



Consolidated Financial Statements
For the years ending
December 31, 2016 and December 31, 2015

AGUAS ANDINAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS AGUAS ANDINAS S.A. AND SUBSIDIARIES

This document contains the following:

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



EY Chile
Avda. Presidente
Riesco 5435, piso 4,
Santiago

Tel: +56 (2) 2676 1000
www.eychile.cl

Independent Auditor's Report

(Translation of the report originally issued in Spanish)

Shareholders and Directors
Aguas Andinas S.A.

We have audited the accompanying consolidated financial statements of Aguas Andinas S.A. and its subsidiaries ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aguas Andinas S.A. and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.



Gastón Villarreal O.

EY Audit SpA.

Santiago, March 29, 2017

Consolidated Statements of Financial Position
As of December 31, 2016 and December 31, 2015
(Thousands of Chilean pesos - Th\$)

ASSETS	Note	31-12-2016 Th\$	31-12-2015 Th\$
CURRENT ASSETS			
Cash and cash equivalents	7	64,876,443	32,953,529
Other non-financial assets		334,293	1,714,465
Commercial debt and other receivables	8	106,288,544	99,965,706
Accounts receivable from related parties	9	1,275,867	5,224,620
Inventories	10	3,309,945	3,643,700
Tax assets		5,986,263	5,127,725
Total current assets other than assets or groups of assets for disposal classified as held for sale or as held for distribution to owners		182,071,355	148,629,745
TOTAL CURRENT ASSETS		182,071,355	148,629,745
NON-CURRENT ASSETS			
Other financial assets	8	7,792,445	7,559,679
Other nonfinancial assets		886,496	816,605
Receivables	8	2,082,334	2,184,457
Intangible assets other than goodwill	11	227,951,484	230,527,689
Goodwill	12	36,233,012	36,233,012
Property, plants and equipment	13	1,294,570,086	1,248,135,284
Deferred tax assets	23	20,231,924	17,111,377
TOTAL NON-CURRENT ASSETS		1,589,747,781	1,542,568,103
TOTAL ASSETS		1,771,819,136	1,691,197,848

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position
As of December 31, 2016 and December 31, 2015
(Thousands of Chilean pesos - Th\$)

EQUITY AND LIABILITIES	Note	31-12-2016 Th\$	31-12-2015 Th\$
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CURRENT LIABILITIES			
Other financial liabilities	8	43,629,749	75,672,328
Trade debts and other accounts payable	8	101,917,169	92,538,326
Accounts payable to related entities	9	38,225,005	44,168,351
Other provisions	15	2,628,225	547,288
Tax liabilities		2,857,217	139,262
Provisions for employee benefits	19	5,378,546	5,484,815
Other non-financial liabilities		17,295,140	13,856,942
Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale		211,931,051	232,407,312
TOTAL CURRENT LIABILITIES		211,931,051	232,407,312
NON-CURRENT LIABILITIES			
Other financial liabilities	8	808,003,406	722,132,796
Other accounts payable	8	949,408	1,829,986
Other provisions	15	1,277,574	1,239,995
Deferred tax liabilities	23	38,150,441	40,336,291
Provisions for employee benefits	19	16,032,827	13,957,804
Other non-financial liabilities	8	8,592,004	7,703,197
TOTAL NON-CURRENT LIABILITIES		873,005,660	787,200,069
TOTAL LIABILITIES		1,084,936,711	1,019,607,381
EQUITY			
Issued capital	3	155,567,354	155,567,354
Accumulated earnings	3	320,491,338	303,530,135
Share premium	3	164,064,038	164,064,038
Other equity interests	3	-5,965,550	-5,965,550
Equity attributable to owners of the controller		634,157,180	617,195,977
Non-controlling interests	4	52,725,245	54,394,490
TOTAL EQUITY		686,882,425	671,590,467
TOTAL EQUITY AND LIABILITIES		1,771,819,136	1,691,197,848

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

Comprehensive Income Statements by Consolidated Nature
For the years ending December 31st, 2016 and 2015
(Thousands of Chilean pesos - Th\$)

INCOME STATEMENT BY NATURE	Note	31-12-2016 Th\$	31-12-2015 Th\$
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Revenue from ordinary activities	17	492,002,980	473,396,705
Raw materials and consumables used		-33,442,759	-37,353,766
Expenses for employee benefits	19	-53,621,906	-50,688,949
Depreciation and amortization	11-13	-67,009,703	-68,392,082
Other expenses by nature	21	-113,424,936	-102,691,909
Other (losses) gains	5	14,597,521	-42,658
Financial income	5	6,473,964	6,582,547
Financial costs	5	-27,117,541	-27,905,133
Exchange differences	20	-17,987	-13,504
Earnings for indexed units		-20,159,712	-26,523,669
Earnings before tax		198,279,921	166,367,582
Expenses for income taxes	23	-43,442,462	-33,683,724
Earnings from continuing operations		154,837,459	132,683,858
Earnings		154,837,459	132,683,858
Earnings attributable to			
Earnings attributable to owners of the parent company		150,575,666	129,008,145
Earnings attributable to non-controlling interests	4	4,261,793	3,675,713
Earnings		154,837,459	132,683,858
Earnings per share			
Basic earnings per share from continuing operations	24	24,608	21,083
Basic earnings per share		24,608	21,083

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

Comprehensive Income Statements by Consolidated Nature
For the years ending December 31st, 2016 and 2015
(Thousands of Chilean pesos - Th\$)

STATEMENT OF COMPREHENSIVE EARNINGS	Note	31-12-2016 Th\$	31-12-2015 Th\$
Earnings		154,837,459	132,683,858
OTHER COMPREHENSIVE RESULT			
Components of other comprehensive earnings that will not be reclassified to the yearly result, before taxes			
Actuarial earnings (losses) on defined benefit plans		58,684	-1,985,359
Other comprehensive result that will not be reclassified to the yearly result, before taxes		58,684	-1,985,359
Income taxes related to components of other comprehensive earnings that will not be reclassified to the yearly result			
Income taxes related to defined benefit plans		-15,844	528,916
Income taxes related to components of other comprehensive earnings that will not be reclassified to the yearly result		-15,844	528,916
All other comprehensive result		42,840	-1,456,443
TOTAL COMPREHENSIVE RESULT		154,880,299	131,227,415
Comprehensive result attributable to			
Comprehensive result attributable to owners of the controllers		150,634,326	127,564,003
Comprehensive result attributable to non-controller participations		4,245,973	3,663,412
Total comprehensive result		154,880,299	131,227,415

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

Consolidated Statements of Direct Cash Flows
For the years ending December 31st, 2016 and 2015
(Thousands of Chilean pesos - Th\$)

Statement of direct cash flows	Note	31-12-2016 Th\$	31-12-2015 Th\$
Classes of proceeds by operating activities		578,080,993	553,795,922
Proceeds from sales of goods and services		575,262,293	551,289,818
Proceeds from insurance claims, annuities, and other benefits of subscribed policies		609,395	344,676
Other proceeds from operating activities		2,209,305	2,161,428
Payment classes from cash proceeds of operating activities		-282,805,966	-277,764,701
Payments to suppliers for the supply of goods and services		-177,549,155	-171,219,895
Payments to and on behalf of employees		-52,713,455	-50,838,849
Payments for premiums and loans, annuities and other obligations derived from the subscribed policies		-579,521	-2,467,421
Other operating activity payments		-51,963,835	-53,238,536
Cash flow from (utilized in) operations		-61,176,176	-61,561,729
Interest paid		-18,427,738	-19,502,785
Interest received		1,591,617	1,663,492
Income taxes paid (refunded)		-41,193,369	-39,436,402
Other cash flows (outflows)		-3,146,686	-4,286,034
Cash flow from (utilized in) operating activities		234,098,851	214,469,492
Proceeds of sales of property, plant and equipment		24,548,806	152,070
Purchases of property, plant and equipment		-113,173,475	-88,060,184
Purchases of intangible assets		-889,173	-2,507,632
Interest received		153,645	489,717
Other cash flows (outflows)		-3,820,405	-1,825,391
Loan proceeds from financing activities		-93,180,602	-91,751,420
Proceeds of long-term loans		99,531,219	64,249,143
Proceeds of short-term loans		1,573,312	994,353
Loan proceeds from financing activities		101,104,531	65,243,496
Loan repayments		-75,455,795	-56,294,588
Dividends paid		-134,644,071	-124,757,206
Other cash inflows (outflows)		0	-158,399
Cash flows from (utilized in) financing activities		-108,995,335	-115,966,697
Net increase (decrease) in cash and cash equivalents		31,922,914	6,751,375
Cash and cash equivalents at start of period		32,953,529	26,202,154
Cash and cash equivalents at end of period	7	64,876,443	32,953,529

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

Statement on Changes in Net Equity
For the years ending December 31st, 2016 and 2015
(Thousands of Chilean pesos - Th\$)

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in equity	Reserve of actuarial earnings or losses in defined benefit plans Th\$	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Initial balance as of 01-01-2016		155,567,354	164,064,038	-5,965,550	0	303,530,135	617,195,977	54,394,490	671,590,467
Comprehensive result									
Earnings		0	0	0	0	150,575,666	150,575,666	4,261,793	154,837,459
Other comprehensive earnings		0	0	0	27,020	0	27,020	15,820	42,840
Dividends	3	0	0	0	0	-133,641,483	-133,641,483	0	-133,641,483
Reduction for transfers and other changes	3 - 4	0	0	0	-27,020	27,020	0	-5,946,858	-5,946,858
Total changes in equity		0	0	0	0	16,961,203	16,961,203	-1,669,245	15,291,958
Closing balance as of 31-12-2016	3-4	155,567,354	164,064,038	-5,965,550	0	320,491,338	634,157,180	52,725,245	686,882,425

Statement of changes in equity	Note	Issued capital	Accounting issues	Other participations in equity	Reserve of actuarial earnings or losses in defined benefit plans Th\$	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controller participations	Total equity
		Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Initial balance as of 01-01-2015		155,567,354	164,064,038	-5,965,550	0	297,097,777	610,763,619	55,634,152	666,397,771
Comprehensive result									
Earnings		0		0	0	129,008,145	129,008,145	3,675,713	132,683,858
Other comprehensive earnings					-1,444,142		-1,444,142	-12,301	-1,456,443
Dividends	3	0		0	0	-121,131,645	121,131,645		-121,131,645
Reduction for transfers and other changes	3-4	0		0	1,444,142	-1,444,142	0	-4,903,074	-4,903,074
Total changes in equity		0	0	0	0	6,432,358	6,432,358	1,239,662	5,192,696
Closing balance as of 31-12-2015	3-4	155,567,354	164,064,038	-5,965,550	0	303,530,135	617,195,977	54,394,490	671,590,467

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.



Notes on the Consolidated Financial Statements

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Note 1. GENERAL INFORMATION

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

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

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

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

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

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

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

Note 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of Preparation

These consolidated financial statements correspond to the state of the financial situation as of December 31, 2016 and the state of comprehensive earnings of its operations, the state of changes in net assets and cash flows for the year ending on that date, which have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the comprehensive, explicit adoption of the aforementioned IFRS without reservations.

These consolidated financial statements issued through December 31, 2015 were originally prepared in accordance with instructions and standards issued by the Superintendency of Securities and Insurance (SVS), which are composed of the International Financial Reporting Standards (IFRS), and what is established in Circular N°856 of October 17, 2014 that instructs the audited entities to register in the respective period the differences



against equity in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780.

On January 1, 2016, the Company applied the re-adoption of the IFRS, in accordance with paragraph 4A of **IFRS 1 Initial Adoption of International Financial Reporting Standards**, "as if it had never failed to apply them." This re-adoption did not entail adjustments to the consolidated financial statements as of December 31, 2015.

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

Functional and presentational currency

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

New accounting pronouncements

The standards and interpretations, as well as improvements and modifications to the IFRS that have been issued, effective as of the date of these financial statements, are detailed below. The Company has applied these standards concluding that they did not materially affect the financial statements.

Improvements and Modifications	Date of mandatory application
IAS 19, Employee benefits	Annual periods starting on or after January 01, 2016
IAS 16, Property, Plant and Equipment	Annual periods starting on or after January 01, 2016
IAS 38, Intangible Assets	Annual periods starting on or after January 01, 2016
IFRS 11, Joint Agreements	Annual periods starting on or after January 01, 2016
IAS 27, Separate Financial Statements	Annual periods starting on or after January 01, 2016
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting on or after January 01, 2016
IFRS 10, Consolidated Financial Statements	Annual periods starting on or after January 01, 2016
IFRS 5, Non-Current Assets Maintained for the Sale and Discontinued Operations	Annual periods starting on or after January 01, 2016
IFRS 7, Financial Instruments: Disclosures	Annual periods starting on or after January 01, 2016
IFRS 12, Disclosures about participation in other entities	Annual periods starting on or after January 01, 2016
IAS 1, Presentation of Financial Statements	Annual periods starting on or after January 01, 2016
IAS 34, Interim Financial Information	Annual periods starting on or after January 01, 2016



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

New IFRS	Date of mandatory application
IFRS 9, Financial Instruments, classification and measurement	Annual periods starting on or after January 01, 2018
IFRS 15, Revenue from Contracts with Customers	Annual periods starting on or after January 01, 2018
IFRIC 22, Foreign Currency Transactions and Prepaid Expenses	Annual periods starting on or after January 01, 2018
IFRS 16, Leases	Annual periods starting on or after January 01, 2018

Improvements and Modifications	Date of mandatory application
IFRS 12, Disclosures about participation in other Companies	Annual periods starting on or after January 01, 2017
IAS 7, Statement of Cash Flows	Annual periods starting on or after January 01, 2017
IAS 12, Income tax	Annual periods starting on or after January 01, 2017
IFRS 2, Share-based Payments	Annual periods starting on or after January 01, 2018
IFRS 4, Insurance contracts	Annual periods starting on or after January 01, 2018
IAS 40, Investment Properties	Annual periods starting on or after January 01, 2018
IAS 28, Investments in Associates and Joint Ventures	Annual periods starting on or after January 01, 2018
IFRS 10, Consolidated Financial Statements	Undetermined

La Administración de la Sociedad se encuentra analizando el eventual impacto que tendrán las normas y enmiendas, antes descritas, en los estados financieros. No obstante, aquellas cuya entrada en vigencia es en períodos anuales iniciados el 01 de enero de 2017, han sido analizadas y se estima que no tendrán efectos relevantes en la preparación y presentación de los estados financieros futuros.

Responsibility for the information and estimates made

The information contained in these consolidated financial statements is the responsibility of the Board of Directors of the Company, which states that it has applied all principles and criteria included in the International Financial Reporting Standards (IFRS) and the instructions imposed by the SVS. The Board of Directors, in a meeting held on March 29, 2017, approved these consolidated financial statements.

The consolidated financial statements of Aguas Andinas S.A. and Subsidiaries for the period 2015 were approved by the board at its meeting held on March 30, 2016.

