





AS OF DECEMBER 31st 2014 2015 2016 2017 2018 Income from potable water 190,400 171,488 180,937 195,091 208,467 Income from waste water 202,001 235,459 220,706 240,399 254,084 Other regulated income 20,282 17,656 18,015 17,161 18,408 Other non regulated income 47,085 53,739 49,225 55,638 50,194 Total income 440,856 473,397 492,245 509,536 530,400 Operational result (1) 206,569 212,999 223,339 222,990 233,234 Earnings for the financial year 58,711 63,283 74,289 68,719 67,128 Total assets 1,879,381 1,963,814 2,044,461 2,069,371 2,178,638 Short term liabilities 177,518 233,356 212,349 237,819 242,928 Long term liabilities 763,838 787,470 873,274 866,737 977,009 Minority interest 360,391 362,362 369,155 371,326 367,027 Equity attributable to the owners 577,634 580,626 591,674 589,683 593,488 of the controller

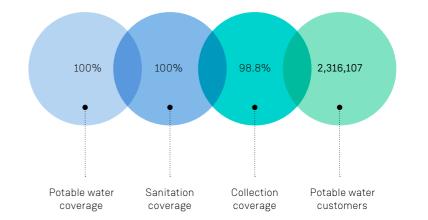
\$67,127,660

Was the profit of the 2018 financial year

Operational background of IAM subsidiaries

AS OF DECEMBER 31ST	2014	2015	2016	2017	2018
Total potable water customers	2,096,999	2,149,673	2,213,869	2,259,245	2,316,107
Total wastewatercollection customers	2,045,634	2,096,347	2,160,473	2,205,940	2,263,039
Total invoiced water (millions of m³)	558.6	562.2	569.2	575	597.6
Invoiced Wastewater collection (millions of m³)	540.5	542.9	549.6	554.3	573.3
Treatment and disposal Invoiced water services (millions of m³)	473.7	473.7	479	484.3	499.2
Invoiced Sewerage interconnection (millions of m³)	119.3	121.8	123.4	123.8	128
Total potable water coverage	100.00%	100.00%	100.00%	100.00%	100.00%
Total collection coverage	98.40%	98.40%	98.40%	98.80%	(2)
Total wastewater treatment coverage	100.00%	100.00%	100.00%	100.00%	100.00%
Total employees	1,881	1,953	2,032	2,107	2,121

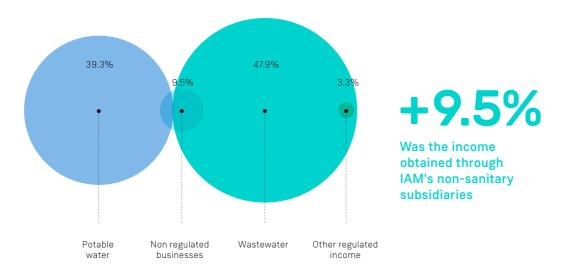
(2) Estimate of the Superintendence of Sanitary Services to be published in 2019.



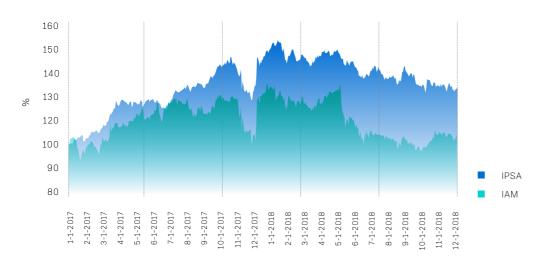
All the financial and operational information contained in this report is consolidated data.from IAM and its subsidiaries

⁽¹⁾ Operating Result = Ordinary revenues - consumption of raw materials and secondary materials - personnel expenses - depreciation and amortization - impairment losses - other miscellaneous operating expenses.

Income distribution 2018



Stock Exchange performance (1)



(1) Source: Santiago Stock Exchange. Base 100.

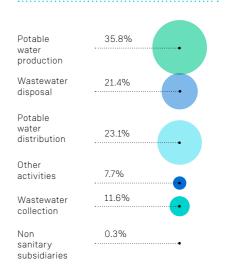
Ebitda - Margin Ebitda (2)(3)



(2) EBITDA: Operating profit + depreciation for the year + amortization of intangibles.

- (3) EBITDA: Ordinary revenues consumption of raw materials and secondary materials - personnel expenses
 - -other miscellaneous operating expenses.

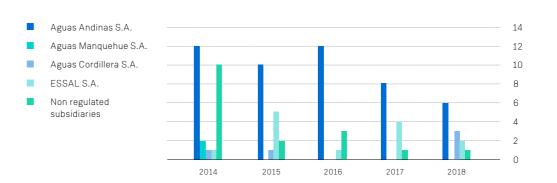
Investments



MM\$163,753

was the amount of investments of 2018

Accident rate⁽⁴⁾



(4) Accident rate: Number of lost time accidents / Average number of workers in the period



Letter from the Chairman



DEAR SHAREHOLDERS:

As Chairman of the Board of Directors of Aguas Metropolitanas S.A., I have the honor to present the Annual Report and the Financial Statements of the Company for the 2018 fiscal year.

The year ended last December 31st was again characterized by a period of water scarcity in the central zone of Chile - which corresponds to the concession area of the subsidiaries Aguas Andinas, Aguas Cordillera and Agua Manquehue-; a phenomenon that does not affect the concession area of our subsidiary ESSAL, which is located in the south of the country, characterized by frequent rains.

Water scarcity in the central zone on the other hand, has already been in the sector for a decade and, it seems, is transforming into a structural scenario of the Santiago basin.

In order to face the challenge of the drought, the management of IAM as controller of the sanitary services of the Metropolitan Region has been key to maintain a continuous quality and servicewithout affecting the supply to the customers. This management has included the execution during 2018 of an important investment plan - which practically doubled the development plan committed to the authority, to grant greater autonomy to the sanitary water system along with providing greater resilience to its entire operation and improving its infrastructure. A clear example of this is the construction of the Pirque pond, which at the end of the year was 52% complete. At the same time, and as planned, in the month of May the Complementary Emergency Works were launched, which increased the autonomy of the system from 9 to 11 hours to face

events of extreme turbidity in the uptake sources. In terms of the production of potable water, the new Chamisero plant, which will strengthen the supply given the growing number of customers in the northern area of Santiago, and the progress of the renewal of filters in the Las Vizcachas Complex, among other projects to increase or renew infrastructure. In addition, the work to face the drought continued with the coordination work and joint management of the resource with the main users of the Maipo River, the main source of raw water collection for water facilities of the Metropolitan Region; and the execution of the Hydraulic Efficiency Plan, which since its implementation, has managed to recover some 14 million cubic meters of potable water per year.

In 2018, the sanitary facilities controlled by IAM continued to deepen their commitment to sustainability, a principle shared in all its operations and which is at the heart of its development strategy. The process of converting its wastewater treatment plants into biofactories initiated in 2017 was recognized by national and worldwide institutions. This is how the United Nations (UN) awarded the Great Santiago Biofactory of the Aguas Andinas subsidiary the Impulse for Change award in the Planetary Health category, which is a concrete recognition of the sanitary sector's effort to mitigate the effects of climate change and to contribute to the development of a sustainable development strategy for the protection of the environment. It is worth noting that this was the only Latin American initiative to receive this global award, becoming a great pride for Aguas Andinas, IAM and the country.

These initiatives, together with others, allow the Company to continue ensuring efficient management in the long run.that provides guarantees and benefits for customers, employees, citizens and shareholders. In this sense, financial sustainability is also a primary focus of IAM's supervision of its subsidiaries. During the financial year, the Company once again performed important financing operations with the purpose of refinancing liabilities and solving the strong investment plan of its sanitary and non-sanitary companies.

During the first quarter of the year, Aguas Andinas issued two bond series, the AD series and the AC series. This last placement had the characteristic of fulfilling the requirements of a green and social bond, becoming the first issue of the kind in the country and confirming IAM's unwavering commitment to sustainability as the central focus of its business.

Together with this, the stability of the sanitary sector, the company's stable management and its responsibility for sustainability allowed both IAM and its subsidiary Aguas Andinas to be selected for the Dow Jones Sustainability Index Chile (DJSI) for the fourth consecutive year. In addition, the subsidiary Aguas Andinas was also included for the fourth time in the Dow Jones Sustainability Emerging Markets Index and chosen as a component of the FTSE4 Good Emerging Index, which includes companies with corporate governance which performs well in social, environmental, and economic matters.

Financial management was also reflected in IAM's results for 2018. 67.128 million; while EBITDA was \$308.707 million. As for the shares transactions, due to a change in the IPSA share index rules in September, IAM

shares ceased to be part of this indicator as of that date. However, the Aguas Andinas titles did continue to be part of the IPSA. In terms of appraisals, in the year, IAM shares maintained their AA+ category, awarded by Fitch Ratings and Feller Rate; as well as Aguas Andinas, which was ratified as AA+ by Fitch Ratings and ICR.

It should be noted that during 2018, the Company's controller, Suez, sold 6.5% of its interest in IAM, retaining control of the company with 50.1% of its ownership. The operation was executed in the Santiago Stock Exchange and in the Chilean Electronic Stock Exchange, for a total amount of \$65,000 million, at \$1,000 per share. Product of this share posting, the liquidity and depth of the shares issued by IAM were increased.

At the end of this account of the period, all that remains for me to highlight is the long-term perspective we have on the management of the Company and its subsidiaries. In IAM we seek to continue on this path, in order to consolidate our business and increase its value.



