	2,414,525	2,892,320
AGUAS ANTOFAGASTA	Análisis Ambientales S.A.	Performance Bond	35,394	-
CMPC PULP SPA	Análisis Ambientales S.A.	Performance Bond	16,098	-
CODELCO	Análisis Ambientales S.A.	Performance Bond	-	17,904
CORP NACIONAL DEL COBRE	Análisis Ambientales S.A.	Performance Bond	17,904	-
DIRECTEMAR	Análisis Ambientales S.A.	Performance Bond	115,226	115,226
GOBIERNO REGIONAL V REGION VALPARAISO	Análisis Ambientales S.A.	Performance Bond	24,862	24,862
SUPERINTENDENCIA DEL MEDIO AMBIENTE	Análisis Ambientales S.A.	Performance Bond	13,783	27,566
Totals			44,099,094	42,905,866



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 September 30, 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 Net 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 September 30, 2019, the abovementioned accounts are (Th\$):

Level of indebtedness	30-09-2019 M\$
Total current liabilities	178,855,181
Total non-current liabilities	1,051,362,750
Total liabilities IFRS	1,230,217,931
Guarantees with third parties (*)	(459,483)
Total liability required	1,229,758,448
Total assets	1,922,821,733
Total current liabilities	(178,855,181)
Total non-current liabilities	(1,051,362,750)
Total net equity	692,603,802

The level of indebtedness as of September 30, 2019 is 1.78 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 September 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 September 30, 2019, the debt ratio amounted to 1.86 times for the BESSALC and BESSALB series. The limits to BESSALB and BESSALC series are 1.73 and 2.00 times respectively.

6. Maintaining an Ebitda /Financial Expenses ratio of no less than 3.5 times. As of September 30, 2019, the ratio was 5.0 times.
7. Not to sell, assign or transfer essential assets.

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 September 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 September 30, 2019, the debt ratio is 1.78 times.

2. A prohibition on the disposal of or losing holder's rights on essential assets, except for contributions or transfers of essential assets to Subsidiary Companies.
3. Send to the various banks with which the company maintains loans, copies of the individual and 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 September 30, 2019, the Company's financial hedging ratio is 9.91 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 September 30, 2019, the debt ratio amounted to 0.58 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 September 30, 2019, the Company's financial hedging ratio is 10.58 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 September 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 September 30, 2019 and December 31, 2018, the Company has received documents in guarantee for Th\$46,703,128 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 September 30, 2019, are summarized below:

Contractor or supplier	Company	30-09-2019 M\$	Expiring Date
ICM S.A.	Aguas Andinas S.A.	102,612	16-04-2020
SECURITAS S.A.	Aguas Andinas S.A.	141,908	15-01-2020
ING. Y CONSTRUCCION MST LTDA.	Aguas Andinas S.A.	139,733	31-05-2020
TELEFONICA EMPRESAS CHILE S.A.	Aguas Andinas S.A.	151,306	31-08-2021
EMPRESA NACIONAL DE ENERGIA ENEX S.	Aguas Andinas S.A.	254,800	29-12-2019
SOC. DE TERCERIZACION DE SERV. PROV	Aguas Andinas S.A.	103,761	01-01-2020
EMPRESA NACIONAL DE ENERGIA ENEX S.	Aguas Andinas S.A.	468,000	29-12-2019
EMPRESAS JORDAN S.A.	Aguas Andinas S.A.	157,730	06-12-2020
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	120,891	02-01-2024
CONSTRUCTORA OLBERTZ LTDA	Aguas Andinas S.A.	117,771	28-05-2021
Suez Advanced Solutions Chile Ltda.	Aguas Andinas S.A.	105,014	30-03-2021
CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	112,194	22-06-2020
CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	112,194	22-06-2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	224,388	01-06-2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	136,804	18-10-2020
ENEL DISTRIBUCION CHILE S.A	Aguas Andinas S.A.	280,485	10-05-2021
XYLEM WATER SOLUTIONS CHILE S.A.	Aguas Andinas S.A.	150,200	28-02-2020
Suez Advanced Solutions Chile Ltda.	Aguas Andinas S.A.	656,336	30-03-2021
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	135,822	18-10-2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	137,721	18-10-2020
LEVEL 3 CHILE S.A.	Aguas Andinas S.A.	105,042	30-11-2019
INMOB. Y COMERCIAL QUILICURA LTDA.	Aguas Andinas S.A.	392,679	28-10-2020
EMP.DEPURADORA DE A.S. MAPOCHO EL T	Aguas Andinas S.A.	14,552,813	31-12-2019
INGENIERIA Y CONSTRUCCION MST LTDA.	Aguas Andinas S.A.	343,510	06-08-2020
BROTEC CONSTRUCCIÓN LTDA.	Aguas Andinas S.A.	2,497,834	31-01-2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	112,194	18-11-2019
CRILLON S.A.	Aguas Andinas S.A.	206,942	15-09-2020
CONSORCIO BAPA GRAMATEC SPA	Aguas Andinas S.A.	370,152	28-12-2019
CONSTRUCTORA OLBERTZ LTDA.	Aguas Andinas S.A.	158,322	30-11-2019
MOTOROLA CHILE S.A.	Aguas Andinas S.A.	775,822	01-12-2025
TELEFONICA EMPRESAS CHILE S.A.	Aguas Andinas S.A.	138,532	30-12-2022
EL PENON SPA	Aguas Andinas S.A.	112,194	28-02-2020
DALCO INGENIERIA LTDA.	Aguas Andinas S.A.	375,934	30-01-2020
EMPRESA CONST. COTA MIL LTDA.	Aguas Andinas S.A.	112,194	01-07-2020
ECHEVERRIA IZQUIERDO ING. Y CONSTRU	Aguas Andinas S.A.	1,093,893	15-10-2019
INMOBILIARIA MONTE ACONCAGUA S.A.	Aguas Andinas S.A.	224,388	16-11-2019
CONSTRUCTORA VALKO S A	Aguas Andinas S.A.	2,497,834	30-01-2020
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	101,783	28-12-2020
CONSORCIO NAC. DE DIST. Y LOG. S.A.	Aguas Andinas S.A.	112,194	03-06-2020
ECHEVERRIA IZQUIERDO ING. Y CONSTRU	Aguas Andinas S.A.	202,595	15-10-2019