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

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



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

2.2 Accounting Policies

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

A. Consolidation Basis

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

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

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

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

Tax ID	Company Name	Direct %	Indirect %	Total 2016 %	Direct %	Indirect %	Total 2015 %
96,809,310-K	Aguas Cordillera S.A.	99,990300	0,00000	99,990300	99,990300	0,00000	99,990300
89,221,000-4	Aguas Manquehue S.A.	0,000400	99,999600	100,00000	0,000400	99,999600	100,00000
96,967,550-1	Análisis Ambientales S.A.	99,000000	1,00000	100,00000	99,000000	1,00000	100,00000
96,945,210-3	Ecoriles S.A.	99,038500	0,961500	100,00000	99,038500	0,961500	100,00000
96,579,800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2,506500	51,00000	53,50650	2,506500	51,00000	53,50650
96,828,120-8	Gestión y Servicios S.A.	97,847800	2,152200	100,00000	97,847800	2,152200	100,00000
96,897,320-7	Inversiones Iberaguas Ltda.	99,999998	0,000002	100,00000	99,999998	0,000002	100,00000
76,190,084-6	Aguas del Maipo S.A.	82,649996	17,350004	100,00000	82,649996	17,350004	100,00000

B. Operative Segments

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

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

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



C. Intangible assets other than goodwill

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

i. Intangible assets acquired separately

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

ii. Amortization method for intangibles:

Intangibles with defined useful lives.

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

Computer programs.

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

Intangibles with indefinite useful lives.

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

Determination of useful life

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

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

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

D. Goodwill

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

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

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



incorporate the value of the acquired assets and liabilities and the definitive goodwill from the date the participation was acquired.

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

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

E. Property, plant and equipment

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

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

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

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

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

Useful life

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

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

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

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

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



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

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

Fixed asset sales policy

The earnings of fixed asset sales are calculated by comparing the proceeds received with the book value, and are registered in the Consolidated Integral Earnings Statements.

F. Impairment of tangible and intangible assets except goodwill

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

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

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

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

G. Leases

i. Financial leases

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

ii. Operative leases

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

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



iii. Implicit leases

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

H. Financial assets

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

Financial assets are classified in the following categories:

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

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

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

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

i. Effective interest-rate method

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

ii. Financial assets at fair value with changes in earnings

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

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

As of December 31, 2014, the Company and its subsidiary Aguas del Maipo S.A. hold shares in Sociedad Eléctrica Puntilla S.A., which have been valued at their fair value at the acquisition date, as defined in IAS N°. 39. Their subsequent measurement will be at cost because there is no active market, as provided in the same standard.

iii. Loans and accounts receivable

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



Commercial debtors and other accounts receivable.

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

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

Policy for impairment of commercial debtors and other accounts receivable

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

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

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

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

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

A 100% provision is made for overdue notes receivable.

I. Inventories

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

J. Dividends Policy

The Company's dividends policy is to distribute 30% of the earnings for each year as a final dividend, plus 70% as an additional dividend provided financial conditions permit, subject to approval by the Ordinary Shareholder Meeting and provided the present level of capitalization is maintained and is compatible with the investment policies.

The minimum dividend established in the Corporations Law, equivalent to 30% of annual profits, will be shown at the end of each period. In the event there were no interim dividends or were less than the 30% referenced, the, the respective provision will be registered.

K. Foreign currency transactions

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



Currency	31-12-2016 \$	31-12-2015 \$
United States Dollar	669.47	710.16
Euro	705.60	774.61

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

Exchange differences are booked to earnings for the period in which they accrue.

L. Financial liabilities

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

M. Derivative financial instruments and hedge accounting

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

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

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

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

Hedging operations with derivative instruments are treated in the following manner:

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

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

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

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



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

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

N. Provisions and contingent liabilities

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

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

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

O. Employee Benefits

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

Aguas Andinas S.A.

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

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

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



ESSAL S.A.

For employees forming part of the collective agreement in force or who are incorporated into it at the date of the financial statements, compensation is calculated at their actuarial value only in the case of retirement and death. In those cases there is a limit of six months for purposes of payment. In other cases, the rules of the Labor Code apply, i.e. they have no right to compensation except for dismissal and with a limit of 11 months wages.

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

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

P. Income tax and deferred taxes

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

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

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

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

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

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

Q. Ordinary revenue

Policy for accounting for ordinary revenue

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

Policy for booking of ordinary revenue from sales of goods

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



Policy for booking of ordinary revenue from sales of services

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

The services areas of the sanitation companies are divided into billing groups which determine dates for meter readings and later billing. This process is developed based on a calendar month, which leads to the end of each month are unread consumption, and therefore, not billed. For the purposes of revenue accounting, the society makes an estimate of unbilled consumption.

For some sanitation service billing groups, information is held on consumption metered, to which the corresponding tariff is applied. For other groups, there is no metering data available at the date of the monthly closing; an estimate is therefore made on the basis of data from the previous month valued at the current tariff, whether normal or on consumption. Any difference between the actual and estimated consumption is corrected the following month.

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

Method used for determining state of termination of services

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

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

R. Earnings per share

Basic earnings per share is calculated as the earnings (loss) attributable to the holders of equity of the controller divided by the average weighted number of common shares in circulation during the periods ending December 31, 2016 and 2015.

During the years 2016 and 2015, the Group has not carried out any kind of operation with a potential diluting effect that supposes that diluted earnings per share are any different to basic earnings per share.

S. Information on the Environment

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

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

T. Consolidated Statement of Cash Flows

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



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

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

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

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

U. Construction contracts

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

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

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

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

V. Capitalized financing costs

Interest-bearing loans policy:

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

Interest-cost capitalization policy:

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

W. Reclassifications

For comparison purposes, certain reclassifications have been made to the statement of financial position as of December 31, 2015, according to the following detail:



Reclassifications	Increase/ (Decrease) Th\$
Status of earnings by nature:	
Other (losses) earnings	-38,570
Other costs, by nature	38,570

Note 3. EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER

The capital of the Company is divided into 6,118,965,160 nominative shares of no par value, completely subscribed and paid as of December 31, 2016, with 94.97% corresponding to series A and 5.03% to series B.

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

The composition of each series is as follows:

	31-12-2016	31-12-2015
Series A Shares	5,811,030,417	5,811,030,417
Series B Shares	307,934,743	307,934,743

The capital as of December 31, 2016 and December 31, 2015 amounts to Th\$ 155,567,354.

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

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

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

In the period ending December 31st, 2016, a dividend payment was agreed to and made as detailed below:

- The Ordinary Shareholders' Meeting held on April 27, 2016 agreed to distribute 100% of liquidated profits for 2015, after deducting the interim dividend paid in January 2016. Because of this, the dividend N° 62 of the Company amounted to Th\$ 88,442,910 equivalent to \$14,4539 per share. This payment was payable from May 25, 2016, being entitled to 6,118,965,160 shares.
- In a board meeting held on December 29, 2016, it was unanimously agreed to distribute among shareholders the sum of Th\$41,984,668, as an interim dividend, based on the earnings for 2016. Because of this, the interim dividend N° 63 of the Company amounted to \$6,8614 per share. This payment was payable from January 18, 2017.

In the 2015 period a dividend payment was agreed to and made as detailed below:

- The Ordinary Shareholders' Meeting held on April 28, 2015 agreed to distribute 100% of earnings for 2015, after deducting the interim dividend paid in January 2015. Because of this, the dividend N° 60 of the Company amounted to Th\$ 80,566,577 equivalent to \$13.1667 per share. This payment was payable from May 26, 2015, being entitled to 6,118,965,160 shares.
- In a board meeting held on December 16, 2015, it was unanimously agreed to distribute among shareholders the sum of Th\$ 40,565,068, as an interim dividend, based on the earnings for 2015. Because of this, the



interim dividend N° 61 of the Company amounted to \$6.6294 per share. This payment was payable from January 13, 2016.

• Provision for minimum dividend

In accordance with the policy described in Note 2.2. Letter J, the Company has made a provision for the minimum dividend of Th\$ 3.213.905. As of December 31, 2015 no provision was registered for a minimum dividend, due to the fact interim dividends were greater than 30% of profits.

• Accumulated Earnings

The amounts booked for revaluation of land and intangible assets and other adjustments on the first adoption of IFRS are included in accumulated earnings and have restrictions for their distribution, as they first have to be booked as realized, through their use or sale, as established in IFRS 1, IAS 16 and Circular N° 456 of June 20, 2008 of the Superintendency of Securities and Insurance. Also included under this concept is the amount corresponding to the actuarial gains and losses determined since 2009, as a result of variations in the obligations for defined benefit plans. The balances as of December 31, 2016 and December 31, 2015 are Th\$ 320,491,338 and Th\$303,530,135 respectively.

As of December 31, 2014, an equity of Th\$5,496,263 was registered, corresponding to the impact of differences in assets and liabilities for deferred taxes that have occurred as a direct effect of the increase in the corporate income tax rate introduced by Law 20,780, and booked to equity in accordance with the instructions given in Circular N°856 published by the Superintendency of Securities and Insurance on October 17, 2014.

Additionally, as of December 31, 2016, modifications were made to the calculation parameters in the actuarial earnings and losses on compensation, which generated a register in accumulated earnings of Th\$ 42,840 (see note 2.2. O)

• Share premiums.

The amount registered in Share Premiums is the premium corresponds to the overvaluation of the sale of shares produced in 1999 due to the capital increase. The balance as of December 31, 2016 and December 31, 2015 amounted to Th\$ 164,064,038 in each period.

• Other participations in equity.

The amount registered in Other Participations refers to the monetary correction of paid capital of the year 2008, the year of transition to IFRS, in accordance with Circular N° 456 of the Superintendency of Securities and Insurance, and the effects of combining business activities of companies under common control made in 2007 and 2008. The balance as of December 31, 2016 and December 31, 2015 is Th\$ -5,965,550.

Note 4. EQUITY ATTRIBUTABLE TO NON-CONTROLLER PARTICIPATIONS

The detail broken down by Company of the effects caused by the third party participation in the equity and earnings as of December 31, 2016 and 2015 are as follows:

Company	% Participation		Non-controlling participations			
	31-12-2016	31-12-2015	Equity		Earnings	
	%	%	31-12-2016 Th\$	31-12-2015 Th\$	31-12-2016 Th\$	31-12-2015 Th\$
Aguas Cordillera S.A.	0.00997%	0.00997%	21,198	19,906	3,193	1,841
Essal S.A. (1)	46.49350%	46.49350%	52,704,047	54,374,584	4,258,600	3,673,872
Total			52,725,245	54,394,490	4,261,793	3,675,713



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

The dividends paid to non-controlling participations of the subsidiary Essal S.A were Th\$ 5,572,085 as of December 31, 2016 and Th\$ 5,355,744 as of December 31, 2015.

Note 5. OTHER REVENUE AND EXPENSES

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

Non-operating revenue & expenses	31-12-2016	31-12-2015
	Th\$	Th\$
Earnings from sale of non-current assets, not held for sale*	20,169,952	143,733
Losses for replacement of properties, plant and equipment	-412,910	-185,854
Other revenues	236,103	38,033
Abandoned projects**	-5,395,624	-38,570
Other (losses) gains	14,597,521	-42,658
Bank loans	-4,666,883	-4,272,443
AFR interest expenses	-6,808,706	-6,262,912
Bond interest expenses	-14,865,823	-16,498,609
Other interest expenses	-554,889	-541,775
Amortization of loan agreement complementary costs	-221,240	-329,394
Financial Costs	-27,117,541	-27,905,133
Interest income	4,990,623	4,582,051
Gain on redemption & extinction of debt	1,483,341	1,123,360
Income for derivative instruments	0	877,136
Financial Revenues	6,473,964	6,582,547

* Corresponde principalmente a la venta de terreno de la filial Aguas Cordillera.

** Corresponde a proyectos de inversión para los cuales se definió no ejecutarlos



Note 6. FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

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

Statement of financial position of subsidiaries (Statement of Financial Situation) as of December 31, 2016

31-12-2016 Subsidiaries	Current assets Th\$	Non- current assets Th\$	Current liabilities Th\$	Non- current liabilities Th\$	Equity Th\$
Aguas Cordillera S.A.	44,978,477	263,155,183	46,265,462	49,255,201	212,612,997
Aguas Manquehue S.A.	4,859,500	79,936,629	7,697,070	23,831,041	53,268,018
Inversiones Iberaguas Ltda.	2,305,082	66,033,589	24,386	0	68,314,285
Empresa de Servicios Sanitarios de Los Lagos S.A.	15,425,907	147,548,129	17,710,264	68,171,861	77,091,915
Ecoriles S.A.	5,103,621	425,004	2,380,465	0	3,148,160
Gestión y Servicios S.A.	5,768,832	907,094	3,690,043	40,043	2,945,840
Análisis Ambientales S.A.	2,029,111	5,354,352	2,956,521	0	4,426,942
Aguas del Maipo S.A.	477,419	8,347,776	99,426	82,367	8,643,402

Statement of comprehensive earnings of subsidiaries (Statement of Comprehensive Income) as of December 31, 2016

31-12-2016 Subsidiaries	Result for the period Th\$	Ordinary revenue Th\$	Operating expenses (-) Th\$	Other expenses (-) / Net revenue (+) Th\$
Aguas Cordillera S.A.	32,025,085	53,429,959	-33,662,534	12,257,660
Aguas Manquehue S.A.	2,347,131	11,488,104	-7,990,313	-1,150,660
Inversiones Iberaguas Ltda.	6,678,409	0	-12,600	6,691,009
Empresa de Servicios Sanitarios de Los Lagos S.A.	13,163,288	53,655,895	-33,044,506	-7,448,101
Ecoriles S.A.	1,722,641	12,726,542	-10,519,495	-484,406
Gestión y Servicios S.A.	-1,253,090	8,569,328	-8,094,804	-1,727,614
Análisis Ambientales S.A.	698,742	7,159,548	-6,167,761	-293,045
Aguas del Maipo S.A.	-441,252	0	731,325	290,073



Summary of Financial Position of Subsidiaries (Statement of Financial Situation) through December 31, 2015

31-12-2015	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Subsidiaries	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	19,525,493	254,713,113	20,666,580	53,916,903	199,655,123
Aguas Manquehue S.A.	3,319,920	75,175,718	3,498,084	21,813,263	53,184,291
Inversiones Iberaguas Ltda.	1,886,358	65,824,145	23,443	0	67,687,060
Empresa de Servicios Sanitarios de Los Lagos S.A.	14.781.420	140,909,823	16,343,043	62,666,961	76,681,243
Ecoriles S.A.	4,666,622	384,060	2,217,789	0	2,832,893
Gestión y Servicios S.A.	6,085,890	286,174	1,821,756	36,577	4,513,731
Análisis Ambientales S.A.	2,339,638	5,492,895	4,235,959	0	3,596,574
Aguas del Maipo S.A.	1,435,830	8,461,121	498,671	57,196	9,341,084

Statement of Financial Information of Subsidiaries (Statement of Comprehensive Income) as of December 31, 2015

31-12-2015	Result for the period	Ordinary revenue	Operating expenses (-)	Other expenses (-) / Net revenue (+)
Subsidiaries	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	18,466,641	51,987,378	-32,475,808	-1,044,929
Aguas Manquehue S.A.	3,542,017	10,986,311	-6,052,435	-1,391,859
Inversiones Iberaguas Ltda.	6,079,260	0	-11,564	6,090,824
Empresa de Servicios Sanitarios de Los Lagos S.A.	11,984,654	49,523,574	-30,375,448	-7,163,471
Ecoriles S.A.	1,864,729	12,592,871	-10,276,082	-452,060
Gestión y Servicios S.A.	616,028	9,405,126	-8,609,974	-179,124
Análisis Ambientales S.A.	1,137,491	6,989,535	-5,725,439	-126,605
Aguas del Maipo S.A.	645,235	920,864	-646,984	371,355