Felipe Larrain Aspillaga

"The Organization of the **United Nations (UN)** awarded the Biofactory of the Gran Santiago of the Aguas Andinas subsidiary, the Impulse for Change award in the Planetary Health category, which is a specific recognition of the effort of the sanitary one to mitigate the effects of climate change and contribute to the protection of the environment".







Our History

In less than two decades, IAM has consolidated a modern and sustainable management in its subsidiaries, which is characterized by its operational efficiency, stability and financial soundness.

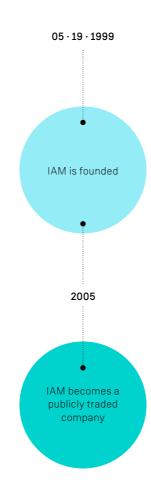
In order to take part in the privatization process of Empresa Metropolitana de Obras Sanitarias S.A., EMOS S.A., now Aguas Andinas S.A., Inversiones Aguas Metropolitanas, IAM, a limited liability company formed by Agbar and Suez Environnement (now known as Suez) groups, was created on 19 May 1999.

In the international bidding conducted by the Corporación de Fomento de la Producción (CORFO), IAM was awarded a share package, then subscribed a capital increase and bought additional shares in the Stock Exchange. Thus, it took control of Aguas Andinas (formerly EMOS), with 51.2% of its share capital.

In June 2005, IAM became a publicly traded company and restricted its corporate purpose to investment in Aguas Andinas shares and the provision of all kinds of advice, consultancies and services relating to the transfer of technology and know-how, technical assistance, business administration and projects, in particular those relating to management and operation of businesses related to the sanitary industry.

In November 2005, the company was opened to public trade, with the placement of a share package corresponding to 43.4% of its shares. In this way, new shareholders were introduced, and Agbar remained the sole controller of the company, with 56.6% of the ownership. The following year, IAM sold

22



1.1% of its shares in Aguas Andinas, retaining control of the sanitary sector with 50.1% of the shares.

In 2007, IAM carried out an ADR Level I program, which allowed it to trade its shares in the Over the Counter market in the United States, and which ended in 2016.

In 2008, the subsidiary Aguas Andinas acquired 53.5% of Empresa de Servicios Sanitarios de Los Lagos (ESSAL), bringing IAM's sanitary holding company's market share to 42.5% locally.

SECOND DECADE OF MODERNIZATION

In June 2010, Suez Environment indirectly acquired 75.01% of Agbar's shares, thus becoming the new controller of the Company. Then, in 2014, Suez Environment acquired the remaining 24.99% of Agbar, consolidating itself as the sole controller of the company.

In 2015, IAM and its subsidiary Aguas Andinasentered the Dow Jones Sustainability Index Chile, the first sustainability index of the Santiago Stock Exchange, recognition that they maintained during 2016 and 2017 and which is a reflection of their good performance in this area.

As of 2017, the Aguas Andinas subsidiary began a path towards a circular economy, seeking to be a benchmark for sustainability in the region. This effort was recognized in 2018 with the "Impulse for Change" award, granted by the United Nations to the Great Santiago Biofactory in the "planetary health" category. Likewise, and as a reflection of this commitment, the Aguas Andinas subsidiary issued Chile's first green and social bond.

2018

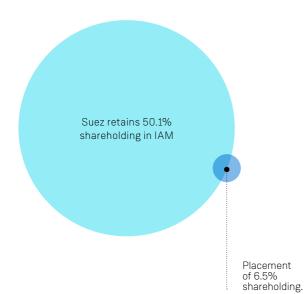
UN "Impulse for change" award for the subsidiary Aguas Andinas.

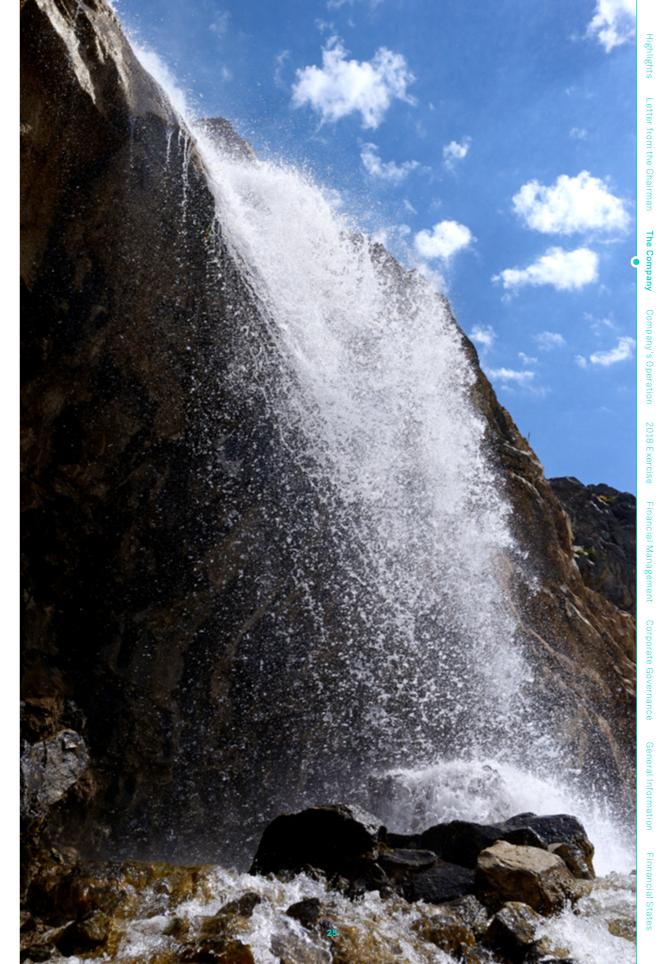
During 2018 Suez Inversiones Aguas del Gran Santiago Limitada sold 6.5% of its shareholding in IAM. The operation was executed in the Santiago Stock Exchange and in the Electronic Stock Exchange of Chile, for a total amount of \$65 billion, at \$1,000 a share. As a result of this placement of shares, the liquidity and depth of the shares issued by IAM were increased.

After the operation, Suez retained 50.1% of the share capital owned by IAM and ratified its commitment to maintain control of IAM and Aguas Andinas S.A., a leading company in the Chilean sanitary sector.



The management of IAMin their sanitary companies has enabled them to meet global standards coverage in potable water and sanitation.





Milestones of IAM management

2000

The subsidiary Aguas Andinas acquired 100% of Aguas Cordillera and 50% of Aguas Manquehue.

2001

Operation of the El Trebal sanitation plant began. Subsidiaries Anam and EcoRiles were formed.

2002

Aguas Andinas acquired the remaining 50% of Aguas Manquehue.

2003

La Farfana, the largest wastewater treatment plant in Latin America, began operations. Aguas Andinas obtained ISO 9000 certification in customer service

2004

Aguas Andinas obtained ISO 9.001 certification in invoicing, proceeds and collections.

2005

IAM was transformed into a publicly traded corporation and opened to the stock exchange by placing a 43.4% share package. Aguas Andinas obtained OHSAS certification in occupational health and safety.

2006

The subsidiary Aguas Andinas obtained ISO 9.001 certification for its process of bringing in new customers.

2007

An ADR Level I program was implemented to trade shares in the U.S. Over the Counter market.ISO 9.000, ISO 14.000 and OHSAS 18.000 certifications were renewed for the Aguas Andinas sanitation facilities.

2008

The subsidiary Aguas
Andinas took control of
Empresa de Servicios
Sanitarios de Los Lagos
(ESSAL) with the purchase
of 53.5% of its ownership.

2010

The Aguas Andinas Clean
Urban Mapocho project, a
country's bicentennial landmark,
was inaugurated. IAM won
the second place in the XV
Annual Contest of Corporations
Reports organized by Estrategia
Newspaper and Price
Waterhouse Coopers.

2012

Aguas Andinas received the "Best Company" award from ICARE, one of the most prestigious awardsawarded in Chile.

2013

The Mapocho Wastewater Treatment Plant came into operation, reaching 100% wastewater treatment in the Metropolitan Region.

2014

The subsidiary Aguas Andinas achieved the best historical rate in the Chilean capital market for corporate placements with terms of more than 20 years.

2015

IAM and its subsidiary Aguas
Andinas were selected to
integrate the Dow Jones
Sustainability Index Chile, the
first sustainability index of
the Santiago Stock
Exchange, composed
ofonly 12 companies.

2016

Once again IAM and Aguas Andinas were included in the Dow Jones Sustainability Index Chile. The sanitary Aguas Andinas was awarded a bronze medal in the PROHumana 2016 sustainability ranking.

2017

IAM and Aguas Andinas were included in the Dow Jones Sustainability Index Chile.
Aguas Andinas inaugurated the world's first biofactory in the sanitary industry, which converts waste into resources.