Contractor or supplier	Company	30-09-2019 M\$	Expiring Date
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	866,410	30-05-2022
C. DE PETROLEOS DE CHILE COPEC S.A.	Aguas Andinas S.A.	471,631	16-03-2020
A DENHAM Y CIA LTDA	Aguas Andinas S.A.	235,524	31-12-2021
AES GENER S.A.	Aguas Andinas S.A.	280,485	01-04-2022
DALCO INGENIERIA LTDA.	Aguas Andinas S.A.	273,080	30-10-2019
CONSTRUCTORA OLBERTZ LTDA.	Aguas Andinas S.A.	207,657	30-11-2019
CONSTRUCTORA OLBERTZ LTDA.	Aguas Andinas S.A.	192,802	30-11-2019
EULEN CHILE S.A.	Aguas Andinas S.A.	112,194	31-12-2020
MARKETING RELACIONAL UPCOM LIMITADA	Aguas Andinas S.A.	224,388	30-05-2020
IDOM CONSULTING, ENGINEERING	Aguas Andinas S.A.	128,098	31-10-2020
EULEN CHILE S.A.	Aguas Andinas S.A.	112,194	31-12-2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	110,212	20-12-2020
TRANSPORTE CENTRO SUR-NORTE S.A.	Aguas Andinas S.A.	153,117	05-05-2022
SERVICIOS HELPBANK S.A.	Aguas Andinas S.A.	112,194	21-10-2019
INGENIERIA Y CONSTRUCCION M.S.T. LIMITADA	Aguas Andinas S.A.	192,239	30-06-2020
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	190,637	12-08-2020
CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	104,789	31-08-2020
BAPA S.A.	Aguas Andinas S.A.	265,834	31-03-2020
CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	132,301	07-08-2020
DALCO INGENIERIA LTDA	Aguas Andinas S.A.	231,681	16-12-2019
INMOBILIARIA BBI S.A.	Aguas Andinas S.A.	357,310	29-10-2020
CONSTRUCTORA CONCRETA S.A.	Aguas Andinas S.A.	106,108	30-03-2021
BAPA S.A.	Aguas Andinas S.A.	127,270	14-10-2019
METLIFE CHILE SEGUROS DE VIDA S.A.	Aguas Andinas S.A.	412,034	31-01-2022
BRENNTAG CHILE LTDA.	Aguas Andinas S.A.	116,787	05-12-2019
EIFFAGE ENERGIA CHILE LTDA	Aguas Andinas S.A.	265,834	30-03-2020
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
SACYR CHILE S.A.	Aguas Cordillera S.A.	140,243	30-10-2019
OBRASCON HUARTE LAIN,S.A.	Aguas Cordillera S.A.	140,243	30-10-2019
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Cordillera S.A.	686,290	14-10-2019
INMOBILIARIA EL QUIJOTE SPA	Aguas Cordillera S.A.	280,485	01-08-2020
INMOBILIARIA DG CUATRO LIMITADA	Aguas Manquehue S.A.	164,000	28-02-2020
SOCIEDAD CONSTRUCTORA SCHWERTER Y ASOC. LTDA.	ESSAL S.A.	102,040	28-12-2019
		36,251,756	



Note 32. CAPITALIZED FINANCING COSTS

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

Disclosure of capitalized interest costs

Capitalized interest costs, property, plant and equipment		30-09-2019	31-12-2018
Rate of capitalization of capitalized interest costs, property, plant and equipment	%	5.85	6.42
Amount of capitalized interest costs, property, plant and equipment	M\$	2,906,366	3,215,456

Note 33. 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.