Detail of significant subsidiaries

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

Name of significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.
Tax ID	96.809.310-k	89.221.000-4	96.579.800-5
Functional currency	Chilean pesos	Chilean pesos	Chilean pesos
Percentage share in significant subsidiary	99,99003%	100,00000%	53,50650%
Percentage voting rights in significant subsidiary	99,99003%	100,00000%	53,50650%
Percentage of consolidated values			
Contribution margin	8,64%	1,52%	6,86%
Property, plant and equipment	8,23%	4,32%	10,81%
Yearly income	19,73%	1,58%	3,25%

Note 7. CASH AND CASH EQUIVALENTS

The composition is as follows:

Cash and cash equivalents	31-12-2016 Th\$	31-12-2015 Th\$
Banks	27,691,838	2,398,261
Term Deposits (Note 8.6)	37,184,605	30,555,268
Total	64,876,443	32,953,529

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

Detail of some items of the statement of cash flows

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



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

Note 8. FINANCIAL INSTRUMENTS

8.1 Capital risk management

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

8.2 Significant accounting policies

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



8.3 Classes of financial instruments

Below is presented a summary of the financial instruments through December 31, 2016 and December 31, 2015:

Classes of financial instruments	Currency	Note	31-12-2016 Th\$	31-12-2015 Th\$
Financial assets				
All trade debts and other accounts receivable, current			106,288,544	99,965,706
Trade debtors & other accounts receivable, current	CLP	8.5	106,219,612	99,873,291
Trade debtors & other accounts receivable, current	USD	8.5	25,312	38,609
Trade debtors & other accounts receivable, current	EUR	8.5	43,620	53,806
Information on related entities			1,275,867	5,224,620
Accounts receivable from other related entities	CLP	9	1,275,867	5,224,620
Total current financial assets			107,564,411	105,190,326
Rights payable	CLP	8.5	2,082,334	2,184,457
Other financial assets	CLP	8.10	7,792,445	7,559,679
Total noncurrent financial assets			9,874,779	9,744,136
Financial liabilities				
Other financial liabilities, current			43,629,749	75,672,328
Bank loans	CLP	8.4	3,630,278	12,239,349
Bonds	CLP	8.4	13,312,288	53,648,065
Reimbursable financial contributions (AFR)	CLP	8.4	26,687,183	9,784,914
Other financial liabilities, noncurrent			808,003,406	722,132,796
Bank loans	CLP	8.4	94,019,209	87,519,209
Bonds	CLP	8.4	546,341,722	464,344,024
Reimbursable financial contributions (AFR)	CLP	8.4	167,642,475	170,269,563
Trade accounts & other accounts payable, current			101,917,169	92,538,326
Trade debtors & other accounts payable current	CLP	8.7	101,803,633	92,408,737
Trade debtors & other accounts payable current	USD	8.7	98,320	99,358
Trade debtors & other accounts payable current	EUR	8.7	15,216	30,231
Information on related entities, current			38,225,005	44,168,351
Accounts payable to other related entities	CLP	9	38,225,005	44,168,351
Total financial liabilities, current			140,142,174	136,706,677
Other accounts payable	CLP	8.7	949,408	1,829,986
Total financial liabilities, noncurrent			949,408	1,829,986

8.4 Information to disclose on financial liabilities

Other financial liabilities

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



Reimbursable financial contributions (AFRs)

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

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

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

The details of reimbursable financial contributions as of December 31, 2016 and December 31, 2015 are as follows:

Reimbursable Financial Contributions, current portion

Registration No. Or Identification of the Instrument	Currency readjustment index	Residual UF	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuing company	Issuer Tax ID	Type of repayment	Secured (yes/no)
			31-12-2016	31-12-2015							
			Th\$	Th\$							
AFR	UF	681,095	18,299,860	4,930,519	4.34%	4.07%	Chile	Aguas Andinas S.A.	61,808,000-5	At maturity	No
AFR	UF	257,817	6,983,609	4,787,277	4.83%	4.61%	Chile	Aguas Cordillera S.A.	96,809,310-k	At maturity	No
AFR	UF	52,696	1,403,714	67,118	4.06%	3.87%	Chile	Aguas Manquehue S.A.	89,221,000-4	At maturity	No
Total		991,608	26,687,183	9,784,914							

Reimbursable Financial Contributions, non-current portion

Registration No. Or Identification of the Instrument	Currency readjustment index	Residual UF	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuing company	Issuer Tax ID	Type of repayment	Secured (yes/no)
			31-12-2016	31-12-2015							
			Th\$	Th\$							
AFR	UF	4,467,657	118,691,514	120,888,266	22-12-2031	3.43%	3.27%	Aguas Andinas S.A.	61,808,000-5	At maturity	No
AFR	UF	883,791	23,492,843	27,098,726	22-12-2031	3.35%	3.21%	Aguas Cordillera S.A.	96,809,310-k	At maturity	No
AFR	UF	627,021	16,662,840	14,570,067	29-12-2031	3.22%	3.10%	Aguas Manquehue S.A.	89,221,000-4	At maturity	No
AFR	UF	333,813	8,795,278	7,712,504	13-09-2031	3.59%	3.59%	Essal S.A.	96,579,800-5	At maturity	No
Total		6,312,282	167,642,475	170,269,563							



The detail of bank loans as of December 31, 2016 and December 31, 2015 is as follows:

Total bank loans, current period

Debtor tax no.	61,808,000-5	61,808,000-5	96,809,310-K	96,579,800-5	96,579,800-5	96,579,800-5	
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	
Creditor Tax ID	97,004,000-5	97,006,000-6	97,032,000-8	97,004,000-7	97,004,000-7	97,006,000-6	
Bank or financial institution	Banco de Chile	Banco BCI	Banco BBVA	Banco de Chile	Banco de Chile	BCI	
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP	CLP	
Repayment Method	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	
Effective rate	4,44%	4,32%	4,41%	4,50%	4,75%	4,38%	
Nominal rate	4,44%	4,32%	4,41%	4,50%	4,75%	4,38%	
Nominal values							
To 1 year	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
To 90 days	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
Over 1 year to 3 years	20,089,003	0	20,000,000	4,000,000	6,500,000	0	50,589,002
Over 1 year to 2 years	6,283,344	0	0	0	0	0	6,283,344
Over 2 years to 3 years	13,805,658	0	20,000,000	4,000,000	6,500,000	0	44,305,658
More than 3 years to 5 years	24,159,903	19,270,304	0	0	0	0	43,430,207
More than 3 years to 4 years	8,141,799	19,270,304	0	0	0	0	27,412,103
More than 4 years to 5 years	16,018,104	0	0	0	0	0	16,018,104
Total nominal values	45,154,839	19,557,046	20,303,800	4,021,998	6,537,015	2,074,790	97,649,487
Book values							
Current bank loans	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
Up to 90 days	905,933	286,742	303,800	21,998	37,015	2,074,790	3,630,278
Non-current bank loans	44,248,905	19,270,304	20,000,000	4,000,000	6,500,000	0	94,019,209
More than 1 year to 3 years	20,089,002	0	20,000,000	4,000,000	6,500,000	0	50,589,002
More than 1 year to 2 years	6,283,344	0	0	0	0	0	6,283,344
More than 2 years to 3 years	13,805,658	0	20,000,000	4,000,000	6,500,000	0	44,305,658
More than 3 years to 5 years	24,159,903	19,270,304	0			0	43,430,207
More than 3 years to 4 years	8,141,799	19,270,304	0	0	0	0	27,412,103
More than 4 years to 5 years	16,018,104	0	0	0	0	0	16,018,104
Total bank loans	45,154,838	19,557,046	20,303,800	4,021,998	6,537,015	2,074,790	97,649,487

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



Balances of bank loans, previous period

Debtor tax no.	61,808,000-5	61,808,000-5	61,808,000-5	96,809,310-K	96579800-5	
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	
Creditor Tax ID	97,032,000-8	97,004,000-5	97,006,000-6	97,032,000-8	97,004,000-7	
Bank or financial institution	Banco BBVA	Banco de Chile	Banco BCI	Banco BBVA	Banco de Chile	
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP	
Repayment Method	Semi-annual	Semi-annual	At maturity	Semi-annual	At maturity	
Effective rate	4,24%	4,15%	4,18%	4,29%	4,28%	
Nominal rate	4,24%	4,15%	4,18%	4,29%	4,28%	
Nominal values						
To 1 year	10,777,972	851,864	286,400	297,917	25,196	12,239,349
To 90 days	1,395,560	851,864	286,400	297,917	0	2,831,741
Over 90 days to 1 year	9,382,412	0	0		25,196	9,407,608
Over 1 year to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
Over 2 years to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
More than 3 years to 5 years	0	21,947,457	19,270,304	20,000,000	0	61,217,761
More than 3 years to 4 years	0	13,805,658	0	0	0	13,805,658
Over 4 years to 5 years	0	8,141,799	19,270,304	20,000,000	0	47,412,103
Over 5 years	0	16,018,104	0	0	0	16,018,104
Total nominal values	0	16,018,104	0	0	0	16,018,104
To 1 year	10,777,972	45,100,769	19,556,704	20,297,917	4,025,196	99,758,558
Book values						
Current bank loans	10,777,972	851,864	286,400	297,917	25,196	12,239,349
Up to 90 days	1,395,560	851,864	286,400	297,917	0	2,831,741
Over 90 days to 1 year	9,382,412	0	0	0	25,196	9,407,608
Non-current bank loans	0	44,248,905	19,270,304	20,000,000	4,000,000	87,519,209
More than 1 year to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
More than 2 years to 3 years	0	6,283,344	0	0	4,000,000	10,283,344
More than 3 years to 5 years	0	21,947,457	19,270,304	20,000,000	0	61,217,761
More than 3 years to 4 years	0	13,805,658	0	0	0	13,805,658
More than 4 years to 5 years	0	8,141,799	19,270,304	20,000,000	0	47,412,103
Over 5 years	0	16,018,104	0	0	0	16,018,104
Total bank loans	0	16,018,104	0	0	0	16,018,104
Current bank loans	10,777,972	45,100,769	19,556,704	20,297,917	4,025,196	99,758,558

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



The detail of bonds outstanding as of December 31, 2016 and December 31, 2015 is as follows:

Total bonds payable, current period

Series	BAGUA-J	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	Besal-B	
Final maturity	01-12-2018	01-04-2031	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	01-06-2028	
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	
Repayment period	At maturity	Semi-annual	At maturity	At maturity	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	Semi-annual	Semi-annual	
Effective rate	4,16%	4,15%	3,82%	3,94%	3,61%	3,93%	3,81%	3,50%	3,18%	3,23%	2,15%	3,29%	6,63%	
Nominal rate	4,00%	4,20%	3,86%	4,00%	3,30%	3,90%	3,80%	3,50%	3,30%	3,00%	2,40%	3,20%	6,00%	
To 1 year	86,966	479,164	377,771	143,494	5,974,887	585,187	495,948	457,111	165,298	523,060	288,112	766,788	3,223,684	13,567,470
To 90 days										523,060	288,112	766,788		1,577,960
Over 90 days to 1 year	86,966	479,164	377,771	143,494	5,974,887	585,187	495,948	457,111	165,298				3,223,684	11,989,510
Over 1 year to 3 years	26,347,980	0	0	0	8,782,661	0	0	0	0	0	3,293,498	0	6,101,636	44,525,775
Over 1 year to 2 years					5,855,107								3,050,818	8,905,925
Over 2 years to 3 years	26,347,980				2,927,554						3,293,498		3,050,818	35,619,850
Over 3 years to 5 years	0	46,108,965	39,521,970	43,474,167	0	60,600,354	52,695,960	52,695,960	60,600,354	42,156,768	23,054,483	52,695,960	29,398,689	503,003,630
Over 3 years to 4 years											6,586,995		3,050,818	9,637,813
Over 4 years to 5 years											6,586,995		3,050,818	9,637,813
Over 5 years		46,108,965	39,521,970	43,474,167		60,600,354	52,695,960	52,695,960	60,600,354	42,156,768	9,880,493	52,695,960	23,297,053	483,728,004
Total nominal value	26,434,946	46,588,129	39,899,741	43,617,661	14,757,548	61,185,541	53,191,908	53,153,071	60,765,652	42,679,828	26,636,093	53,462,748	38,724,009	561,096,875
Current public obligations	48,567	491,052	386,822	156,553	5,931,501	577,600	493,259	457,111	152,338	467,870	304,639	715,837	3,129,139	13,312,288
Up to 90 days	0	0	0	0	0	0	0	0	0	467,870	304,639	715,837		1,488,346
Over 90 days to 1 year	48,567	491,052	386,822	156,553	5,931,501	577,600	493,259	457,111	152,338	0	0	0	3,129,139	11,823,942
Non-current public obligations	26,311,664	46,321,979	39,719,854	43,727,674	8,774,028	60,422,174	52,607,020	52,695,960	61,638,393	41,175,282	26,404,869	51,606,287	34,936,538	546,341,722
More than 1 year to 3 years	26,311,664	0	0	0	8,774,028	0	0	0	0	0	3,300,609	0	5,994,248	44,380,549
More than 1 year to 2 years	0	0	0	0	5,849,352	0	0	0	0	0	0	0	2,997,124	8,846,476
More than 2 years to 3 years	26,311,664	0	0	0	2,924,676	0	0	0	0	0	3,300,609	0	2,997,124	35,534,073
More than 3 years to 5 years	0	46,321,979	39,719,854	43,727,674	0	60,422,174	52,607,020	52,695,960	61,638,393	41,175,282	23,104,260	51,606,287	28,942,290	501,961,173
More than 3 years to 4 years	0	0	0	0	0	0	0	0	0	0	6,601,217	0	2,997,124	9,598,341
More than 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	6,601,217	0	2,997,124	9,598,341
More than 5 years	0	46,321,979	39,719,854	43,727,674	0	60,422,174	52,607,020	52,695,960	61,638,393	41,175,282	9,901,826	51,606,287	22,948,042	482,764,491
Total public obligations	26,360,231	46,813,031	40,106,676	43,884,227	14,705,529	60,999,774	53,100,279	53,153,071	61,790,731	41,643,152	26,709,508	52,322,124	38,065,677	559,654,010