2018

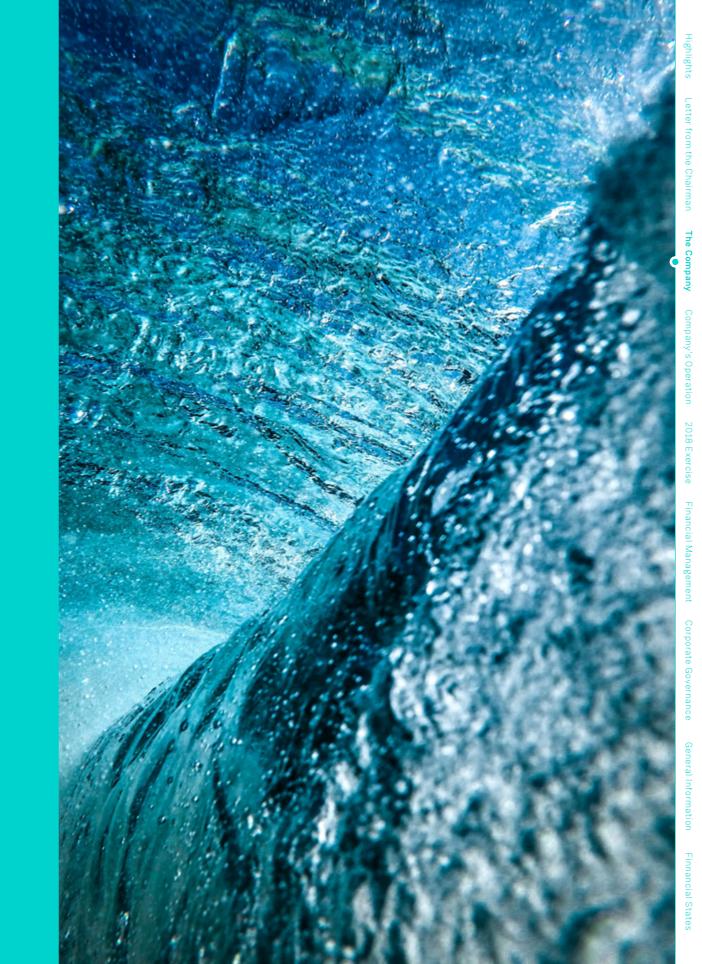
The Aguas Andinas biofactory received the Impulse for Change award, in the planetary health category, granted by the United Nations. In addition, the sanitary successfully issued the first green and social bond of Chile.

Innovation as a competitive advantage and source of value, aimed at improving processes, products and services, always in synch with sustainable development.



Our purpose

Investment in shares of the Chilean corporation Aguas Andinas S.A.; and the provision of all kinds of advice, consultancies and services related to the transfer of technology and know-how, technical assistance, business administration and projects, especially those related to the management and operation of businesses related to the sanitary industry.



Ownership of the company

At the end of 2018, the twelve main shareholders of IAM are as follows:

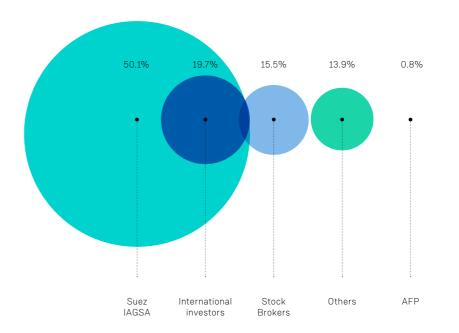
NAME OR COMPANY NAME	RUT	SHARES	%
Suez Inversiones Aguas del Gran Santiago Ltda. (1)	77.329.730-4	501.000.000	50.10%
Banco de Chile por Cuenta de Terceros No Residentes	97.004.000-5	141.736.029	14.17%
Sociedad de Inversiones y Rentas Liguria Ltda.	87.736.700-2	74.666.039	7.47%
Larrain Vial S.A. Corredora de Bolsa	80.537.000-9	49.988.171	5.00%
Banco Itaú Corpbanca por Cuenta de Inversionistas Extranjeros	97.023.000-9	37.423.237	3.74%
Banchile Corredores de Bolsa S.A.	96.571.220-8	21.636.517	2.16%
Banco Santander por Cuenta de Inversionistas Extranjeros	97.036.000-k	16.586.502	1.66%
BCI Corredor de Bolsa S.A.	96.519.800-8	16.315.160	1.63%
Santander Corredores de Bolsa Limitada	96.683.200-2	15.721.392	1.57%
Valores Security S.A. Corredores de Bolsa	96.515.580-5	9.259.077	0.93%
Asociación de Canalistas Sociedad del Canal de Maipo	70.009.410-3	7.638.350	0.76%
BICE Inversiones Corredores de Bolsa S.A.	79.532.990-0	6.524.412	0.65%
Others (366 shareholders)		101.505.114	10.15%
Total		1.000.000.000	100.00%

30

(1) Controlling shareholder.

Shareholder composition in 2018

As of December 31, 2018, the share capital of IAM is composed of 1,000,000,000 shares, single series, fully subscribed and paid, distributed among 378 shareholders.

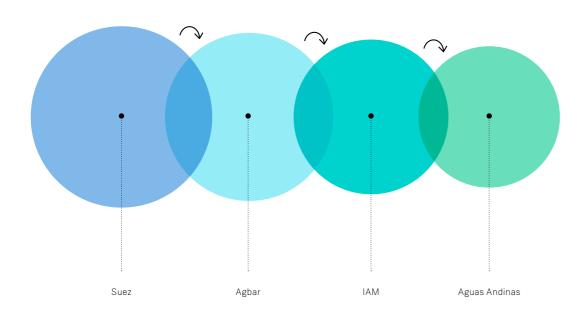


Controller

The controller of IAM is Suez Spain, through Suez IAGSA, which holds 50.1% of the company's assets. In turn, IAM owns 50.1% of the shares of Aguas Andinas and its subsidiaries.

Since 1867 the companies that make up Suez Spain have carried out water and environmental management activities, with the continuous application of technological advances and knowledge. After more than 150 years, the companies of Suez Spain are an international benchmark with presence in Spain, Chile, Mexico, Colombia and Peru, offering a quality service to 24 million people daily.

Suez Spain belongs to the Suez Group, world leader in water and waste management, with presence in the 5 continents and 90 thousand employees all over the world.



32





Suez España is the majority shareholder of IAM



IAM has the majority of the equity of Aguas Andinas

The board of directors

The Board of Directors of IAM is composed of seven members and seven alternates. Each director serves three years in office, with the possibility of re-election at the end of the term.

At the end of 2018 fiscal year, the directors of IAM are as follows:















1. FELIPE LARRAIN ASPILLAGA CHAIRMAN

Civil Engineer, Pontificia
Universidad Católica de Chile.
General Manager of Aguas
Andinas between 2004 and 2011,
President of Aguas Andinas from
2011 to 2016, Director of the
Maipo Canal Society and the
Maipo River Supervisory Board.
Director of IAM since April 30,
2014. President of IAM as of
June 29, 2016.

2. ALBERTO MUCHNICK MLYNARZ VICE-PRESIDENT / INDEPENDENT DIRECTOR

Commercial Engineer and
Business Administrator from
Universidad de Chile. He was
General Manager of HSBC
Bank (USA) and Executive Vice
President for Latin America
of Republic National Bank.
Current Executive President of
CGIS Securities, LLC in Miami,
USA. Director of IAM since
April 21, 2010.

3. HERMAN CHADWICK PIÑERA DIRECTOR

A Lawyer and Bachelor in Law from the Pontificia Universidad Católica de Chile, he freely practices the profession of lawyer as named partner.of the Chadwick and Reymond Law Firm. Chairman of Enel Chile S.A., Vice-Chairman of Aguas Andinas, Vice-Chairman of Intervial S.A., Vice-Chairman of the Board of the Arbitration and Mediation Center of the Santiago Chamber of Commerce, Director of Viña Santa Carolina S.A. Director of IAM since April 27, 2006.

4. IGNACIO GUERRERO GUTIÉRREZ INDEPENDENT DIRECTOR

Commercial Engineer from Pontificia Universidad Católica de Chile and Master in Business Administration (MBA) from Harvard Business School. He was Vice President of Citibank in New York and of NMB Bank (today ING Bank). in New York and Vice President of Codelco Chile. He is currently a partner and Executive Director of CMB PRIME A.G.F. S.A.; Director of Enjoy, Empresas Hites and several road and airport infrastructure companies linked to the Prime Investment Infrastructure Fund. Director of IAM since April 27 2006.

5. ANA GIRÓS CALPE DIRECTOR

Industrial Engineer specialized

in Power Electronics and Electromechanical Systems of the Superior Technical School of Engineering. Industrial de Barcelona (ETSEIB). She worked at Alston as Senior Vice President for France, Senior Vice-President of the services division and Vice-President of the Services Division for Spain, Latin America and Mexico. He was General Manager for Europe and Latin America at Suez. Since January 2017, she has been General Manager for Latin America and Industrial Water Europe for the Suez Group. Director of IAM since April 27, 2017.

6. HERNÁN CHEYRE VALENZUELA DIRECTOR

Graduate in Economic Sciences and Commercial Engineer from the Pontificia Universidad Católica de Chile. Master in Economics from the University of Chicago, with specialization in Public Finance and Economic Development. Founding partner and president of Econsult consulting firm. He was General Manager of Duff and Phelps Chile and Fitch Chile. He holds the position of director in several public and private companies. Between 2010 and 2014 he was Executive Vice President of Corfo. He is currently Director of the Institute of Entrepreneurship of the School of Economics and Business of the Universidad delDesarrollo, Director of IAM since April 27, 2017.

7. CARLOS MLADINIC ALONSO DIRECTOR

Commercial Engineer with a mention in Economics from the University of Chile. He was Minister General Secretary of Government, Minister of Agriculture, President of the System of Public Enterprises, Undersecretary of Economy, General Director of International Economic Relations, General Manager of the Corporación de Fomento de la Producción (Corfo), Director of Metro S.A., Director of Banco Estado. and President of Televisión Nacional de Chile, as well as of Agroseguros. He is currently director of Empresa Nacional Aeronáutica (Enaer) and of Desarrollo de Tecnologías y Sistemas (DTS). Alternate Director of IAM since April 30, 2014 and Director since May 31, 2017.