Name of the Project	30-09-2019 M\$	31-12-2018 M\$
Expansion and Improvements WWTP Buin Maipo	2,499,910	1,596,552
Expansion and Improvements WWTP Curacaví	-	501,322
Expansion and Improvements WWTP El Monte	1,954,286	1,097,243
Expansion and Improvements WWTP San José de Maipo	61	46,471
Expansion and Improvements WWTP Talagante	1,406,757	3,623,144
Expansion and Improvement of Other Localities	8,049	5,948
Improvement and renovation purification equipment and facilities	489,743	1,047,679
La Farfana Plant	3,166,619	4,518,641
Mapocho - Trebal Plant	11,904,980	16,212,808
External platform handling and disposal of sludges El Rital	5,964	6,755
Totals	21,436,367	28,656,562

Aguas Manquehue S.A.

Name of the Project	30-09-2019 M\$	31-12-2018 M\$
Improvement and renovation purification equipment and facilities	22,145	26,590
Totals	22,145	26,590



ESSAL S.A.

Name of the Project	30-09-2019 M\$	31-12-2018 M\$
Improvement of disposal infrastructure	28,951	23,781
EDAR system improvement	368,569	673,808
Renovation of treatment and disposal equipment	242,968	101,253
Totals	640,488	798,842

Projected environmental investments for the period 2019:

Company	M\$
Aguas Andinas S.A.	3,479,428
Aguas Manquehue S.A.	98,527
ESSAL S.A.	445,501
Total	4,023,456

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 34. EVENTS OCCURRING AFTER THE CLOSING OF THE BALANCE SHEET

As required by article 10th of D.F.L MOP No 70/1988, Law of Sanitary Services Tariffs and the article 6th of D.S. MINECON No 453/1989, Regulation of Law of Sanitary Services Tariffs, in the framework of the 7th Tariff Process of subsidiary Company Aguas Andinas S.A., in which the Superintendence of Sanitary Services ("SISS") is part and Aguas Andinas S.A., the tariff level for the five-year period 2020-2025 was established, through subscribed document on November 14, 2019.

As established, the tariff level agreed as of December 31, 2018 (reference date established in the Tariffs Bases set by the SISS), amounted to a Total Net Long-Term Cost (CTLPN) of \$397,058 million of pesos, which represents a downward variation of -3% compared to the tariffs agreed for the five-year period 2010-2015 for the services and current standards.

Additional works in construction are contemplated, which will apply with entry into operation of the works, between them (i) the Pirque Tanks by a CTLPN of \$6,596 million of pesos, (ii) works destined to improving the quality of treated wastewater and its disposal such as the works of nutrient removal in the treatment plants Farfana and Trebal by a CTLPN of \$4,900 million of pesos, and biosolid encapsulation in El Rutal by a CTLPN of \$1,087 million of pesos.

It is also considered a series of works to face extreme turbidity events for up to 37 hours of autonomy, by a CTLPN of \$2,399 million of pesos, and up to 48 hours by a CTLPN of \$3,047 million of pesos.

Finally, it should be note that Aguas Andinas S.A. has committed new essential works to address the drought and climate change, which will be incorporated in the updated Development Plan of the Company, previous approval of the SISS,



highlighting (i) works to re-use 3 m³/s of wastewater, (ii) expansion in 1 m³/s of La Florida Plant, (iii) drilling in the central aquifer by 1.8 m³/s, and (iv) investment for losses reduction in the network and re-purification of wastewater.

For a better understanding of agreed tariff regime, the article 4th of the Law of Sanitary Services Tariffs define the CTLPN as the constant annual value required to cover the efficient operation costs and investment costs of an optimized replacement project of the concessionary, dimensioned to satisfy the demand, which is consistent with a net updated value of said project equal to zero, on a horizon not less than 35 years. In the end, this concept corresponds to the incomes (under a theoretical demand) of a sanitary company, to those that have been deducted from replacement value of the concessionary's investment project, that part corresponding to the networks and facilities contributed by third parties. The aforementioned values correspond to the collection for current services (CTLPN) obtained when applying the updated annual demand of years 2020-2025, to the new agreed tariffs and indexed as of December 31, 2018.

It should be note that it is not possible determine exactly the magnitude of the impact in results that will have the new tariffs in the financial statements of our subsidiary Aguas Andinas S.A., due to this tariff regime is only one of the many elements that contributes to determine the results of each period, counting factors such as the drinking water consumption, costs, expenses, applicable indexing polynomial, among other things.

Finally, the established tariffs formulas will set through decree of Ministry of Economy, Promotion and Tourism, which must be published in the Official Gazette before to the date of application, this is, March 2020.

ESSAL S.A.:

In Board ordinary session held on October 29, 2019, in relation to the Bonds B Series and C Series, whose issuance is inscribed in the Value register of this Commission under the number 284 and 870 respectively (the "Contracts"), it has been agreed to coordinate with the Bank of Chile in its quality of Holders Representative of those Bonds, the adjustments of certain financial restrictions established in the contracts that will submit to the knowledge and approval of the meeting of Bonds Holders that are cited to that purpose.

The proposal considers (i) change the level of indebtedness; (ii) change the definition of essential assets; and (iii) change the C series bond cure period. The aforementioned with the objective to safeguard the interest of bond holders and the payment obligations consigned in the contracts.

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 September 30, 2019.

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