Total bonds payable, previous period

Debtor Tax ID	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	
Debtor name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.	
Debtor country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	
Registration number	580	629	630	654	655	655	712	713	713	778	778	806	284	
Series	BAGUA-J	BAGUA-K	BAGUA-M	BAGUA-N	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	Besal-B	
Final maturity	01-12-2018	01-10-2016	01-04-2031	01-04-2016	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	01-06-2028	
Currency or indexation unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	
Repayment period	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	Semi-annual	At maturity	At maturity	At maturity	At maturity	At maturity	Semi-annual	
Effective rate	4,16%	3,06%	4,15%	3,26%	3,82%	3,94%	3,61%	3,93%	3,81%	3,50%	3,18%	3,23%	6,63%	
Nominal rate	4,00%	2,90%	4,20%	3,17%	3,86%	4,00%	3,30%	3,90%	3,80%	3,50%	3,30%	3,00%	6,00%	
Nominal values														
To 1 year	84,593	9,292,885	466,091	32,288,265	367,463	139,579	5,858,471	569,221	482,416	444,639	160,788	508,789	2,967,578	53,630,778
To 90 days	84,593	66,413	466,091	251,902	367,463	139,579	163,118	569,221	482,416	444,639	160,788	508,789	0	3,705,012
Over 90 days to 1 year	0	9,226,472	0	32,036,363	0	0	5,695,353	0	0	0	0	0	2,967,578	49,925,766
Over 1 year to 3 years	25,629,090	0	0	0	0	0	11,390,706	0	0	0	0	0	5,935,156	42,954,952
Over 1 year to 2 years	0	0	0	0	0	0	5,695,353	0	0	0	0	0	2,967,578	8,662,931
Over 2 years to 3 years	25,629,090	0	0	0	0	0	5,695,353	0	0	0	0	0	2,967,578	34,292,021
Over 3 years to 5 years	0	0	44,850,908	0	38,443,635	42,287,999	2,847,677	58,946,907	51,258,180	51,258,180	58,946,907	41,006,544	31,962,383	421,809,320
Over 3 years to 4 years	0	0	0	0	0	0	2,847,677	0	0	0	0	0	2,967,578	5,815,255
Over 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	0	0	2,967,578	2,967,578
Over 5 years	0	0	44,850,908	0	38,443,635	42,287,999	0	58,946,907	51,258,180	51,258,180	58,946,907	41,006,544	26,027,227	413,026,487
Total nominal value	25,713,683	9,292,885	45,316,999	32,288,265	38,811,098	42,427,578	20,096,854	59,516,128	51,740,596	51,702,819	59,107,695	41,515,333	40,865,117	518,395,050
Book values														
Current public obligations	47,477	9,303,656	477,506	32,274,465	376,183	152,093	5,809,662	561,921	479,777	444,639	195,542	474,978	3,050,166	53,648,065
Up to 90 days	47,477	77,185	477,506	238,102	376,183	152,093	114,309	561,921	479,777	444,639	195,542	474,978	0	3,639,712
Over 90 days to 1 year	0	9,226,471	0	32,036,363	0	0	5,695,353	0	0	0	0	0	3,050,166	50,008,353
Non-current public obligations	25,554,748	0	45,075,809	0	38,650,570	42,554,239	14,186,402	58,761,139	51,167,882	51,258,180	59,936,076	39,973,666	37,225,313	464,344,024
More than 1 year to 3 years	25,554,748	0	0	0	0	0	11,356,052	0	0	0	0	0	5,818,248	42,729,048
More than 1 year to 2 years	0	0	0	0	0	0	5,678,026	0	0	0	0	0	2,909,124	8,587,150
More than 2 years to 3 years	25,554,748	0	0	0	0	0	5,678,026	0	0	0	0	0	2,909,124	34,141,898
More than 3 years to 5 years	0	0	45,075,809	0	38,650,570	42,554,239	2,830,350	58,761,139	51,167,882	51,258,180	59,936,076	39,973,666	31,407,065	421,614,976
More than 3 years to 4 years	0	0	0	0	0	0	2,830,350	0	0	0	0	0	2,909,124	5,739,474
More than 4 years to 5 years	0	0	0	0	0	0	0	0	0	0	0	0	2,909,124	2,909,124
More than 5 years	0	0	45,075,809	0	38,650,570	42,554,239	0	58,761,139	51,167,882	51,258,180	59,936,076	39,973,666	25,588,817	412,966,378
Total public obligations	25,602,225	9,303,656	45,553,315	32,274,465	39,026,753	42,706,332	19,996,064	59,323,060	51,647,659	51,702,819	60,131,618	40,448,644	40,275,479	517,992,089



8.5 Risk management

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

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

i. Credit risk

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

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

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

Credit risk	31-12-2016 Th\$	31-12-2015 Th\$
Gross exposure per balance sheet for risks of accounts receivable	139,680,913	135,080,780
Gross exposure per estimates of risks of accounts receivable	-31,310,035	-32,930,617
Net exposure, risk concentration	108,370,878	102,150,163

Movement of credit risk, accounts receivable	31-12-2016 Th\$	31-12-2015 Th\$
Initial balance at 01-01-2016	-32,930,617	-37,114,376
Increase in existing provisions	-4,102,952	-2,927,290
Reductions	5,723,534	7,111,049
Changes, total	1,620,582	4,183,759
Closing balance at 31-12-2016	-31,310,035	-32,930,617



The following shows the composition of gross debt by age:

Aging of debt	31-12-2016 Th\$	31-12-2015 Th\$
Less than three months	104,479,708	98,562,275
Three to six months	2,057,176	1,451,053
Six to eight months	743,934	643,501
More than eight months	32,400,095	34,423,951
Total	139,680,913	135,080,780

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

Past-due debt	31-12-2016 Th\$	31-12-2015 Th\$
Less than three months	11,014,577	10,440,702
Three to six months	1,625,815	1,156,948
Six to eight months	656,727	562,643
Total	13,297,119	12,160,293

Past-due gross debt comprises all receivables over two months past due, as the counterparty has ceased to pay when contractually due. Per the Company's policy, balances less than 8 months old are not considered included.

ii. Liquidity risk

Liquidity risk is the possibility that adverse situations in the capital markets prevent the Group from having access to financing and from being able to finance its acquired commitments, such as long-term investments and working capital needs at reasonable market prices.

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

Preventive measures taken to manage liquidity risk include the following:

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



Maturity structure (non-discounted flows)

Maturity profile	Up to 90 days		91 days to 1 year		13 months to 3 years		3 to 5 years		More than 5 years	
	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate	Th\$	Contract interest rate
Bank loans	1,041,338	4.41%	2,715,853	4.41%	57,260,479	4.14%	45,634,973	4.39%	0	-
Bonds	1,778,473	3.57%	25,618,288	3.88%	79,543,173	3.87%	52,569,080	3.95%	701,535,463	3.67%
AFR	5,301,833	4.88%	22,153,186	4.35%	30,846,449	3.81%	25,108,694	3.28%	150,580,672	3.34%
Trade debt and other accounts payable	90,028,057	-	11,889,112	-	231,579	-	166,639	-	551,190	-
Total	98,149,701		62,376,438		167,881,680		123,479,386		852,667,325	

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

iii. Interest rate risk

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

Debt instruments	Rate	%
Bank loans	Variable	11.46%
Bonds	Fixed	65.72%
AFR	Fixed	22.82%
Total		100.00%

Interest rate sensitivity analysis

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

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

Company	Nominal amount of debt (Th\$)	Variable rate	Points (+/-)	Impact on Result (Th\$) (+/-)
Aguas Andinas Consolidated	97,424,076	TAB 180 days	4.6	44,855

For loans based on 180-day TAB, the positive or negative change in nominal TAB of 4.6 basis points, calculated annually, would have an impact on earnings of +/- Th\$ 44,855



8.6 Cash equivalents

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

Company	Instruments	31-12-2016 Th\$	31-12-2015 Th\$
Aguas Andinas S.A.	Time deposit	25,015,658	18,074,577
Aguas Cordillera S.A.	Time deposit	8,887,528	8,074,280
Aguas Manquehue S.A.	Time deposit	840,410	400,040
Aguas del Maipo S.A.	Time deposit	90,016	1,000,103
Gestión y Servicios S.A.	Time deposit	930,418	430,043
Eco-Riles S.A.	Time deposit	1,420,575	1,250,225
Essal S.A.	Time deposit	0	1,326,000
Total		37,184,605	30,555,268

The Company and subsidiaries make investments with portfolio limits of a maximum of 40% of the total per issuing Institution, and limits for types of instruments: for mutual funds, 10% of the cash equity of the mutual fund; Term Deposits, 10% of the bank's cash equity.



8.7 Trade accounts and other current and noncurrent accounts payable

The principal concepts included in this account are the following:

Trade creditors and other accounts payable, current	Currency or indexation unit	31-12-2016 Th\$	31-12-2015 Th\$
Dividends	CLP	24,706,518	22,048,535
Suppliers for investment in progress (investment)	CLP	28,999,464	31,670,805
Personnel	CLP	3,156,687	2,913,315
Suppliers (expense)	CLP	17,428,332	13,776,639
Suppliers (expense)	USD	98,320	99,358
Suppliers (expense)	EUR	15,216	30,231
Suppliers (investment)	CLP	8,409,385	6,346,511
Accrued services	CLP	17,076,009	14,209,541
AFR (expense)	CLP	1,369,276	706,829
Others (expense)	CLP	657,962	735,915
Others (investment)	CLP	0	647
Sub-total current		101,917,169	92,538,326
AFR potable water	CLP	698,095	703,187
Suppliers for investments in progress	CLP	180,917	1,056,404
Various creditors	CLP	70,396	70,395
Sub-total non-current		949,408	1,829,986
Total current and noncurrent		102,866,577	94,368,312



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

Trade Accounts

Current Period

Current trade accounts according to term	31-12-2016			
	Goods	Services	Others	Total
To 30 days	2,811,143	10,267,940	201,588	13,280,671
From 31 to 60 days	161,139	298,461	0	459,600
Total	2,972,282	10,566,401	201,588	13,740,271

Current trade accounts according to term	31-12-2016			
	Goods	Services	Others	Total
To 30 days	1,638,257	1,509,769	23633	3,171,659
From 31 to 60 days	369	164,982	0	165,351
From 61 to 90 days	57	61,556	28	61,641
From 91 to 120 days	96	154,516	14	154,626
From 121 to 365 days	9,382	41,781	0	51,163
More than 365 days	660	15,489	0	16,149
Total	1,648,821	1,948,093	23,675	3,620,589

Previous Period

Overdue trade accounts according to term	31-12-2015			
	Goods	Services	Others	Total
To 30 days	2,809,208	8,202,770	55,699	11,067,677
From 31 to 60 days	235,353	36,490	0	271,843
From 61 to 90 days	45	275	0	320
From 91 to 120 days	0	18,073	0	18,073
Total	3,044,606	8,257,608	55,699	11,357,913

Overdue trade accounts according to term	31-12-2015			
	Goods	Services	Others	Total
To 30 days	118,874	260,582	108	379,564
From 31 to 60 days	1,389,843	186,844	5,995	1,582,682
From 61 to 90 days	141,142	47,134	21	188,297
From 91 to 120 days	12,106	8,664	0	20,770
From 121 to 365 days	24,104	86,260	553	110,917
More than 365 days	12,956	37,380	100	50,436
Total	1,699,025	626,864	6,777	2,332,666



8.8 Fair value of financial instruments

Fair value of financial instruments booked at amortized cost.

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

	31-12-2016	
	Amortized cost Th\$	Fair value Th\$
Cash equivalents		
Investments booked at fair value	37,184,605	37,184,605
Term Deposits, level 1	37,184,605	37,184,605
Other financial liabilities		
Financial liabilities booked at amortized cost	851,633,155	898,860,914
Bank debt, level 2	97,649,487	100,804,600
Bonds, level 1	559,654,009	603,726,655
AFR, level 3	194,329,659	194,329,659

Methodology and assumptions used in the calculation of fair value

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

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

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

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

8.9 Other noncurrent financial assets



These mainly relate to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA) for a total amount of Th\$ 7,774,928 and Th\$ 7,542,162 as of December 31, 2016 and December 31, 2015, respectively (see Note 2.2, letter h, ii), over which the Group has no control or significant influence. The balance of Th\$17,517, relates to other financial investments in both periods.

Related to this acquisition is an obligation with the Asociación Sociedad de Canalistas del Maipo not to move the location of water rights in place at the time of contracting, for an amount of Th\$ 7,294,709 as of December 31, 2016 and December 31, 2015.

Note 9. INFORMATION ON RELATED ENTITIES

Balances and transactions with related entities

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

Accounts receivable from related entities

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

Tax ID Related Party	Name of related party	Relationship	Nature of transaction with related parties	Security	31-12-2016 Th\$	31-12-2015 Th\$
76,078,231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Laboratory and sampling services	Unsecured	3,504	3,993
76,078,231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Collector Cleaning contract	Unsecured	0	631
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Laboratory and sampling services	Unsecured	80,693	0
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Collector Cleaning contract	Unsecured	1,080	0
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Tenders for Proposal Base	Unsecured	66	0
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Laboratory and sampling services	Unsecured	0	12,447
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Advice provided as support for technical inspection of effluent treatment plants at CMPC Santa Fe, Frutos del Maipo Project	Unsecured	21,978	0
59,066,560-6	Suez International	Related to the Controller	Rebate of advance for equipment supplies, assembly and start-up of the second stage of the Mapocho Wastewater Treatment Plant, module 4	Security full compliance with contract for UF 218,320	1,140,331	5,101,953
76,432,328-9	Gestion Hidrica Minera Ltda.	Related to the Controller	Collector Cleaning contract	Unsecured	0	1,285
76,080,553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Sale of materials	Unsecured	28,215	104,311
Total					1,275,867	5,224,620



Accounts payable to related entities

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

Tax ID Related Party	Name of related party	Relationship	Nature of transaction with related parties	Security	Tax ID Related Party	31-12-2016 Th\$	31-12-2015 Th\$
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Hydraulic Efficiency Project	30 days	Security compliance with contract. Amount UF: 14,992	274,911	2,098,422
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Cleaning service contract for potable water networks (Ice-Pigging)	30 days	Security compliance with contract. Amount Th\$26,600	107,442	125,398
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Construction and expansion of La Union sludge line	30 days	Security compliance with contract. Amount Th\$47,110	23,359	33,157
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Rio Bueno Sludge Plant	30 days	Unsecured	11,477	0
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Upgrading service of operations and security of the Pudeto and Gamboa Tranques	30 days	Security compliance with contract. AmountTh\$705	14,729	109,157
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	SCADA Platform	30 days	Unsecured	20,210	0
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	San Antonio Arsenic Plant	30 days	Security compliance with contract. Amount \$24,264	2,210,511	0
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Chamisero Plant	30 days	Security compliance with contract. Amount UF 66,809.74	2,233,069	0
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Modeling of odor panels	30 days	Unsecured	14,084	46,367
76,080,553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Chañaral Plant, Essbio new south	30 days	Unsecured	295,079	0
76,080,553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Siebel Virtual Platform	30 days	Unsecured	170,957	413,111
76,080,553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Purchase of materials	60 days	Security compliance with contract. Amount Th\$279,298	14,164	188,030
76,046,628-K	Asterión S.A.	Related to the Controller	Implementation of geographic information system Essal S.A.	30 days	Security compliance with contract. Amount UF887	157,544	404,277
76,078,231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Reengineering service contract for implementation of our customer service information systems	30 days	Security full compliance with contract for Th\$845,149	3,296,972	3,068,251
76,078,231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	La Farfana Wastewater Treatment Plant operation and maintenance services	30 days	Ensure strict compliance with obligations arising from the contract. Amount UF194,249,62	2,363,175	2,246,174
76,078,231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	El Trebal Wastewater Treatment Plant services of operation and maintenance and construction, operation and maintenance of Mapocho Wastewater Treatment Plant	90 days	Security full compliance with contract for UF357,863	79,376	152,930
Sin Rut	Aqua Development Network S.A.	Related to the Controller	Digested sludge methanogenic activity	30 days	Unsecured	44,165	11,705
77,274,820-5	Inversiones Aguas Metropolitanas S.A.	Related to the Controller	Biogas Plant operation services	30 days	Unsecured	22,645,539	20,324,047
96,817,230-1	EPSA Eléctrica Puntilla S.A.	Related to the Controller	Integrated talent management contract	30 days	Unsecured	9,044	18,182
70,009,410-3	Asociación canalistas sociedad del canal del Maipo	Related to the Controller	Advisory and Consulting Services	30 days	Unsecured	0	32,901
65,113,732-2	Corporación chilena de investigación del Agua	Controller	Dividends payable	30 days	Unsecured	69,466	0
59,066,560-6	Suez International	Common Director	Compensation for lower flows	30 days	Unsecured	4,169,729	14,896,242
Total						38,225,005	44,168,351



Transactions with related entities

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

Tax ID Related Party	Name of related party	Relationship	Nature of transaction with related parties	31-12-2016		31-12-2015	
				Th\$		Th\$	
				Amount	Effect on earnings (Charge) /Credit	Amount	Effect on earnings (Charge) /Credit
79,046,628-K	Asterión S.A.	Related to the Controller	Reengineering service contract for implementation of our customer service information systems	799,652	-743,230	1,046,759	-1,039,536
Sin Rut	Aqua Development Network	Related to the Controller	Integrated talent management contract	753,429	-753,429	245,183	-245,183
76,080,553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Purchase of materials	2,275,124	-1,594,194	2,647,760	-2,541,821
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Ice-Pigging network cleaning service contract	303,081	-303,081	361,832	-361,832
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Lo Pinto Project	0	0	574,570	0
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Chamisero Plant	3,675,000	0	0	0
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	Hydraulic Efficiency Project	179,218	-83,218	1,677,359	-3,914
76,148,998-4	Suez Medioambiente Chile S.A.	Related to the Controller	San Antonio Arsenic Plant	3,040,561	0	0	0
59,066,560-6	Suez International	Related to the Controller	Payment statement for supply of equipment, installation and launch of the second phase of the Mapocho Wastewater Treatment Plant, module 4	22,144,406	0	21,582,632	0
76,078,231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the Controller	El Trebal Wastewater Treatment Plant services of operation and maintenance and construction, operation and maintenance of Mapocho Wastewater Treatment Plant	12,169,065	-10,853,222	11,668,999	-10,347,928
76,078,231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the Controller	La Farfana Wastewater Treatment Plant operation and maintenance services	17,170,776	-13,513,945	16,402,789	-13,092,834
96,817,230-1	EPSA Eléctrica Puntilla S.A.	Common Director	Dividends received	0	0	157,771	0
96,817,230-1	EPSA Eléctrica Puntilla S.A.	Common Director	Compensation for lower flow	141,515	-141,515	746,295	-746,295
77,274,820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends paid	64,636,011	0	59,883,216	0

The criteria of materiality for reporting transactions with related entities are accumulated amounts of over M \$100,000.