Alternate directors

HUGO SILVA RAVEAU ALTERNATE DIRECTOR

Industrial mechanical technician and DPA from the Universidad Santa María Worked 42 years in as General Mining director and was Regional President for Bolivia, Chile, Peru and Ecuador, among other countries. Current partner of Crisis Management Latin America. Director of IAM since April 27, 2017, deputy Chairman of the Board of Directors. Felipe Larrain Aspillaga.

RODRIGO CASTRO FERNÁNDEZ ALTERNATE AND

INDEPENDENT DIRECTOR

Commercial Engineer with a mention in Economics from Universidad Gabriela Mistral. Master in Economics from Georgetown University. Specialization courses in Strategy and Finance at Stanford University and at the University of Berkeley, California. He was Director of the Social Program of Freedom and Development and Dean of the Chair of Economics and Business of the Universidad del Desarrollo. Professor at Universidad Adolfo Ibáñez. Director of companies. Consultant of the World Bank and of the IDB. Current partner and director of Genesis Partners. Director of IAM since April 27, 2006, alternate to director Ignacio Guerrero Gutierrez.

GIORGIANNA CÚNEO QUEIROLO

ALTERNATE AND INDEPENDENT DIRECTOR

Publicist with a mention in Marketing from the Universidad del Pacífico.She was Head of Advertising at Banco de Chile and President of the Casablanca Valley Wine Growers Association. Current Executive Director of Viña Casas del Bosque, Casablanca Valley Winemakers Association and Falabella Retail of Falabella Group. Director of IAM since April 30, 2014, alternate for Alberto Muchnick Mlynarz, Vice Chairman of the Board of Directors.

JORGE COSME SAGNIER ALTERNATE DIRECTOR

Graduate in Business Administration and management and MBA from ESADE Business School, Barcelona, Spain. Financial Director of Suez Spain. He was General Manager of IAM and Director of Aguas Andinas. He has extensive experience in the Agbar Group as Director of Administration and Control. Director of Management, Fiscal Director, Consolidation and Administration and director of Treasury and Finance. Director of IAM since April 27, 2017, alternate director for Herman

Management

SILVINA SOMASCO MOZZICONACCI

ALTERNATE DIRECTOR

National Public Accountant, Universidad Nacional del Litoral de Santa Fe, Argentina. She has a vast experience in the Suez Group, was Management Controller in Argentina, and held various positions in Financial Boards of Directors in France and other countries. She was Director of Contracts forLyonnaise des Eaux in France. Current Administrative and Financial Director of BU LATAM. Director of IAM since April 27, 2017, alternate fordirector for Ana Girós Calpe.

MARCELO TOKMAN RAMOS

ALTERNATE DIRECTOR

Commercial Engineer with a mention in Economics from the Pontificia Universidad Católica de Chile, Master and Ph.D. in Economics from the University of California, Berkeley. He is a consultant and director of companies in Chile and abroad. He was General Manager of ENAP, and previously VP and GM of Vestas South America, Minister of Energy, Minister President of the National Energy Commission, Head of Studies in the Budget Directorate and General Coordinator of Advisors in the Ministry of Finance. Director of IAM since April 21, 2010, deputy director for Hernán Cheyre Valenzuela.

LAUREANO CANO

CHIEF EXECUTIVE OFFICER

Degree in Economics and Business Studies from the Pompeu Fabra University of Barcelona. He has extensive experience in the Agbar Group, where he has served as Economic-Financial Manager and member of the Directory of various sanitary companies. Director of Aguas Andinas since April 2016. General Manager of IAM since May 2, 2016.



Note: More information about the Board of Directors and the Administration in the Corporate Government section of this report.

Chadwick Piñera





The Company

IAM has sanitary subsidiaries, which provide the potable water supply service in their concession areas and which together constitute the largest sanitary group in Chile. In addition, the company also has non-regulated subsidiaries, which provide complementary environmental services to the sanitary industry.

Through its sanitary subsidiaries, IAM provides raw water uptake, production, transport and distribution of potable water, and sewage collection, treatment and final disposal services to an estimated population of 8 million inhabitants, located in the following regions; Metropolitana, De Los Lagos and De Los Ríos in Chile.

WHICH ARE ITS SANITARY SUBSIDIARIES

Aguas Andinas, Aguas Cordillera, Aguas Manquehue and ESSAL

WHAT DOES IAM DO THROUGH ITS SANITARY SUBSIDIARIES

It provides services of:

- · Raw water uptake
- Production, transport and distribution of potable water
- Collection, treatment and final disposal of wastewater

TO WHOM?

+ 8 million inhabitants (estimated population)

WHERE?

Metropolitan Region:

71,000 hectares in the Santiago basin, located in the intermediate depression of the center. of Chile.

De Los Ríos and de Los Lagos Regions: 13 thousand hectares, locatedin the provinces of Valdivia, Ranco, Llanquihue, Chiloé and Palena in the south of the country.



8 million is the estimated population to which IAM provides potable water, with more than 80 thousand hectares dedicated to production, transportation and distribution throughout Chile

IAM's sanitary subsidiaries hold world-class standards in potable water and wastewater treatment coverage.

On the other hand, IAM's non-sanitary subsidiaries allow a comprehensive and complementary management to the sanitary and general industry, by means of environmental services that contribute value to the environment and the citizens.

WHICH ARE ITS NON-SANITARY SUBSIDIARIES?

EcoRiles, Gestión y Servicios (G&S), Análisis Ambientales (Anam) and Aguas del Maipo. WHICH SERVICES
DOES IAM PROVIDE
THROUGH ITS
NON-SANITARY
SUBSIDIARIES?

- · EcoRiles: Industrial waste treatment services
- Commercialization of Equipements
- Anam:
 Laboratory Analyses
- Aguas del Maipo:

 Development of sanitary related energy projects

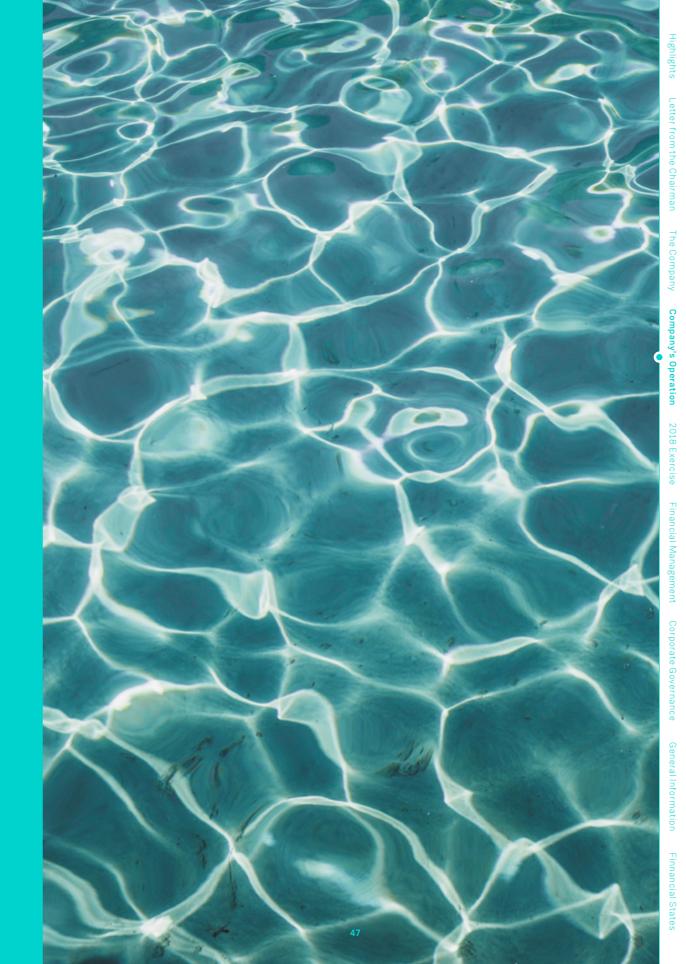
Environmental services subsidiaries bring knowledge and experience in businesses related to the sanitary industry and industry in general.





Non regulated companies

Through the operation of its sanitation companies, IAM integrally managesthe water cycle, which includes the uptake of raw water; production, transport and distribution of potable water; as well as collection, treatment and final disposal of wastewater.



RAW WATER UPTAKE

Uptake sources:

In the Metropolitan Region: Mainly the Maipo and

of the country:

In the south

Mapocho rivers, which originate in the Andes

Surface sources along with underground aquifers.

Mountains.

IAM maintains legal ownership of water rights from all sources through its subsidiaries

Water reserves:

In the Metropolitan Region: The three largest reserves are the El Yeso (220 million m3), Laguna Negra (600 million m3) and Laguna Lo Encañado (50 million m3) Reservoirs.

In addition, the Pirque Tank is being built, which will have an estimated capacity of 1.5 hectometers when it comes into operation (late 2019).

In the south of the country: In the ESSAL concessions it is not necessary to have

additional reservoirs. del suministro. since the uptake sources ensure continuity of supply.

In the Santiago basin, the Company has significant water reserves that provide the necessary water resources when water from uptake sources is scarce.

is the estimated capacity that the Pirque Tank will have once completed.

POTABLE WATER PRODUCTION

Production plants:

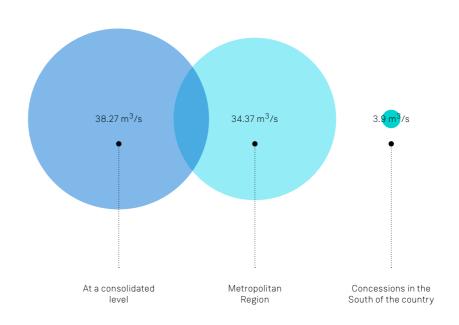
In the Metropolitan Region:

The main ones are the Las Vizcachas Complex (capacity of production of 16 thousand liters per second)and the La Florida Plant (4 thousand liters per second).

In the south of the country:

Numbers of plants, which satisfactorily supply the requirements. of the 33 communities in that area.

Potable water production capacity:



POTABLE WATER TRANSPORT AND DISTRIBUTION

Regulation Tanks:

In the Metropolitan Region:

357 tanks (with a capacity of more than one million two hundred thousand cubic meters). which gives the system a high degree of autonomy).

Distribution network:

The IAM subsidiaries, both the Aguas Group and ESSAL, maintain an extensive underground network that allows potable water to be transported and distributed to all the Group's sanitary customers.



distribution coverage

WASTEWATER COLLECTION

Collection network:

Through its subsidiaries, IAM has an efficient collection network, which allows sewage to be evacuated through the sewer system and taken to sanitation plants or final disposal points.

In the Metropolitan Region, the sewerage system is designed to operate in a gravitational way, taking advantage of the location of the city of Santiago, at the foothills of the Andes Mountain Range.

TREATMENT AND FINAL **DISPOSAL OF WASTEWATER**

Wastewater Treatment plants:

In the Metropolitan Region:

2 large plants, La Farfana and the Trebal-Mapocho Complex, and other 10 smaller plants.

28 plants in the South of the country.

These facilities make it possible to carry out the sanitation of the water used, leaving it in optimal conditions for its restitution to the natural channels, complying with the standards required by Chilean legislation.



Coverage of sewage treatment that adds value to the competitiveness of the country.

Customers

With market share of 43%, at a country level IAM's sanitary services supply a universe of more than 2.3 million customers every day.

These customers, who are in the areas of IAM's sanitary concessions are classified into residential, commercial and industrial customers; and are equivalent to an estimated population of 7.9 million people.

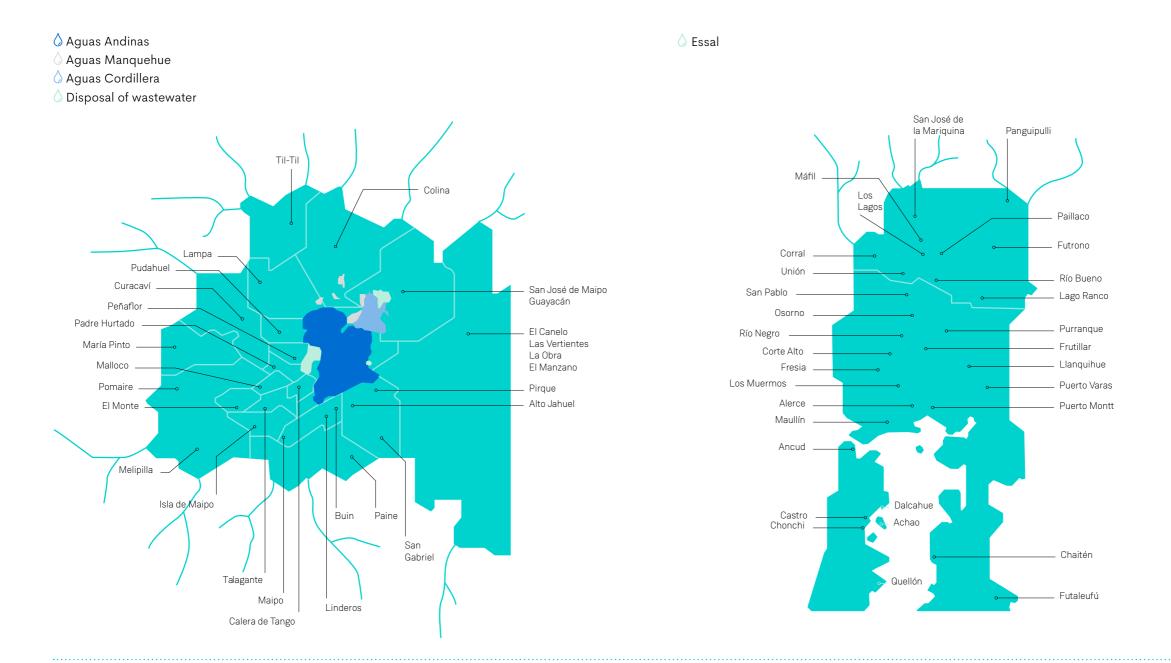
POTABLE WATER CUSTOMERS(1)

2018: 2.316.107 2017: 2.259.245



⁽¹⁾ The term " customer " corresponds to the natural or legal person who lives and/or resides in the property that receives the public service of potable water distribution, sewage collection or both.

Our coverage



54

Environmental services subsidiaries

IAM has non-regulated subsidiaries that provide environmental services that are complementary to the work of its sanitary service providers and that allow for greater value creation.

01=5

.ECORILES S.A.

02 %

ANÁLISIS AMBIENTALES S.A. (ANAM)

Aimed at providing advisory services and comprehensive management of wastewater and effluents, this subsidiary created in 2000 has consolidated itself as the leading operator of industrial effluent plants in the country, with a market share of 50%.

EcoRiles provides comprehensive solutions to more than 30 customers throughout Chile, from the chemical, food, mining, agribusiness, and wine industries, among others.

Laboratory dedicated to environmental sampling and analysis, accredited under Chilean requirements and Suez Spain standards. Anam is a national leader in the field of physical, chemical and microbiological analysis of water, solid and hazardous resources, sludge and soil; it also has an air quality area, which performs monitoring and analysis of odors and odorant gases.

During 2018, the subsidiary was awarded the project to build, start up and accredit a laboratory in Rapa Nui to test the potable water produced on the island, which will make it possible to contribute through the transfer of knowledge and dissemination of new technologies.

03 🕸

GESTIÓN Y SERVICIOS S.A. (G&S)

Subsidiary specializing in the marketing of potable water and sewerage network materials, as well as providing cleaning services for collectors and sewerage networks for the sanitary market and industry in general.

Thanks to its specialized and multidisciplinary knowledge, G&S provides on-site technical advice to its customers, providing solutions for each project.

In 2018 it began a transformation process of its business model, in order to become a logistics company along with the marketing of materials.

04

AGUAS DEL MAIPO S.A.

Founded in 2011, Aguas del Maipo is dedicated to developing energy projects derived from the sanitary business. In the middle of 2017 began the operation of the Methanization Plant that allows transforming the biogas, generated by La Farfana Biofactory, into biomethane, which is injected in the natural gas networks of the city of Santiago, significantly reducing CO2 production in the Metropolitan Region.

In 2018, this initiative received two awards granted by the Recyclápolis Foundation, which highlights the country's best sustainability projects.





Ensuring quality of life

With a year marked by a deep drought in the Santiago basin, the operations of IAM's subsidiaries concentrated their efforts on adapting their management to meet the new demands of the surroundings.

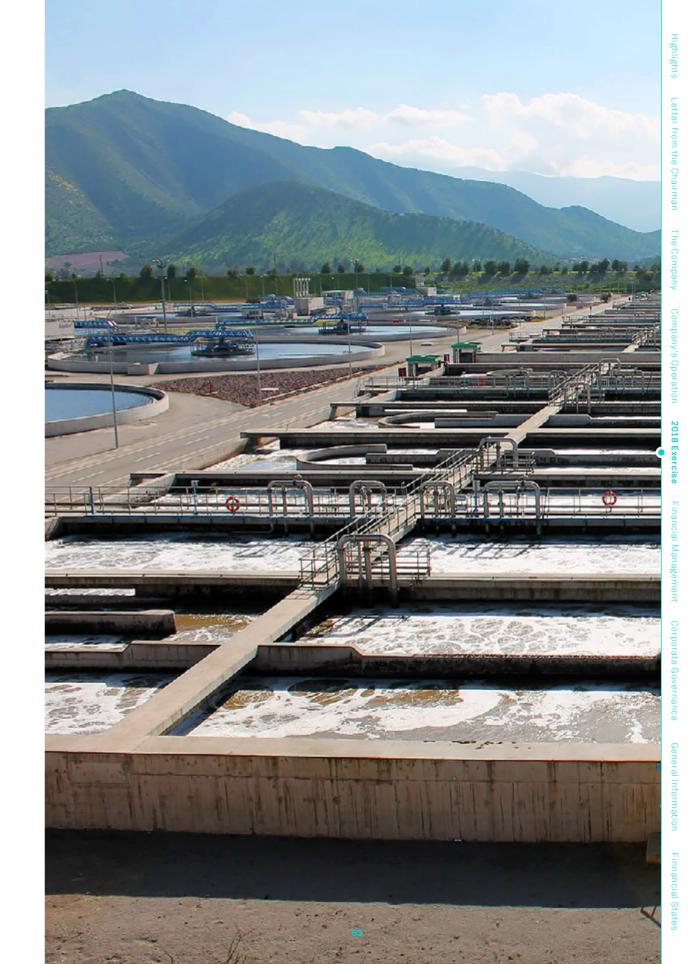
Thus, during 2018, an important investment effort was made in order to provide greater resilience and robustness to the infrastructure of the sanitary, with the continuation of the construction of the Pirque tank and the beginning of the Complementary Emergency Works. On the other hand, we continued with the Hydraulic Efficiency Plan and with the advanced network management, which seeks to make operations and the distribution of potable water supply more efficient.