Compensation paid to the board members of Aguas Andinas S.A. and subsidiaries, and to the Board Members' Committee

	31-12-2016	31-12-2015
	Th\$	Th\$
Board of Directors	463,371	384,472
Board Members' Committee	32,766	26,574
Total	496,137	411,046



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

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

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

Note 10. INVENTORIES

The detail by class of inventories through December 31, 2016 and December 31, 2015 is the following:

Inventory Class	31-12-2016 Th\$	31-12-2015 Th\$
Commodities	2,423,788	2,853,623
Supplies for production	752,216	676,780
Other inventories	133,941	113,297
Total	3,309,945	3,643,700

The cost of the inventories shown as an expense in the statement of earnings during periods 2016 and 2015 amounts to Th\$ 11,127,313 and Th\$ 10,588,122, respectively.



Note 11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

	31-12-2016	31-12-2015
	Th\$	Th\$
Intangible assets, net	227,951,484	230,527,689
Trademarks, net	13,000	13,000
Computer programs, net	9,203,521	11,875,731
Other intangible assets, net*	218,734,963	218,638,958
Intangible assets, gross	276,075,948	272,921,827
Trademarks, gross	13,000	13,000
Computer programs, gross	44,760,678	41,889,777
Other intangible assets, gross	231,302,270	231,019,050
Intangible assets, accumulated amortization	48,124,464	42,394,138
Computer programs, accumulated amortization	35,557,157	30,014,046
Other intangible assets, accumulated amortization	12,567,307	12,380,092

* Corresponds to water rights, easements and others.

Movement of intangible assets as of December 31, 2016

Intangible asset movements	Trademarks, net	Computer programs, net	Other Intangible Assets, Net	Total
	Th\$	Th\$	Th\$	Th\$
Initial balance on 01-01-2016	13,000	11,875,731	218,638,958	230,527,689
Amortization	0	-5,517,913	-187,215	-5,705,128
Increases (reductions) for transfers	0	850,640	-36,626	814,014
Increases (reductions) for other changes	0	1,995,063	581,823	2,576,886
Disposals and withdrawals from service	0	0	-261,977	-261,977
Changes, total	0	-2,672,210	96,005	-2,576,205
Closing balance on 31-12-2016	13,000	9,203,521	218,734,963	227,951,484



Movement of intangible assets as of December 31, 2015

Intangible asset movements	Trademarks, net Th\$	Computer programs, net Th\$	Other Intangible Assets, Net Th\$	Total Th\$
Initial balance on 01-01-2015	13,000	15,439,243	216,722,507	232,174,750
Amortization	0	-6.646.989	-187,215	-6.834.204
Increases (reductions) for transfers	0	881.833	-32,591	849.242
Increases (reductions) for other changes	0	2,201,644	2,137,636	4,339,280
Disposals and withdrawals from service	0	0	-1,379	-1,379
Changes, Total	0	-3,563,512	1,916,451	-1,647,061
Closing balance on 31-12-2015	13,000	11,875,731	218,638,958	230,527,689

Disclosure information on intangible assets (gross value)

Current Period 31-12-2016

Intangible asset movements	Trademarks, gross Th\$	Computer programs, gross Th\$	Other Intangible Assets, gross Th\$	Total Th\$
Initial Balance on 01-01-2016	13,000	41,889,777	231,019,050	272,921,827
Increases (reductions) for transfers	0	880,240	-36,626	843,614
Increases (reductions) for other changes	0	1,995,063	581,823	2,576,886
Disposals and withdrawals from service	0	-4,402	-261,977	-266,379
Changes, total	0	2,870,901	283,220	3,154,121
Closing balance on 31-12-2016	13,000	44,760,678	231,302,270	276,075,948

Previous Period 31-12-2015

Intangible asset movements	Trademarks, gross Th\$	Computer programs, gross Th\$	Other Intangible Assets, gross Th\$	Total Th\$
Initial Balance on 01-01-2015	13,000	38,804,351	228,915,384	267,732,735
Increases (reductions) for transfers	0	885,153	-32,591	852,562
Increases (reductions) for other changes	0	2,200,273	2,137,636	4,337,909
Disposals and withdrawals from service	0	0	-1,379	-1,379
Changes, total	0	3,085,426	2,103,666	5,189,092
Closing balance on 31-12-2015	13,000	41,889,777	231,019,050	272,921,827

Disclosure information on intangible assets (accumulated amortization)



Current Period 31-12-2016

Intangible asset movements	Computer programs, accumulated amortization Th\$	Other Intangible Assets, accumulated amortization Th\$	Total Th\$
Initial Balance on 01-01-2016	30,014,046	12,380,092	42,394,138
Amortization	5.517.913	187.215	5.705.128
Increases (reductions) for transfers	29.600	0	29.600
Disposals and withdrawals from service	-4,402	0	-4,402
Changes, total	5,543,111	187,215	5,730,326
Closing balance on 31-12-2016	35,557,157	12,567,307	48,124,464

Previous period 31-12-2015

Intangible asset movements	Computer programs, accumulated amortization Th\$	Other Intangible Assets, accumulated amortization Th\$	Total Th\$
Initial Balance on 01-01-2015	23,365,108	12,192,877	35,557,985
Amortization	6.646.989	187.215	6.834.204
Incrementos (disminuciones) por transferencias	3.320	0	3.320
Disposals and withdrawals from service	-1,371	0	-1,371
Changes, total	6,648,938	187,215	6,836,153
Closing balance on 31-12-2015	30,014,046	12,380,092	42,394,138

Detail of significant individual intangible assets (others):

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

Company	31-12-2016			31-12-2015		
	Water rights Th\$	Easement Th\$	Others Th\$	Water rights Th\$	Easement Th\$	Others Th\$
Aguas Andinas S.A.	75,928,312	8,182,421	4,949,427	75,950,169	8,062,219	5,135,351
Aguas Cordillera S.A.	92,702,863	7,761,746	0	92,684,130	7,866,530	0
Aguas Manquehue S.A.	21,814,071	744,190	0	21,490,797	857,614	0
Essal S.A.	5,509,828	1,087,305	0	5,450,043	1,087,305	0
Aguas del Maipo S.A.	13,700	0	0	13,700	0	0
Ecoriles S.A.	13,700	0	0	13,700	0	0
Gestión y Servicios S.A.	13,700	0	0	13,700	0	0
Análisis Ambientales S.A.	13,700	0	0	13,700	0	0
Total	196,009,874	17,775,662	4,949,427	195,629,939	17,873,668	5,135,351



Intangible assets with undefined useful lives:

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

Commitments for acquiring intangible assets:

Commitments for acquisitions of intangible assets for 2017 relate to water rights, easements and computer programs necessary for the normal operation of the Group's companies, and in particular for new works under development or in preliminary study stages, plus the expansion of concession zones, shown as follows:

Company	Th\$
Aguas Andinas S.A.	1,942,507
Aguas Cordillera S.A.	15,000
Aguas Manquehue S.A.	70,000
Essal S.A.	10,000
Ecoriles S.A.	1,891
Análisis Ambientales S.A.	175,000
Total	2,214,398

Note 12. GOODWILL

The detail of goodwill follows for the different Cash Generating Units (CGUs) or groups to which they are assigned, through December 31, 2016 and December 31, 2015:

Tax ID	Company	31-12-2016 Th\$	31-12-2015 Th\$
96,809,310-k	Aguas Cordillera S.A.	33,823,049	33,823,049
96,579,800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	343,332	343,332
96,897,320-7	Inversiones Iberaguas Ltda.	2,066,631	2,066,631
Total		36,233,012	36,233,012



Note 13. PROPERTIES, PLANT AND EQUIPMENT

	31-12-2016	31-12-2015
	Th\$	Th\$
Property, plant and equipment, net	1,294,570,086	1,248,135,284
Sewage system	247,188,146	250,020,262
Constructions in progress	180,506,784	144,232,818
Potable Water Network	163,124,828	155,110,210
Production installations	162,939,794	149,021,755
Land	160,070,637	160,423,927
Wastewater treatment plants	143,756,791	147,687,828
Machinery	99,318,272	103,872,419
Buildings	74,440,293	74,367,058
Other installations	36,448,254	36,724,335
Complementary works	21,252,123	21,048,281
Computer equipment	2,659,948	2,486,497
Transportation equipment	1,861,338	2,132,247
Appliances and accessories	701,742	683,380
Property out of service	239,851	241,199
Improvements in leasing rights	61,285	83,068
Property, plant and equipment, gross	2,446,766,910	2,342,181,341
Sewage system	508,150,937	499,081,885
Potable Water Network	474,364,900	459,581,460
Machinery	318,777,368	303,870,719
Production installations	305,539,500	286,207,959
Wastewater treatment plants	197,861,144	197,838,500
Constructions in progress	180,506,784	144,232,818
Land	160,070,637	160,423,927
Other installations	131,523,642	125,917,608
Buildings	103,580,338	101,522,741
Complementary works	40,632,428	38,974,876
Computer equipment	11,404,754	10,179,797
Transportation equipment	6,295,614	6,430,584
Appliances and accessories	5,259,569	5,133,162
Property out of service	2,187,881	2,180,001
Improvements in leasing rights	611,414	605,304
Accumulated depreciation	1,152,196,824	1,094,046,057
Potable Water Network	311,240,072	304,471,250
Sewage system	260,962,791	249,061,623
Machinery	219,459,096	199,998,300
Production installations	142,599,706	137,186,204
Other installations	95,075,388	89,193,273
Wastewater treatment plants	54,104,353	50,150,672
Buildings	29,140,045	27,155,683
Complementary works	19,380,305	17,926,595
Computer equipment	8,744,806	7,693,300
Appliances and accessories	4,557,827	4,449,782
Transportation equipment	4,434,276	4,298,337
Property out of service	1,948,030	1,938,802
Improvements in leasing rights	550,129	522,236



The following is information on the main figures for the Group's companies.

	31-12-2016	Aguas Andinas S.A.	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Essal S.A.	Otros
	M\$	%	%	%	%	%
Propiedades, planta y equipo, neto	1.294.570.086	76%	8%	4%	11%	1%
Terrenos	160.070.637	75%	13%	1%	11%	0%
Edificios	74.440.293	74%	4%	2%	18%	2%
Maquinaria	99.318.272	77%	6%	3%	11%	3%
Equipos de Transporte	1.861.338	88%	0%	0%	4%	8%
Enseres y accesorios	701.742	33%	1%	0%	24%	42%
Equipos informáticos	2.659.948	87%	0%	0%	10%	3%
Mejoras de derechos de arrendamiento	61.285	13%	0%	0%	0%	87%
Construcciones en proceso	180.506.784	75%	9%	5%	11%	0%
Obras complementarias	21.252.123	80%	5%	3%	12%	0%
Instalaciones de producción	162.939.794	64%	14%	14%	8%	0%
Redes de agua potable	163.124.828	67%	18%	2%	12%	1%
Redes de alcantarillado	247.188.146	83%	2%	4%	11%	0%
Plantas de tratamiento de aguas servidas	143.756.791	93%	0%	0%	7%	0%
Otras instalaciones	36.448.254	68%	8%	8%	13%	3%
Bienes fuera de operación	239.851	34%	66%	0%	0%	0%

In accordance with what is established in IAS 16, paragraph 79, letter d, the Group presents information on the reasonable value of its main assets:

Class of Assets	Cost	Revaluation
	31-12-2016	31-12-2016
	Th\$	Th\$
Buildings	74,440,293	111,201,059
Complementary works	21,252,123	36,859,150
Production installations	162,939,794	280,078,364
Potable Water Network	163,124,828	423,879,665
Sewage system	247,188,146	444,489,397
Wastewater treatment plants	143,756,791	163,262,607
Other installations	36,448,254	38,241,095
Machinery and equipment	99,318,272	124,638,499
Total	948,468,501	1,622,649,837

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

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



Movements in property, plant and equipment through December 31, 2016 (Net Value)

Concept	Initial balance	Depreciation	Increases (decreases) for transfers from construction in progress	Increases (decreases) for other changes	Disposals & withdrawals from service	Total Changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,423,927	0	39,568	-374,897	-17,961	-353,290	160,070,637
Buildings	74,367,058	-1,996,991	1,216,496	906,270	-52,540	73,235	74,440,293
Machinery	103,872,419	-21,105,106	15,233,248	1,518,538	-200,827	-4,554,147	99,318,272
Transportation equipment	2,132,247	-539,295	61,542	245,023	-38,179	-270,909	1,861,338
Appliances and accessories	683,380	-113,932	45,651	86,646	-3	18,362	701,742
Computer equipment	2,486,497	-1,293,633	250,610	1,216,474	0	173,451	2,659,948
Improvements in leasing rights	83,068	-27,893	1,356	4,754	0	-21,783	61,285
Constructions in progress	144,232,818	0	-47,756,099	85,246,536	-1,216,471	36,273,966	180,506,784
Complementary works	21,048,281	-1,453,845	908,308	749,626	-247	203,842	21,252,123
Production installations	149,021,755	-5,722,133	15,733,702	4,040,989	-134,519	13,918,039	162,939,794
Potable Water Network	155,110,210	-6,771,912	6,963,502	7,823,028	0	8,014,618	163,124,828
Sewage system	250,020,262	-11,901,067	2,463,372	6,605,579	0	-2,832,116	247,188,146
Wastewater treatment plants	147,687,828	-4,450,160	120,471	557,909	-159,257	-3,931,037	143,756,791
Other installations	36,724,335	-5,919,380	3,853,169	1,790,281	-151	-276,081	36,448,254
Property out of service	241,199	-9,228	21,475	-13,595	0	-1,348	239,851
Classes of Property, plant and equipment, net	1,248,135,284	-61,304,575	-843,629	110,403,161	-1,820,155	46,434,802	1,294,570,086