In terms of sustainability, the focus on the circular economy was strengthened, carrying out initiatives that seek to meet the challenges of transforming treatment plants into biofactories, reusing 100% of the waste generated and converting it into valuable energy resources.

In terms of resilience, an important Cybersecurity project was also carried out, which seeks to protect the reliability, integrity and availability of the computer system of the company's subsidiaries.

In terms of financial management, the subsidiary Aguas Andinas issued Chile's first green and social bond, a process that demonstrated the market's confidence in the company's sustainable operation and in the robustness of its position in the industry.

The goal is to reuse 100% of the waste generated and convert it into valuable energy resources.



With market share of 43% at a country level, IAM's sanitaries supply a universe of more than 2.3 million customers every day.

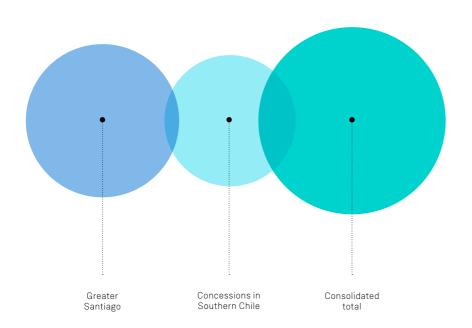
UPTAKE AND POTABLE WATER PRODUCTION

Production of potable water in 2018 (1):

781.64 million m³ in the Greater Santiago

61.58 million m³ in concession areas in the south of the country

843.22 million m³ at consolidated level (+2.58% when compared to 2017)



(1) Measured at the exit of the plants.

Production by type of sources in m³ (2014 - 2018)

COMPANIES	2014	2015	2016	2017	2018
Aguas Andinas surface	545.2	567.3	556.6	561.1	571.17
Aguas Andinas groundwater	92.5	90.8	89.8	98.6	111.44
Aguas Cordillera surface ⁽²⁾	80.5	82.5	88.9	85.7	80.12
Aguas Cordillera groundwater ⁽²⁾	24.9	22.4	11.7	16	18.9
ESSAL surface	19.3	20.6	22	21.5	21.66
ESSAL groundwater	39.5	40.3	40	39.1	39.92
Total	801.9	823.9	809	822	843.22

(2) Aguas Cordillera includes Aguas Manquehue.

Outstanding investments and projects in 2018

During 2018, as planned, the Complementary Emergency Works were completed and became operational in May, increasing the autonomy of the potable water system from 9 to 11 hours throughout the Metropolitan Region.

Along with this, continued with the progress of construction of the Pirque Tank, a large raw water reservoir, which will have a capacity of approximately 1.5 hectometers, and will provide greater availability of water for high turbidity events. in the Maipo and Mapocho rivers (going from 11 to 34 hours of autonomy).

This investment involves a total amount of \$64 billion and its operation is projected for the end of 2019. During the year, 50% of the construction of the project was completed.

In terms of potable water production, the Aguas Andinas subsidiary continued with the Upgrade of the Las Vizcachas Complex, which involves the renewal of its filters, and started operating the new Chamisero plant, which responds to the growing population of the northern part of the Metropolitan Region, with a total investment of \$14.9 billion.

POTABLE WATER DISTRIBUTION Total length of the distribution network in 2018: Greater Santiago 13,296 kilometers in the Greater Santiago 2,387 kilometers in the concession areas of the south of the country 15,683 kilometers at a consolidated level Total (+ 96 kilometers when compared to 2017) Concessions in the South of Chile

Length of the distribution network in km (2014 - 2018)

SUBSIDIARY	2014	2015	2016	2017	2018
Aguas Andinas	11,700	11,765	11,814	11,884	11,919
Aguas Cordillera (1)	1,347	1,356	1,379	1,374	1,377
ESSAL	2,171	2,128	2,300	2,329	2,387
Total	15,218	15,249	15,493	15,587	15,683

(1) Aguas Cordillera includes Aguas Manquehue.

Evolution of the number of potable water customers (2014 - 2018)

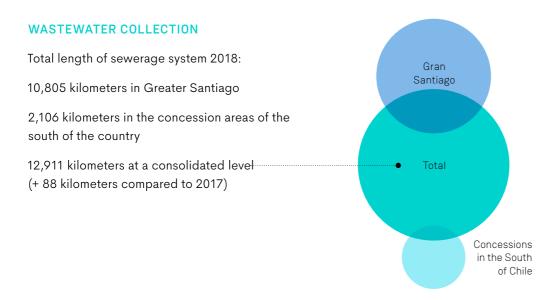
	2014	2015	2016	2017	2018
Potable water	2,096,999	2,149,673	2,213,869	2,259,245	2,316,107

Outstanding investments and projects in 2018

In line with IAM's commitment to the environment and the long-term sustainability of the service, during the year, the company continued with the execution of the Hydraulic Efficiency Plan, the purpose of which is to reduce water losses in the network by recovering 70 cubic hectometers of potable water per year. Since its implementation, the Hydraulic Efficiency Plan has already managed to recover 14 million cubic meters of potable water per year.

The Hydraulic Efficiency Plan includes the incorporation of technology into the network for greater knowledge and appropriate asset management. To this end, the Distribution Operational Control Center was created, which seeks to modernize the operation thanks to the intelligence management of the data collected.

In addition, a large investment was made during the year in the preventive renovation of existing potable water networks.



Evolution of the number of sewerage customers (2014 - 2018)

	2014	2015	2016	2017	2018
Sewerage	2,045,634	2,096,347	2,160,473	2,205,940	2,263,039

Length of collection network in km (2014 - 2018)

SUBSIDIARY	2014	2015	2016	2017	2018
Aguas Andinas	9,516	9,556	9,596	9,654	9,695
Aguas Cordillera (1)	1,077	1,095	1,109	1,109	1,111
ESSAL	1,755	1,848	2,038	2,060	2,106
Total	12,348	12,499	12,743	12,823	12,911

(1) Aguas Cordillera includes Aguas Manquehue.

Outstanding investments and projects 2018

In the financial year, the IAM sanitary companies invested heavily in the renewal of the sewerage network, with the aim to provide a reliable and quality service to the inhabitants of its concession areas.

Along these lines, the new sewerage management system was upgraded in 2018, which seeks to carry out a more efficient cleaning and unblocking task thanks to the televised inspection of the collection network.

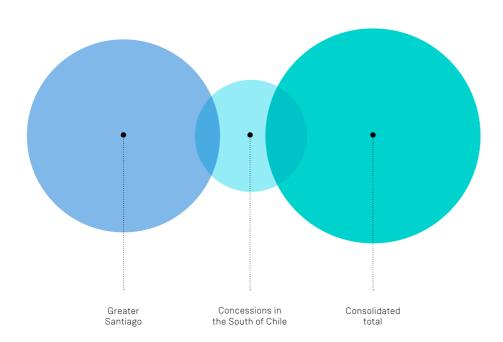
WASTEWATER TREATMENT

Volume of annual wastewater treatment in 2018:

542.8 million m³ in Greater Santiago

65.2 million m³ in the concession areas in the south of the country

605.0 million m³ at a consolidated level (+1.5% when compared to 2017)



Wastewater treatment by Aguas Andinas and its subsidiaries (millions of m³) per installation (2014 - 2018)

PLANTS	2014	2015	2016	2017	2018
La Farfana	285.6	284.9	283.5	275.8	274.9
Trebal-Mapocho	197.1	197.6	209.2	222.4	229.0
ESSAL	35.4	57.6	55.1	62.0	65.2
Others Metropolitan Region	30.8	31.7	32.9	35.6	35.9
Total	548.9	571.8	580.7	595.8	605.0

Outstanding investments and projects 2018

Regarding wastewater treatment, IAM subsidiaries carried out important investments in 2018, tending to replace assets in the La Farfana and Mapocho-Trebal Biofactories, as well as for the expansion of the Talagante Wastewater Treatment Plant.

In the Mapocho-Trebal Biofactory, the project to increase cogeneration was started, which involves adding two new engines that will make it possible to make

complete use of the biogas production of the plant, the Nitrogen treatment project also began in the dehydration returns in La Farfana Biofactory.

As a milestone of the year, the Aguas Andinas subsidiary achieved its objective of ending the disposal of sludge in sanitary landfills, using all the biosolids generated for agricultural use (50%) and for codigestion (50%), making a great contribution to the preservation of the environment.

Investments of the year

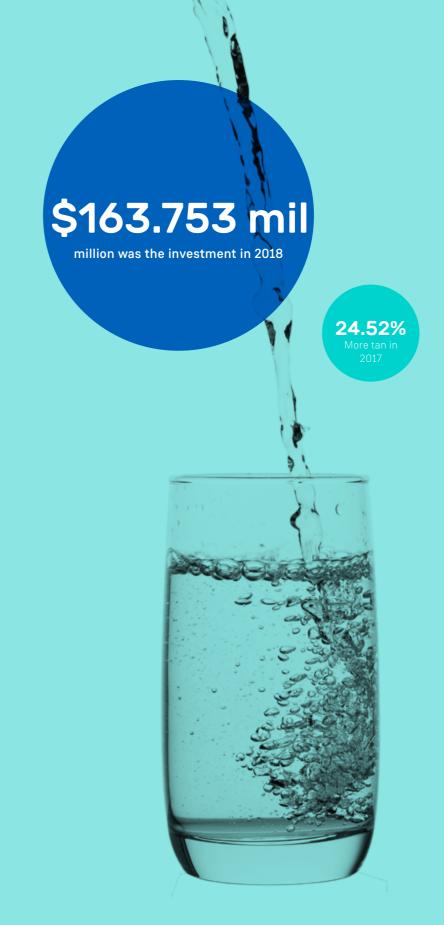
A historic investment amount was executed by IAM in its subsidiaries, which practically doubled the amount committed to the SISS.