Movements in property, plant and equipment through December 31, 2015 (Net Value)

Concept	Initial balance	Depreciation	Increases (decreases) for transfers from construction in progress	Increases (decreases) for other changes	Disposals & withdrawals from service	Total Changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	158,072,457	0	42,834	2,346,709	-38,073	2,351,470	160,423,927
Buildings	74,015,778	-1,959,251	5,015,753	-968,061	-1,737,161	351,280	74,367,058
Machinery	112,453,483	-21,461,135	5,952,997	7,595,414	-668,340	-8,581,064	103,872,419
Transportation equipment	2,441,287	-512,296	326,337	-104,188	-18,893	-309,040	2,132,247
Appliances and accessories	591,523	-124,775	70,162	337,998	-191,528	91,857	683,380
Computer equipment	2,349,503	-1,290,812	562,101	866,244	-539	136,994	2,486,497
Improvements in leasing rights	77,977	-26,693	1,940	29,844	0	5,091	83,068
Constructions in progress	72,421,357	0	-24,476,822	96,326,853	-38,570	71,811,461	144,232,818
Complementary works	20,792,593	-1,396,509	726,045	1,026,503	-100,351	255,688	21,048,281
Production installations	150,376,845	-5,601,736	2,474,097	1,810,280	-37,731	-1,355,090	149,021,755
Potable Water Network	153,225,916	-7,094,529	2,285,004	6,710,931	-17,112	1,884,294	155,110,210
Sewage system	251,463,672	-11,949,269	2,681,098	7,824,759	2	-1,443,410	250,020,262
Wastewater treatment plants	150,352,944	-4,437,505	1,907,573	-30,531	-104,653	-2,665,116	147,687,828
Other installations	39,519,012	-5,693,528	1,578,320	1,402,813	-82,282	-2,794,677	36,724,335
Property out of service	251,038	-9,840	0	0	1	-9,839	241,199
Classes of Property, plant and equipment, net	1,188,405,385	-61,557,878	-852,561	125,175,568	-3,035,230	59,729,899	1,248,135,284

Disclosure information for property, plant and equipment (gross value)



Current Period 31-12-2016

Concept	Initial balance	Increases (decreases) for transfers from construction in progress	Increases (decreases) for other changes	Disposals & withdrawals from service	Total Changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	160,423,927	39,568	-374,897	-17,961	-353,290	160,070,637
Buildings	101,522,741	1,216,496	906,270	-65,169	2,057,597	103,580,338
Machinery	303,870,719	15,233,248	1,505,136	-1,831,735	14,906,649	318,777,368
Transportation equipment	6,430,584	61,542	258,134	-454,646	-134,970	6,295,614
Appliances and accessories	5,133,162	45,651	86,674	-5,918	126,407	5,259,569
Computer equipment	10,179,797	250,610	1,216,459	-242,112	1,224,957	11,404,754
Improvements in leasing rights	605,304	1,356	4,754	0	6,110	611,414
Constructions in progress	144,232,818	-47,756,099	85,246,536	-1,216,471	36,273,966	180,506,784
Complementary works	38,974,876	908,308	749,625	-381	1,657,552	40,632,428
Production installations	286,207,959	15,733,702	4,024,156	-426,317	19,331,541	305,539,500
Potable Water Network	459,581,460	6,963,502	7,819,938	0	14,783,440	474,364,900
Sewage system	499,081,885	2,463,372	6,605,680	0	9,069,052	508,150,937
Wastewater treatment plants	197,838,500	120,471	557,045	-654,872	22,644	197,861,144
Other installations	125,917,608	3,853,169	1,784,431	-31,566	5,606,034	131,523,642
Property out of service	2,180,001	21,475	-13,595	0	7,880	2,187,881
Classes of Property, plant and equipment, gross	2,342,181,341	-843,629	110,376,346	-4,947,148	104,585,569	2,446,766,910



Previous period 31-12-2015

Concept	Initial balance	Increases (decreases) for transfers from construction in progress	Increases (decreases) for other changes	Disposals & withdrawals from service	Total Changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	158,072,457	42,834	2,346,709	-38,073	2,351,470	160,423,927
Buildings	99,239,758	5,015,753	-968,061	-1,764,709	2,282,983	101,522,741
Machinery	291,343,330	5,952,997	7,595,471	-1,021,079	12,527,389	303,870,719
Transportation equipment	6,291,303	326,337	-104,188	-82,868	139,281	6,430,584
Appliances and accessories	4,949,375	70,162	338,007	-224,382	183,787	5,133,162
Computer equipment	8,770,905	562,101	866,244	-19,453	1,408,892	10,179,797
Improvements in leasing rights	573,520	1,940	29,844	0	31,784	605,304
Constructions in progress	72,421,357	-24,476,822	96,326,853	-38,570	71,811,461	144,232,818
Complementary works	37,349,137	726,045	1,026,423	-126,729	1,625,739	38,974,876
Production installations	282,251,947	2,474,097	1,810,280	-328,365	3,956,012	286,207,959
Potable Water Network	450,887,860	2,285,004	6,707,060	-298,464	8,693,600	459,581,460
Sewage system	488,576,062	2,681,098	7,828,654	-3,929	10,505,823	499,081,885
Wastewater treatment plants	196,105,002	1,907,573	-30,531	-143,544	1,733,498	197,838,500
Other installations	123,036,289	1,578,320	1,402,804	-99,805	2,881,319	125,917,608
Property out of service	2,245,585	0	0	-65,584	-65,584	2,180,001
Classes of Property, plant and equipment, gross	2,222,113,887	-852,561	125,175,569	-4,255,554	120,067,454	2,342,181,341



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

Current Period 31-12-2016

Concept	Initial balance	Depreciation	Increases (decreases) for other changes	Disposals & withdrawals from service	Total Changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Buildings	27,155,683	1,996,991	0	-12,629	1,984,362	29,140,045
Machinery	199,998,300	21,105,106	-13,402	-1,630,908	19,460,796	219,459,096
Transportation equipment	4,298,337	539,295	13,111	-416,467	135,939	4,434,276
Appliances and accessories	4,449,782	113,932	28	-5,915	108,045	4,557,827
Computer equipment	7,693,300	1,293,633	-15	-242,112	1,051,506	8,744,806
Improvements in leasing rights	522,236	27,893	0	0	27,893	550,129
Complementary works	17,926,595	1,453,845	-1	-134	1,453,710	19,380,305
Production installations	137,186,204	5,722,133	-16,833	-291,798	5,413,502	142,599,706
Potable Water Network	304,471,250	6,771,912	-3,090	0	6,768,822	311,240,072
Sewage system	249,061,623	11,901,067	101	0	11,901,168	260,962,791
Wastewater treatment plants	50,150,672	4,450,160	-864	-495,615	3,953,681	54,104,353
Other installations	89,193,273	5,919,380	-5,850	-31,415	5,882,115	95,075,388
Property out of service	1,938,802	9,228	0	0	9,228	1,948,030
Classes of Property, plant and equipment, accumulated depreciation	1,094,046,057	61,304,575	-26,815	-3,126,993	58,150,767	1,152,196,824



Previous Period 31-12-2015

Concept	Initial balance	Depreciation	Increases (decreases) for other changes	Disposals & withdrawals from service	Total Changes	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Buildings	25,223,980	1,959,251	0	-27,548	1,931,703	27,155,683
Machinery	178,889,847	21,461,135	57	-352,739	21,108,453	199,998,300
Transportation equipment	3,850,016	512,296	0	-63,975	448,321	4,298,337
Appliances and accessories	4,357,852	124,775	9	-32,854	91,930	4,449,782
Computer equipment	6,421,402	1,290,812	0	-18,914	1,271,898	7,693,300
Improvements to leasing rights	495,543	26,693	0	0	26,693	522,236
Complementary works	16,556,544	1,396,509	-80	-26,378	1,370,051	17,926,595
Production installations	131,875,102	5,601,736	0	-290,634	5,311,102	137,186,204
Potable Water Network	297,661,944	7,094,529	-3,871	-281,352	6,809,306	304,471,250
Sewage system	237,112,390	11,949,269	3,895	-3,931	11,949,233	249,061,623
Wastewater treatment plants	45,752,058	4,437,505	0	-38,891	4,398,614	50,150,672
Other installations	83,517,277	5,693,528	-9	-17,523	5,675,996	89,193,273
Property out of service	1,994,547	9,840	0	-65,585	-55,745	1,938,802
Classes of Property, plant and equipment, accumulated depreciation	1,033,708,502	61,557,878	1	-1,220,324	60,337,555	1,094,046,057



The detail of each Company of the Group, consolidated by the amount of future commitments for acquisitions of property, plant and equipment for the 2017 period, is as follows:

Company	Th\$
Aguas Andinas S.A.	92,831,891
Essal S.A.	13,523,044
Aguas Manquehue S.A.	12,987,943
Aguas Cordillera S.A.	6,009,907
Análisis Ambientales S.A.	168,547
Ecoriles S.A.	72,542
Gestión y Servicios S.A.	18,816
Total	125,612,690

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

Company	Gross Value Th\$	Accumulated Depreciation Th\$	Net Value Th\$
Aguas Andinas S.A.	1,913,549	-1,832,071	81,478
Aguas Cordillera S.A.	274,332	-115,959	158,373
Total	2,187,881	-1,948,030	239,851

Note 14. IMPAIRMENT OF VALUE OF ASSETS

Disclosure information on asset impairment by cash generating unit:

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

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

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

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



The respective tests for impairment were made for the years ending December 31st 2016 and 2015 based on the Group's estimates and projections. These estimates indicated that the benefits attributable to the participations with lower associated values individually exceed their consolidated book values in all cases. Additionally, the intangible assets with indefinite useful lives were evaluated, resulting in a higher value registered on the books.

Note 15. PROVISIONS AND CONTINGENT LIABILITIES

A. Provisions

The detail of these as of December 31, 2016 and December 31, 2015 is as follows:

Classes of provisions	31-12-2016 Th\$	31-12-2015 Th\$
Provision for legal claims	2,628,225	547,288
Other provisions, current	2,628,225	547,288
Other provisions, non-current	1,277,574	1,239,995
Provisions, non-current	1,277,574	1,239,995

The movement in current provisions for the periods was:

Legal claims	31-12-2016 Th\$	31-12-2015 Th\$
Initial balance provisions	547,288	591,098
Increase in existing provisions	2,561,407	252,620
Provision used	-448,719	-237,035
Other increases (decreases)	-31,751	-59,395
Changes in provisions, Total	2,080,937	-43,810
Total	2,628,225	547,288

The provisions under this heading are described as follows:

1.- Legal claims

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

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

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

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

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



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

Timetable foreseen for release of class of provision: Undetermined.

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

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

Timetable foreseen for release of class of provision: Undetermined.

Uncertainties about the timing and amount of a class of provision: The fine proceeding initiated against Aguas Andinas S.A. determines an amount of 101 UTA adjusted. The fine was paid prior to claim. A sentence was issued reducing the fine to 81 UTA, with both parties appealing the case, which resolution is pending. In accordance to the status of the case, is not possible to estimate the result.

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

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

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

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

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

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

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

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

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

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



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

Uncertainties about the timing and amount of a class of provision: The legal claims correspond to sanctions imposed by Chilean Treasury amounting to M \$89,212.

2.- Other provisions, non-current

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

B.- Contingent liabilities

- 1.- Aguas Andinas S.A. was sued for damages for injuries allegedly suffered by a Mining Company for the installation of the company's infrastructure on land on which the applicant had mining properties, thereby allegedly causing damages by preventing mineral extraction. The amount claimed is M \$1,093,564. The case is at the evidence stage.
- 2.- On June 9, 2016 and resulting from a rupture of the potable water network that affected the district of Providencia, Aguas Andinas S.A. is compensating for the damages caused to third parties. In light of the above-mentioned emergency, the Company is in the process of being reviewed by the Superintendency of Sanitation Services.

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

Note 16. GUARANTEES AND RESTRICTIONS

a) Direct guarantees

Guarantee policies and performance bonds have been granted in favor of various institutions, the principal ones being the Superintendency of Sanitation Services, to guarantee the conditions for the provision of services and development programs in the Company's concession areas, SERVIU Metropolitano, to guarantee the replacement of pavement, and to other institutions, for M \$33,458,982 as of December 31, 2016 and M \$36,252,092 as of December 31, 2015.



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

Creditor	Debtor Name	Type of guarantee	31-12-2016 Th\$	31-12-2015 Th\$
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Andinas S.A.	Performance Bond	7,507,300	7,270,918
Superintendency of Sanitation Services	Aguas Andinas S.A.	Performance Bond	6,457,521	6,906,937
Metropolitan Housing and Urbanism Service	Aguas Andinas S.A.	Performance Bond	6,088,905	6,088,905
Direction of Hydraulic Works	Aguas Andinas S.A.	Performance Bond	652,933	607,007
Municipality of La Florida	Aguas Andinas S.A.	Performance Bond	441,250	432,510
Municipality of Providencia	Aguas Andinas S.A.	Performance Bond	108,448	52,745
Aguas del Valle S.A.	Aguas Andinas S.A.	Performance Bond	0	51,258
Municipality of Peñalolen	Aguas Andinas S.A.	Performance Bond	42,785	41,617
Regional Direction of Roads	Aguas Andinas S.A.	Performance Bond	53,592	16,915
Municipality of La Pintana Treasury	Aguas Andinas S.A.	Performance Bond	0	31,440
Constructora San Francisco	Aguas Andinas S.A.	Performance Bond	20,156	15,377
Municipality of Santiago	Aguas Andinas S.A.	Performance Bond	24,504	23,835
Municipality of La Pintana	Aguas Andinas S.A.	Performance Bond	31,440	20,678
Municipality of San Bernardo	Aguas Andinas S.A.	Performance Bond	15,809	7,689
Municipality of Macul	Aguas Andinas S.A.	Performance Bond	18,496	8,996
Esval S.A.	Aguas Andinas S.A.	Performance Bond	0	102,516
Municipality of Calera de Tango	Aguas Andinas S.A.	Performance Bond	0	12,702
Superintendency of Sanitation Services	Aguas Cordillera S.A.	Performance Bond	1,204,472	2,304,773
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Cordillera S.A.	Performance Bond	909,783	884,960
Metropolitan Housing and Urbanism Service	Aguas Cordillera S.A.	Performance Bond	724,569	845,760
Municipality of Las Condes	Aguas Cordillera S.A.	Performance Bond	173,790	173,000
Municipality of Vitacura	Aguas Cordillera S.A.	Performance Bond	52,696	51,258
Municipality of Lo Barnechea	Aguas Cordillera S.A.	Performance Bond	17,126	12,815
Ministry of Public Works - General Water Directorate	Aguas Cordillera S.A.	Performance Bond	392,111	381,412
Sencorp S.A	Aguas Cordillera S.A.	Performance Bond	300,103	0
Asociación de Canalistas Sociedad del Canal Maipo	Aguas Manquehue S.A.	Performance Bond	1,193,440	1,160,877
Superintendency of Sanitation Services	Aguas Manquehue S.A.	Performance Bond	987,786	1,075,063



Municipality of Vitacura	Aguas Manquehue S.A.	Performance Bond	10,538	10,252
Municipality of Lo Barnechea	Aguas Manquehue S.A.	Performance Bond	108,432	0
Housing and Urbanism Service	Gestión y Servicios S.A.	Performance Bond	1,631,391	2,408,203
Municipality of Las Condes	Gestión y Servicios S.A.	Performance Bond	0	33,222
Siderúrgica Huachipato	Anam S.A.	Performance Bond	52,696	51,258
Corporación Nacional del Cobre	Anam S.A.	Performance Bond	17,113	16,646
Superintendency of Environment	Anam S.A.	Performance Bond	13,174	0
Empresa Servicios Sanitarios del BioBio S.A.	Anam S.A.	Performance Bond	0	34,599
Doña Inés de Collahuasi Mining Company	Anam S.A.	Performance Bond	0	14,598
Surlat Industria	Ecoriles	Performance Bond	13,169	0
Superintendency of Sanitation Services	Essal S.A.	Performance Bond	2,287,664	2,399,825
Director of Hydraulic works	Essal S.A.	Performance Bond	1,123,446	1,491,677
Regional Government of the Los Rios Region	Essal S.A.	Performance Bond	76,212	166,503
Housing and Urbanism Service	Essal S.A.	Performance Bond	146,231	150,239
Director of Road Infrastructure	Essal S.A.	Performance Bond	15,809	80,845
Regional Secretariat	Essal S.A.	Performance Bond	0	28,705
Director General del Territorio Marítimo y de Marina Mercante	Essal S.A.	Performance Bond	7,714	11,281
Total			32,922,604	35,479,816

b) Bond issue restrictions

i) Aguas Andinas S.A.