The consolidated investment of IAM's subsidiaries during the 2018 fiscal year was \$163,753 billion, which is equivalent to an increase of 24.52% over the previous year. Of this amount, 99.68% corresponded to the Company's sanitary facilities, and the remaining 0.32% was allocated to projects in non-regulated subsidiaries.

Investments per subsidiary in millions of pesos (2014 - 2018)

Total	88,844	126,858	112,978	131,503	163,753
Non-regulated subsidiaries	509	4,447	490	6,640	526
ESSAL	9,044	13,265	12,271	15,367	18,217
Aguas Cordillera ⁽¹⁾	19,200	17,934	19,710	20,159	11,686
Aguas Andinas	60,091	91,212	80,507	89,337	133,323
SUBSIDIARY	2014	2015	2016	2017	2018

(1) Aguas Cordillera includes Aguas Manquehue.



Customers

The number of customers of IAM's sanitary subsidiaries grows year after year, which challenges the Company to carry out an efficient and sustainable management.

The IAM subsidiaries have a clear orientation towards their customers, which defines their actions and the management of their processes and operations, promoting initiatives related to ensuring the availability of the basic service, improving the service experience, enhancing the multichannel service and the implementation of new platforms for actively listening to the customers serviced by the Company's subsidiaries.

In line with these principles, the new virtual agency of Aguas Andinas, which allows customers to make multiple requests through the website of the sanitary company, began to operate at 100% during the year. In addition, an application for smartphones was launched and the operation of the Real Estate Portal, especially aimed at new customers and connections.

74

2.52%

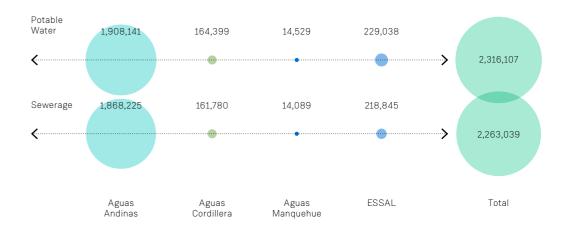
Was the increase in potable water customers of IAM subsidiaries when compared to the previous year (2017).

NUMBER OF CUSTOMERS IN 2018

At the end of 2018, the total number of potable water customers of IAM's sanitary subsidiaries reached 2,316,107, 2.52% more than the previous year. On the other hand, sewerage customers were 2,263,039, 2.59% more than in 2017.

Of the total number of potable water clients, 4.97% corresponded to subsidized clients, which favors stablepayment behavior and a lower level of uncollectibility for the Company's sanitaries.

Number of customers per sanitary in 2018



During the 2018 financial year, IAM subsidiaries continued with their training and education plans, talent retention and benefits to promote a good working environment within the companies of the Corporation. Initiatives were also promoted to increase diversity in staffing and equal opportunities.

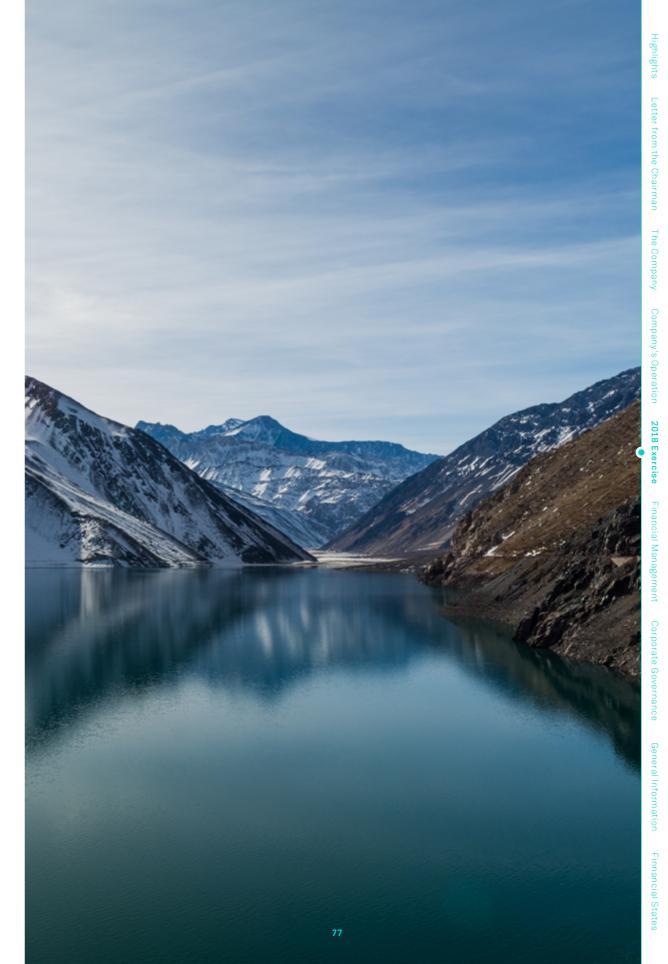
STAFFING IN 2018

At the end of 2018, IAM's total staff reached 2,121.

IAM staffing for 2018

LEVEL	IAM S.A.	AGUAS Andinas S.a.	AGUAS CORDILLERA S.A.*	AGUAS MANQUEHUE S.A.*	ESSAL S.A.	OTHERS	GENERAL TOTAL
Managers and main executives	2	62	5	0	8	7	84
Professionals and technicians	1	742	66	7	237	307	1,360
Workers	1	285	56	7	150	178	677
Total	4	1,089	127	14	395	492	2,121

^{*} Aguas Cordillera and Aguas Manquehue share managers and main executives.



SAFETY INDICES

In 2018 and as in previous years, the subsidiaries of IAM had very good safety and risk management indices.

IAM subsidiaries safety indices (2014 - 2018)

COMPANY		NUMBER OF TIME LOSS ACCIDENTS			DI	NUMBER OF DAYS LOST DUE TO TIME LOSS ACCIDENTS				ACCIDENT RATE				INCIDENT RATE						
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Aguas Andinas S.A.	12	10	12	8	6	139	500	299	208	50	1.14	0.94	1.10	0.72	0.55	13.20	47.00	27.40	18.71	4.57
Aguas Cordillera S.A.	2	0	0	0	3	223	4	0	0	47	10.53	-0	0	0	2.40	18.10	66.90	0	-0	37.52
Aguas Manquehue S.A.	1	1	0	0	0	36	0	0	0	0	0.81	0.86	0	0	0.00	189.50	0	0	0	0
ESSAL	1	5	1	4	2	45	107	358	130	71	0.34	1.56	0.28	1.08	0.53	15.20	33.30	98.70	34.97	18.79
Non-regulated subsidiaries	10	2	3	1	1	376	6	14	7	2	2.65	1.01	0.73	0.22	0.21	99.82	1.50	3.40	1.52	0.42
Total	26	18	16	13	12	819	617	671	345	170	1.39	0.94	0.80	0.63	0.58	43.86	36.10	33.75	16.63	8.16

Environment

The companies belonging to the group integrate sustainability into their business, ensuring the preservation of the resource and the natural environment. An example of this is the paradigm shift in operations towards the circular economy, which promotes initiatives that seek zero environmental impacts, zero waste, zero emissions and energy self-sufficiency.

Thus, since 2017, the wastewater treatment plants of the subsidiary Aguas Andinas have been transformed into biofactories, true centers of resource production, where each waste is used in a beneficial way, transforming it into a valuable resource, such as biosolids, which are used in agriculture; biogas generated from co-digestion, which is injected into the residential natural gas network; and treated water, which is returned to natural waterways, among others; promoting the environment and biodiversity.

Thanks to this pioneering initiative worldwide, the Biofactory of Aguas Andinas was awarded by the United Nations with the recognition "Impulse for Change", in the planetary health category, for its effort in promoting and recovering the natural habitat and the environment.

The vision of the subsidiaries of IAM is to "go beyond water, managing resources in a sustainable manner"; a premise that is a call to preserve the environment for present and future generations.



EANA NGIA NAGE





A year of great challenges

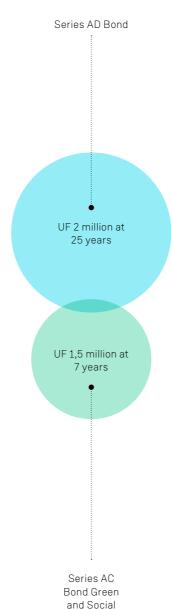
The 2018 financial management of IAM and its subsidiaries had to face great challenges in terms of investment and financing, including the issuance of Chile's first green and social bond by Aguas Andinas.

Always with a focus on financial sustainability, in 2018 IAM carried out important financing operations with a view to mainly solving the investment plan of its sanitary subsidiaries and refinancing liabilities. In April, the subsidiary Aguas Andinas placed two bonds: the series AD for UF 2 million, structured over 25 years and at a rate of 2.83%; and the green and social bond, series AC for UF 1.5 million, structured over 7 years, at a rate of 1.8%.

It should be noted that this issue represents the first placement of a green and social bond in the country, and responds to the IAM strategy that places the company at the forefront of the market. sustainability at the heart of its business. The placement of the green and social bond required the work of a cross-sectional sanitary team and the support of external bodies that endorsed the launch of a placement of this kind. Part of the proceeds from this placement was used to repay loans amounting to MM\$24,000, which were used to finance sanitary projects related to access to potable water, resilient investments and wastewater treatment.