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

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



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

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

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

As of December 31, 2016, the abovementioned accounts are as follows (Th\$):

Pasivos corrientes totales	211.931.051
Pasivos no corrientes totales	873.005.660
Total pasivos IFRS	1.084.936.711
Garantías con terceros (*)	517.816
Total pasivo exigible	1.085.454.527
Total activos	1.771.819.136
Pasivos corrientes totales	-211.931.051
Total pasivos no corrientes	-873.005.660
Patrimonio neto total	686.882.425

The debt ratio was 1.58:1, as of December 31, 2016.

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

The variation in the Debt Level as of December 31, 2016 was the following:

IPC Base 2009			Covenant	
31-12-2009	31-12-2016	Accumulated inflation	Base	Limit
90.28	113.88	26,14%	1.5	1.89

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

The Company is in compliance with all the covenants established in the bond indentures as of December 31, 2016 and December 31, 2015.

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

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



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

From 2010, the above covenant was adjusted according to the difference between the consumer price index (CPI) of the month in which the debt level is calculated and the CPI for December 2009. This ratio will be adjusted up to a maximum of 2:1 (Debt = Total Liabilities/Total Net Equity). As of December 31, 2016, the debt ratio was 1.1:1.

- 6.- Maintain an Ebitda/Financial expenses ratio of no less than 3.5:1. As of December 31, 2016, the ratio was 8.3:1.

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

The Company is in compliance with all obligations established in the bond indentures as of December 31, 2016 and December 31, 2015.

c) Bank loan restrictions

i) Aguas Andinas S.A.

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

- 1.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated balance sheets. Notwithstanding the above, the previous limit shall be adjusted according to the ratio between the Consumer Price Index for the month in which the debt level is calculated and the consumer price index for December 2009. In any case the limit shall be adjusted up to a maximum level of 2:1. For the year ending of December 31, 2016 the variation in debt level amounted to 1.89:1. To this end, the level of indebtedness shall be defined as the ratio of total liabilities to total net assets. As of December 31, 2016 the debt level amounted to 1.58:1.
- 2.- Prohibition on the disposal or loss of title to essential assets, except for contributions or transfers of essential assets to Subsidiary Companies.
- 3.- Send a copy of the individual and consolidated financial statements and both the quarterly and the audited annual statements to the different banks with which the Company has loans, within no more than five days of their presentation to the Superintendency of Securities and Insurance.
- 4.- Record in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements.
- 5.- Maintain insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the Company's kind.



- 6.- Send a certificate signed by the Company's CEO declaring compliance with the obligations under the loan agreement.
- 7.- Prohibition on distribution of dividends, except for the obligatory minimum if there is a situation of default or delay in the payment of any loan installment.
- 8.- Maintain a financial expense coverage ratio of at least 3:1, measured on the figures in its consolidated and unconsolidated statements of financial position, defined as the ratio between operating income plus depreciation for the period and amortization of intangible assets divided by financial expenses.
- 9.- Prohibition on liquidating or dissolving the Company, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present subsidiaries.
- 10.- Obligation to ensure that transactions carried out with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

ii) Aguas Cordillera S.A.

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

- 1.- Maintain a debt ratio no higher than 1.5:1, measured on its consolidated and unconsolidated balance sheets. Notwithstanding the above, the previous limit shall be adjusted according to the ratio between the Consumer Price Index for the month in which the debt level is calculated and the consumer price index in December 2009. In any case the limit shall be adjusted up to a maximum level of 2.0:1. To this end, the level of indebtedness shall be defined as the ratio of total liabilities to total net assets. As of December 31, 2016 the debt level amounted to 0.59:1.
- 2.- Maintain a coverage ratio of financial expenses equal to or more than 3.0:1, measured on its annual consolidated balance sheet, defined as the ratio between operating income plus depreciation and amortization of intangibles divided by financial expenses. As of December 31, 2016, the coverage of financial expenses amounted to 14.62:1.
- 3.- Send the bank a copy of the debtor's annual consolidated financial statements, within no more than thirty days of their presentation to the Superintendency of Securities and Insurance.
- 4.- Send a certificate signed by the Company's CEO declaring compliance with the obligations under the loan agreement.
- 5.- Maintain in full force all rights, licenses, permits, trademarks, franchises, concessions or relevant parts thereof.
- 6.- Maintain insurance coverage to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with usual practices for industries of the Company's kind.
- 7.- Obligation to ensure that its transactions with its subsidiary or other related parties are made on equitable conditions similar to those normally prevailing in the market.

iii) Essal S.A.

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

As of December 31, 2016, the Company and its sanitation subsidiaries are in compliance with all requirements established in the loan agreements with accrediting Banks, as well as with all the provisions of DFL. N° 382 of the General Sanitation Services Law of 1988, and its Regulations (D.S. MOP N°1199/2004 published in November 2005).



d) Guarantees received from third parties

As of December 31, 2016 and December 31, 2015, the Company has received documents in guarantee for Th\$ 50.472.285 and Th\$ 60,160,786 respectively, arising mainly from work contracts with construction companies to guarantee their due performance. There are also other guarantees for service contracts and acquisition of materials to ensure timely delivery.

A detail of the more important bank guarantees received as of December 31, 2016 is summarized below:

Contractor or Supplier	31-12-2016 Th\$	Maturity Date
EMP.DEPURADORA DE A.S. MAPOCHO EL T	13,670,493	30-07-2018
DEGREMONT AGENCIA EN CHILE	6,460,598	01-03-2017
EMPRESA DEPURADORA DE AGUAS SERVIDAS LTDA	5,118,085	31-12-2017
EMP. DEP. DE A.S. MAPOCHO TREBAL LTDA	4,464,560	01-06-2017
DEGREMONT S.A. AGENCIA CHILE	3,860,243	30-01-2017
ING. Y CONST. SIGDO KOPPERS S.A.	2,541,692	30-01-2017
DEGREMONT AGENCIA EN CHILE	2,252,535	01-03-2017
SOC. CONCES. COSTANERA NORTE S.A.	658,700	28-02-2017
AQUALOGY MEDIOAMBIENTE CHILE S.A.	644,681	02-05-2017
CONSTRUCTORA TREBOL LTDA.	488,439	29-01-2018
INMOB. Y COMERCIAL QUILICURA LTDA.	368,872	28-10-2020
BAPA S.A.	284,246	28-02-2017
SUEZ MEDIOAMBIENTE CHILE S.A.	246,696	28-02-2017
INMOBILIARIA NUEVA TARAPACA S.A.	237,132	16-01-2017
DOMUS S.A.	237,132	31-01-2017
WALMART CHILE INMOBILIARIA LTDA.	229,412	16-02-2017
CONSTRUCTORA PEREZ Y GOMEZ LTDA	223,484	30-04-2017
INLAC S.A.	191,401	31-07-2017
CONSTRUCTORA PEREZ Y GOMEZ LTDA	185,081	30-04-2017
EL CHAMISERO INMOB.S.A.	171,262	31-05-2017
INMOB. Y COMERCIAL QUILICURA LTDA.	163,094	28-10-2017
INMOB. Y COMERCIAL QUILICURA LTDA.	163,094	28-10-2017
INLAC S.A.	135,577	11-08-2017
ASAMBLEA ESPIRITUAL NAC DE LOS BAHAYS	131,740	04-03-2017
CRUZ Y DAVILA INGENIEROS CONS.LTDA	128,025	23-12-2017
INLAC S.A.	123,592	31-07-2017
TRANSPORTES ARAYA LTDA.	118,566	21-04-2017
CONSTRUCTORA PEREZ Y GOMEZ LTDA	114,149	30-04-2017
BAPA S.A.	108,676	13-02-2017
CONSORCIO NAC. DE DIST. Y LOG. S.A.	105,392	30-04-2017
CONSORCIO NAC. DE DIST. Y LOG. S.A.	105,392	31-05-2017
CONSTRUCTORA PEREZ Y GOMEZ LTDA	105,392	01-11-2017
EULEN CHILE S.A.	105,392	21-06-2018
LUXAGUA INGENIERIA LTDA	105,392	30-08-2018
INM. Y CONST NVA. PACIFI. SUR LTDA.	105,392	18-11-2018
INMOBILIARIA LOMA LA CRUZ S.A.	105,392	29-01-2017
EMPRESAS CAROZZI S.A.	100,860	02-05-2017
INGENIARIA Y CONSTRUCCION CAIQUEN LTDA	104,177	29-05-2017
	44,664,038	



Note 17. ORDINARY REVENUE

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

Classes of ordinary revenue	31-12-2016 Th\$	31-12-2015 Th\$
Ordinary revenues		
Sales of goods	7,528,118	8,606,117
Provision of services	484,428,296	464,664,265
Reimbursement of insurance	46,566	126,323
Total	492,002,980	473,396,705

Note 18. LEASES

Information to disclose about operational leases as lessor

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

Future minimum payments of non-cancellable leases, lessees	31-12-2016 Th\$	31-12-2015 Th\$
Future minimum payments of non-cancellable leases, until one year, lessees	2,713,686	2,024,359
Future minimum payments of non-cancellable leases, 1 to 5 years, lessees	5,225,937	4,787,536
Future minimum payments of non-cancellable leases, lessees, total	7,939,623	6,811,895
Minimum lease payments under operative leases	4,775,483	4,170,731
Lease & Sub-lease installments booked in statement of earnings, total	4,775,483	4,170,731

Significant operative leasing agreements:

The most significant operative leases relate to the Commercial Agencies in different districts of the Metropolitan Region. In these cases, the terms range from 1 to 5 years with automatic one-year renewals. These contracts may be terminated in advance subject to giving notice within the term and conditions established with each lessor, which would not generate contingent payments.

Existence and terms of renewal or purchase options and revision clauses, operative lease contracts:

Agreements are automatically renewed for one year.



Disclosures of operative leases as lessors:

The Company has contracts of this kind where it acts as lessor, referring principally to parts of its operative premises, which are mostly used by telecommunications companies. The terms fluctuate between one and ten years, but the Company has the power to terminate them in advance at any time.

Future minimum non-cancellable lease receivables, lessors	31-12-2016 Th\$	31-12-2015 Th\$
Future minimum non-cancellable lease receivables, up to 1 year, lessors	388,096	380,398
Amount of leases booked in statement of earnings	819,737	656,448
Total	1,207,833	1,036,846

Significant operative lease agreements of the lessor

Income from these sources is immaterial for the Company.

Note 19. EMPLOYEE BENEFITS

The Company, at the consolidated level, has a workforce of 2,029 employees, of whom 85 are Managers and senior executives. Employees who are parties to collective agreements and individual work contracts with special indemnity clauses total 1,603 and 42 respectively, while 384 workers are covered by what is indicated in the Labor Code.

The collective agreement in effect for the employees and operatives Unions N°1 and N°2 of Aguas Andinas S.A. was signed on July 31, 2014, for a four year term.

The collective agreement with the Professionals and Technicians Union N°3 was signed on September 24, 2015, and is in effect until July 31, 2018.

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

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

Policies for defined benefits plans

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

The actuarial calculation is applied for workers who have indemnities at present value until 2002 (including indemnities in any event recognized to that date), as well as for advances granted against such indemnities. For workers who form part of or were incorporated into current collective agreements at the date of the consolidated financial statements, the actuarial valuation calculation is applied for years of service.



Accounting policies for gains and losses on defined benefits plans

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

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

Actuarial assumptions

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

Participants in each plan: These benefits are extended to all workers who are part of a union agreement (indicated above) and to workers with individual contracts including an indemnity clause in any event. Workers forming part of the calculation of the actuarial indemnity are as follows, by company: Aguas Andinas S.A.: 917; Aguas Cordillera S.A.: 98; Aguas Manquehue S.A.: 14; Essal S.A.: 328 and Gestión y Servicios S.A 1.

Mortality: The RV-2009 mortality tables of the Superintendency of Securities and Insurance are used.

Employee turnover and disability rates and early retirements: Based on the Group's statistical experience, the turnover rate used for 2016 and 2015 is 5.9% (five point nine percent) and 5.5% (five point five) for the objective workers. Disabled workers and early retirements have not been considered due to their infrequent nature.

Discount rate: During the 2016 and 2015 periods, a rate of 4.7% (four point seven percent) was used, corresponding to the risk-free rate, plus the estimate of expected long-term inflation.

Inflation rate: For making long-term estimates for both the 2016 and 2015 periods, the forecast long-term inflation rate reported by the Central Bank of Chile was used, which amounts to 3.0%.

Wage increase rate: The rate used for the 2016 and 2015 periods was 6.0%.

General description of defined benefits plans

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

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

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

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



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

The following is the movement in actuarial provisions as of December 31, 2016 and December 31, 2015, which include movements in provisions:

Provisions for employee benefits	31-12-2016 Th\$	31-12-2015 Th\$
Movement in actuarial position		
Initial balance	15,621,082	12,875,569
Cost of services	1,983,269	1,595,460
Interest cost	667,802	575,705
Actuarial gains or losses	-58,684	1,985,359
Benefits paid	-1,984,428	-4,115,296
Provision termination benefits	1,056,671	2,704,285
Sub-Total	17,285,712	15,621,082
Profit sharing and Bonuses	4,125,661	3,821,537
Total	21,411,373	19,442,619

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

Provisions for employee benefits	31-12-2016 Th\$	31-12-2015 Th\$
Provisions for employee benefits, current	5,378,546	5,484,815
Provisions for employee benefits, non-current	16,032,827	13,957,804
Total	21,411,373	19,442,619

Expected payment flows

The collective Contract of Aguas Andinas S.A. indicates, in its 15th clause, that for workers who resign voluntarily to be entitled to retirement, they shall have 120 days from the date they reach the legal retirement age to make their resignation effective.

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

In 2015 the Company began a program that incentivizes voluntary retirement of our employees that are approaching the legal retirement age.

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

Company	Number of Employees	Expected payment flow Th\$	Year
Aguas Andinas S.A.	16	1,132,290	2017
ESSAL S.A.	1	7,473	2017
		1,139,763	



Projected liabilities to December 31, 2017

To calculate the projected liabilities for indemnities at actuarial value to December 2017, as indicated in IAS 19, the actuarial assumptions at December 31, 2016 have been used, already commented in this note. Only the amount of the legal bonus has been increased, in line with the minimum wage established in July of last year.

The following is the summary by company:

Company	Number of Employees	Costs for services Th\$	Costs for interest Th\$
Aguas Andinas S.A.	917	1,565,033	609,942
Aguas Cordillera S.A.	98	206,992	79,807
Aguas Manquehue S.A.	14	30,880	10,015
ESSAL S.A.	328	63,811	20,713
Gestión y Servicios S.A.	1	704	223
		1,867,420	720,700

Sensitivity of assumptions

The sensitivity of the main assumptions has been made based on the actuarial calculation as of December 31, 2016, determining the following impacts:

Concept	Base	Above 0,5% Th\$	Below 0,5% Th\$
Discount rate	4.7%	-603,198	679,947
Turnover rate	5.9%	-632,910	711,970
Wage increase rate	5.4%	600,801	-536,599

Disclosures on benefits on termination of the contractual relationship

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

Profit sharing and bonuses

This relates to the Company's obligation with its personnel with respect to profit-sharing bonuses payable in February and March of the following year. The accrued participation payable to personnel, as stipulated in current contracts, is settled during February on the basis of the statement of financial position for the immediately-preceding year. Through December 31, 2016 and 2015, the amounts total Th\$ 4,125,661 and M \$3,821,537, respectively. In addition, advances are made against this bonus in the months of March, June, September and December of each calendar year.

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



Personnel expenses

Personnel expenses through December 31, 2016 and December 31, 2015 are as follows:

Personnel expenditures	31-12-2016	31-12-2015
	Th\$	Th\$
Wages & Salaries	-32,373,947	-29,890,906
Defined benefits	-14,396,446	-13,182,332
Termination benefits	-4,798,825	-5,554,988
Other personnel costs	-2,052,688	-2,060,723
Total	-53,621,906	-50,688,949

Note 20. EFFECT OF EXCHANGE DIFFERENCES

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

Category	Currency	31-12-2016 Th\$	31-12-2015 Th\$
Trade debts and other accounts receivable	EUR	-800	-367
Trade debts and other accounts receivable	USD	-1,710	625
Other financial assets	USD	0	-921
Other financial assets	EUR	0	0
Total variation in assets		-2,510	-663
Trade debts and other accounts payable	EUR	-13,647	-3,847
Trade debts and other accounts payable	USD	-1,504	-9,666
Accounts payable related entities	EUR	-3	672
Other financial liabilities	EUR	-279	0
Other financial liabilities	USD	-44	0
Total variation in liabilities		-15,477	-12,841
Profits (losses) from exchange differences		-17,987	-13,504



Note 21. OTHER EXPENSES BY NATURE

Information concerning other expenses by nature is presented below:

Other expenses by nature	31-12-2016	31-12-2015
	Th\$	Th\$
Treatment plant operation	-30,055,100	-29,030,858
Commercial services	-19,643,063	-16,526,101
Insurance, taxation, licenses & permits	-5,694,130	-5,628,232
Maintenance of networks, equipment & enclosures	-29,709,798	-25,341,863
Supplies and basic services	-13,983,468	-12,200,652
Other expenses	-14,339,377	-13,964,203
Total	-113,424,936	-102,691,909

Note 22. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs to December 31, 2016 and December 31, 2015 is as follows:

Disclosures on capitalized interest costs:

Capitalized interest costs, property, plant and equipment		31-12-2016	31-12-2015
Rate of capitalization of interest costs, property, plant and equipment	%	7,64	8,11
Amount of capitalized interest, property, plant and equipment	Th\$	5,669,924	2,828,843

Note 23. INCOME TAXES AND DEFERRED TAXES

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

Statements of financial position	31-12-2016 Th\$	31-12-2015 Th\$
Deferred tax assets	20,231,924	17,111,377
Deferred tax liabilities	-38,150,441	-40,336,291
Net position of deferred tax	-17,918,517	-23,224,914

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



Disclosures on deferred tax assets

Deferred tax assets	31-12-2016 Th\$	31-12-2015 Th\$
Water rights (amortization)	463,085	429,019
Provision for non-recoverable accounts	8,317,255	8,497,249
Provision for vacations	585,956	503,849
Litigation	706,416	181,956
Termination benefits	3,888,756	3,375,320
Other provisions	134,392	308,623
Revenue received in advance	0	18,587
Variation monetary correction & depreciation assets	69,610,263	66,207,361
Deferred income	1,969,571	1,969,571
La Dehesa Tank Transaction	371,870	361,724
Amortization	43,332	50,552
Others	1,352,024	813,495
Deferred tax assets	87,442,920	82,717,306



Disclosures on deferred tax liabilities

Deferred tax liabilities	31-12-2016 Th\$	31-12-2015 Th\$
Fixed asset depreciation	22,995,485	22,479,474
Amortizations	649,538	448,077
Expense investment related companies	114,266	114,266
Reevaluations of land	22,669,870	22,669,870
Reevaluations of water rights	45,611,780	45,611,780
Fair value of assets for purchase of Essal S.A.	13,305,193	14,569,528
Others	15,305	49,225
Deferred tax liabilities	105,361,437	105,942,220

Net position of deferred tax	-17,918,517	-23,224,914
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Movements in deferred taxes

Movement in deferred tax assets	31-12-2016 Th\$	31-12-2015 Th\$
Deferred tax assets initial balance	82,717,306	76,749,524
Increases (decreases) in deferred tax assets	1,502,706	444,782
Increases (decreases) through corrections of currency and depreciation	3,402,902	6,270,852
Increases (decreases) for provisions for unrecoverable debts	-179,994	-747,852
Changes in deferred tax assets	4,725,614	5,967,782
Changes in deferred tax assets total	87,442,920	82,717,306

Movement in deferred tax liabilities	31-12-2016 Th\$	31-12-2015 Th\$
Deferred tax liabilities, initial balance	105,942,220	106,981,608
Increases (decreases) in deferred tax liabilities	683,552	145,927
Increases (decreases) in acquisitions through combinations of businesses	-1,264,335	-1,185,315
Changes in deferred tax liabilities	-580,783	-1,039,388
Changes in deferred tax liabilities, total	105,361,437	105,942,220



Income tax expenses

Income (charges) for income taxes by current and deferred parts	31-12-2016 Th\$	31-12-2015 Th\$
Charge for current income taxes	-48,963,274	-40,213,001
Adjustment for tax charge previous period	289,625	58,154
Charge for current taxes	-48,673,649	-40,154,847
Deferred income (expenses) for taxes related to creation & reversal of timing differences	5,322,242	6,552,900
Charge for sole tax (disallowed expenses)	-91,055	-81,777
Earnings (charges) for other taxes	5,231,187	6,471,123
Charges for earnings taxes	-43,442,462	-33,683,724

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

	31-12-2016 Th\$	31-12-2015 Th\$
Charges for taxes using the statutory rate	-47,587,181	-37,432,706
Permanent difference for monetary correction tax equity	3,623,024	3,748,993
Permanent differences for disallowed expenses	-91,055	-81,777
Permanent differences for previous years' income tax	289,625	58,154
Other permanent differences	323,125	23,612
Adjustments to tax charge using the statutory rate	4,144,719	3,748,982
Tax charges using the effective rate	-43,442,462	-33,683,724

Reconciliation of the statutory rate and the effective tax rate

	31-12-2016	31-12-2015
Statutory tax rate	24.00%	22.50%
Permanent difference for monetary correction of tax equity	-1.83%	-2.25%
Effect of rate change in deferred taxes	0.00%	0.00%
Permanent difference for disallowed expenses	0.05%	0.05%
Permanent difference for previous years' income tax	-0.15%	-0.03%
Other permanent differences	-0.16%	-0.02%
Effective tax rate	21.91%	20.25%



Note 24. EARNINGS PER SHARE

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

Earnings per share		31-12-2016	31-12-2015
Earnings attributable to shareholders in equity of the controller	Th\$	150,575,666	129,008,145
Earnings available to common shareholders, basic	Th\$	150,575,666	129,008,145
Weighted average of number of shares, basic		6,118,965,160	6,118,965,160
Earnings per share	\$	24,608	21,083

Information to report on diluted earnings (losses) per share

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

Note 25. BUSINESS SEGMENTS

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

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

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

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

The Water segment consists only of sanitation services that permit the provision of products and production services, water distribution, and sewage collection and treatment. This segment comprises 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 services related to environmental analysis, liquid waste treatment (Riles), comprehensive engineering services, plus the sale of products related to the sanitation services and energy projects. The subsidiaries included are EcoRiles S.A., Anam S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A.



General information on earnings, assets, liabilities and equity.

General information on earnings	31-12-2016		31-12-2015	
	Water Th\$	Non Water Th\$	Water Th\$	Non Water Th\$
Revenues from ordinary activities with external customers	469,116,410	22,886,570	447,576,149	25,820,556
Revenues from ordinary activities between segments	782,634	4,074,938	1,231,979	3,763,794
Primary materials and consumption utilized	-23,152,734	-10,503,558	-25,736,020	-12,074,304
Employee benefit expenses	-46,968,101	-6,711,269	-44,441,487	-6,266,815
Operating expenses	-111,898,151	-6,085,647	-101,197,059	-5,999,851
Depreciation & amortization	-66,318,416	-719,000	-67,805,175	-586,907
Other revenue & expenses	16,728,956	-2,131,435	-171,780	114,260
Financial income	6,366,834	223,193	6,070,710	590,051
Financial costs	-27,106,024	-127,580	-27,942,698	-40,650
Result of indexation & exchange differences	-20,198,764	21,064	-26,552,974	15,803
Income tax charges	-43,242,225	-200,236	-32,617,825	-1,065,899
Earnings by segment	154,110,419	727,040	128,413,820	4,270,038
Earnings by segment attributable to owners of the controller	149,848,626	727,040	124,738,107	4,270,038
Earnings (losses) by segment attributable to non-controller participations	4,261,793	0	3,675,713	0

Total on general information on assets, liabilities and equity	31-12-2016		31-12-2015	
	Water Th\$	Non Water Th\$	Water Th\$	Non Water Th\$
Current assets	172,864,658	13,158,165	139,417,111	14,460,517
Non-current assets	1,575,986,816	15,034,226	1,529,251,479	14,624,249
Total assets	1,748,851,474	28,192,391	1,668,668,590	29,084,766
Current liabilities	208,250,144	8,905,636	230,256,109	8,706,710
Non-current liabilities	872,883,250	122,410	787,106,299	93,772
Equity attributable to owners of the controller	614,992,835	19,164,345	596,911,692	20,284,284
Non-controller participations	52,725,245	0	54,394,490	0
Total equity and liabilities	1,748,851,474	28,192,391	1,668,668,590	29,084,766

Significant items of revenue and expenses by segment

Water and Non-Water Segments

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



Revenue

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

Detail of significant revenue items

Water Segment

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

Tariffs

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

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

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

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

In terms of the subsidiary Essal, the tariff-setting process for the 2016-2021 period finished with an agreement signed between the company and the SISS in September 2016. Publication of the respective decree is pending.

Non-water segment

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

Details of significant expense items

Water segment

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

Non-water segment



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

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

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

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

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

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

Reconciliation of revenues from ordinary activities	31-12-2016	31-12-2015
	Th\$	Th\$
Revenues from ordinary activities of the segments	496,860,552	478,392,478
Elimination of ordinary activity revenues between segments	-4,857,572	-4,995,773
Revenues from ordinary activities	492,002,980	473,396,705

Reconciliation of earnings	31-12-2016	31-12-2015
	Th\$	Th\$
Total consolidated earnings (losses) of segments	154,837,459	132,683,858
Consolidation of earnings (losses) between segments	-4,261,793	-3,675,713
Consolidation of earnings (loss)	150,575,666	129,008,145



Reconciliations of segment assets, liabilities & equity of segments	31-12-2016 Th\$	31-12-2015 Th\$
Reconciliation of assets		
Consolidation total assets of segments	1,777,043,865	1,697,753,356
Elimination of accounts between segments	-5,224,729	-6,555,508
Total assets	1,771,819,136	1,691,197,848
Reconciliation of liabilities		
Consolidation total liabilities of segments	1,090,161,440	1,026,162,889
Elimination of accounts between segments	-5,224,729	-6,555,508
Total liabilities	1,084,936,711	1,019,607,381
Consolidation of equity		
Consolidation of total equities of segments	634,157,180	617,195,977
Equity attributable to owners of the controller	634,157,180	617,195,977

Information on principal customers of the subsidiaries:

Principal water segment customers:

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

Principal non-water segment Customers:

- CMPC Cordillera S.A.
- Cobra Chile Servicios S.A.
- Inmobiliaria Constructora Nueva Pacífico
- Cartulinas CMPC S.A.
- Watt's S.A.
- Soprole S.A.
- Cervecera CCU Chile Ltda.
- Constructora Pérez y Gómez
- Nestle Chile S.A.
- Cooperativa Agrícola y Lechera

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

Water segment

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

- Production and distribution of potable water.
- Collection and treatment of wastewater.

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



Non-water segment

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

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

Note 26. ENVIRONMENT

Information on disbursements related to the environment:

According to Circular N° 1901 of October 30, 2008 of the Superintendency of Securities and Insurance, information is revealed below concerning the disbursements related to the environment.

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

Aguas Andinas S.A.

Project Name	31-12-2016 Th\$	31-12-2015 Th\$
Expansion and Improvements Greater Santiago WWTP	44,206,465	23,005,732
Expansion and Improvements Isla de Maipo WWTP	0	341,476
Expansion and Improvements Other Localities WWTP	11,428	1,363
Expansion and Improvements Paine WWTP	29,943	0
Expansion and Improvements Pomaire WWTP	22,742	14,304
Expansion and Improvements San José de Maipo WWTP	24,040	4,500
Expansion and Improvements Talagante WWTP	53,815	1,964
Expansion and Improvements Valdivia de Paine WWTP	34,996	51,965
Improvement and renovation of equipment and installations	1,150,811	1,207,737
Total	45,534,240	24,629,041

Aguas Manquehue S.A.

Project Name	31-12-2016 Th\$	31-12-2015 Th\$
Improvement and renovation of equipment and installations	91,427	149,181
Total	91,427	149,181



Essal S.A.

Project Name	31-12-2016 Th\$	31-12-2015 Th\$
Improvement in disposal infrastructure	318,325	195,620
Improvement of EDAR system	542,240	295,762
Renovation of treatment and disposal equipment	36,579	33,655
Total	897,144	525,037

Projected environmental investments for the 2017 period:

Company	Th\$
Aguas Andinas S.A.	10,695,672
Aguas Manquehue S.A.	13,000
Essal S.A.	1,114,449
Total	11,823,121

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

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

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

The projected disbursements are estimated to be made during the 2017 year.

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

Note 27. EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

At the date of issuance of these consolidated financial statements, the management of the Company and Subsidiaries are not aware of any subsequent events that affect the financial position through December 31, 2016.

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