In addition, during the second quarter of 2018, some of the existing loans of IAM's subsidiaries were repaid and others were refinanced to make the Company's debt maturity profile more comfortable.

The consistency and commitment to sustainability of the Company was ratified once again this year by the local



and international markets. Thus, for the fourth consecutive year, both IAM and its subsidiary Aguas Andinas were chosen to be part of the Dow Jones Sustainability Index Chile (DJSI Chile), which highlights companies that operate with best practices and transparency. In addition, the subsidiary Aguas Andinas was included for the fourth time in the Dow Jones Sustainability Index of Emerging Markets and was chosen as a component of the FTSE4Good Emerging Index, which includes companies with high standards in the social, environmental, economic and corporate governance fields.

The proactive risk management and the stability of the sanitary sector allowed IAM's shares to maintain their AA+ category, awarded by Fitch Ratings and Feller Rate; as well as Aguas Andinas, which was ratified as AA+ by Fitch Ratings and ICR.

During 2018 and due to a change in the regulations of the IPSA stock index, which decreased the number of companies that make up the index, it was reported that the IAM titles came out of this indicator. On the other hand, the shares of the subsidiary Aguas Andinas (Aguas-A) continued to be part of the new IPSA, with a weighting of 2.4%.

For 4th year

Both IAM and Aguas Andinas were chosen to be part of the Dow Jones Sustainability Index Chile.

2.4%

is the weighting of the shares of the subsidiary Aguas Andinas in the new IPSA.

Risk factors

IAM displays a favorable situation in terms of risk, mainly due to the characteristics and stability of the sanitary sector.

OPERATIONAL RISKS

Seasonality

The sanitary business is characterized by its seasonality, which can cause eventual variations in the results from quarter to quarter. The highest levels and revenue recorded is during the summer months (December to March in the southern hemisphere), while the lower demand matches the winter months (June to September).



Climatological conditions

The processes of uptake and production of drinking water depend mainly on the climatic conditions that occur in the river basins. Factors such as rainfall, temperature, sediment runoff, droughts, among others, determine the amount of water used., drought, among others, determine the amount, quality and continuity of available raw water. To face this risk, IAM sanitaries have water reserves and contingency plans, which are constantly being updated.

New investments

The subsidiaries of the Company must comply with the development plans committed before the Superintendence of Sanitary Services (SISS), which involve important economic, administrative and technical resources. However, it is important to note that the fees charged to customers include these investments, guaranteeing them a minimum return. In addition, the experience of the controller ensures the necessary know-how to carry out these investment plans successfully and efficiently.

Government regulation

The Chilean sanitary industry is highly regulated by the government due to its monopoly condition, which exposes it to eventual changes in the established regulations.

The current legal framework regulates the operation of the concessions and the tariffs that are charged to the customers, which are determined every Five years. The pricing mechanism is implemented under technical criteria, contrasting the studies submitted by both the sanitary and the SISS, which can display differences. If no agreement is reached, the discrepancies are resolved by a board of experts including

representatives of each of the parties.

The current tariff period, which runs between 2015 and 2020, for the subsidiaries, Aguas Andinas, Aguas Cordillera and Aguas Manquehue, includes the following:

Additional tariffs when construction investments enter into operation, such as production assurance works for extreme turbidity situations (+1.1% estimated in 2019) and nitrogen treatment works in the return from the La Farfana and Trebal-Mapocho treatment plants (+1.4% estimated in 2019).

Discounts to nonregulated businesses tariffs, when the Alto Maipo Project comes into operation (it is estimated -1.2% when it is operational).

As for ESSAL, its current tariffs correspond to the sixth tariff-setting process, which runs between 2016 and 2021 and establishes the following:

- Tariffs are kept in real terms.
- Additional rates of 1.5% at the end of 2018 when the production assurance works carried out by the company come into operation. These works include assurance tanks, generators and support equipment.

Despite the well-known stability of the Chilean regulatory framework, in December 2016 the Chamber of Representatives approved Bill No. 10,795-33, which seeks to modify the legislation applicable to public sanitary services in terms of unregulated services, tariff setting and compliance with development plans by service providers. The initiative was entered into the Senate in second legislative procedure and is currently in the Committee of Public Works of the senate. In June 2018 the commission received a new report of the Ministry of Public Works, in which a technical roundtable is proposed to discuss the bill. At the end of this financial year, the discussion continues.

Also, in May 2018, the so-called Law to Strengthen the National Consumer Service, Bulletin No. 9369-03, came into force, which includes some modifications involving the sanitary sector. These changes generate the risk of fines for suspension, stoppage or failure to provide basic services without justification. This is penalized with a fine of up to 1,500 UTM. In addition, the Court may apply this fine per each consumer (up to 1,500 UTM).

It should be noted that the law states that the multiplicity of fines does not apply when the company has fully and effectively repaired the damage caused to all affected consumers, and that only a lump sum will be charged, which may not exceed 30% of the sales during the suspension or double the economic profit. It also specifies that the fine may not, however, exceed 45,000 UTA.

Compensations have the following characteristics:

They will be direct and automatic to the affected consumer.

For each day of interruption, an amount equivalent to the average daily value of the previous account for 10 will be compensated.

An interruption day is understood as 4 continuous hours of suspension or more, within a period of 24 hours from the beginning of the event. In all other cases, proportionality shall apply.

It will only be applied if the special law does not provide for such compensation.

In addition, the law includes the concept of moral damages in class actions.

89.8% is the fixed-rate

is the fixed-rate debt of the financial liabilities of IAM's subsidiaries

FINANCIAL RISKS

Inflation

The revenue of the Company is directly correlated with inflation, so its debt is issued mainly in Unidades de Fomento.

Interest rates

91

IAM at the individual level has no debt. For their part, the financial liabilities of the subsidiaries of IAM are 89.8% fixed-rate debt, made up of approximately 77.8% short and long-term bonds and 22.2% long term bonds for reimbursable financial contributions. The remaining 10.2% is variable rate and corresponds to loans with national banks.

In order to optimize financial cost, the company maintains an interest rate monitoring and management policy, which permanently evaluates the hedging instruments available in the financial market.

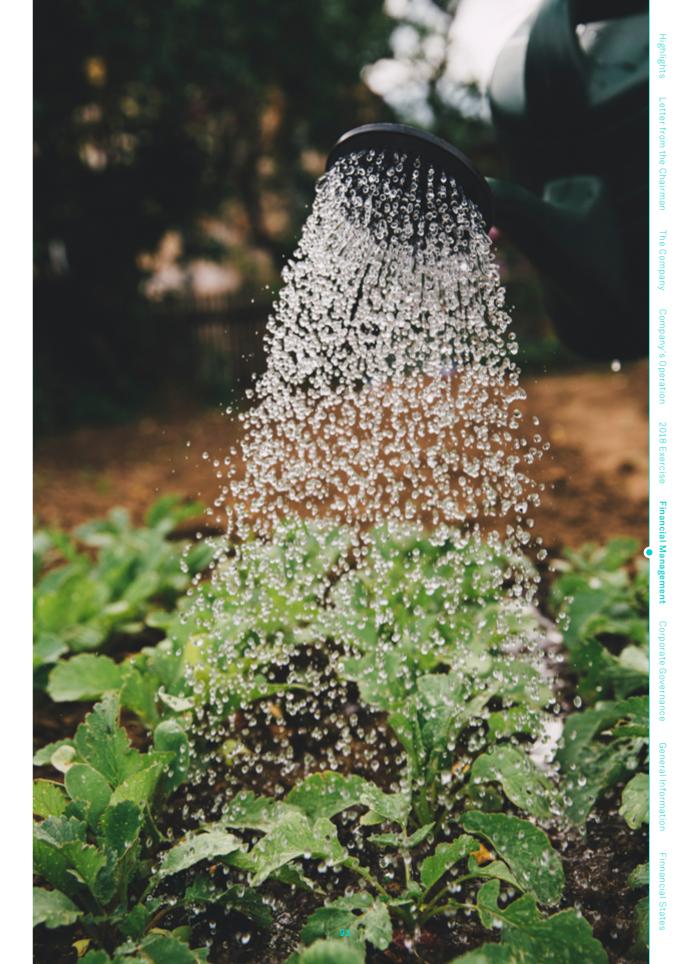
Main suppliers

An efficient value chain that seeks to improve the quality and excellence of the operations of the subsidiaries of IAM.

At the end of the 2018 financial year, IAM's main suppliers, on an individual basis, are as follows:

MAIN SUPPLIERS

MAIN SOFFEIERS
Orion Seguros Generales S.A.
El Mercurio S.A.P.
Ernst & Young Servicios Profesionales
Prieto Abogados SpA
Renta Equipos Leasing S.A.
Investis Limited
Bolsa de Comercio de Santiago
Diseño Otros Perez Limitada
Zahler y Cía Ltda.
Mapfre Compañía de Seguros Generales



The bylaws of IAM define its dividend policy, which consists of distributing 30% of distributable net income for the year, unless the shareholders unanimously agree to distribute a smaller percentage.

However, if the sum of the distributions of dividends or capital received in cash by the subsidiary Aguas Andinas S.A. during the financial year, minus the operating and non-operating expenses and provisions for the financial year to be made in accordance with the applicable accounting standards

is an amount that exceeds 30%, the company must distribute this surplus as an additional dividend, within 60 business days following the respective Ordinary Shareholders' Meeting, up to the total amount of distributable liquid income for the year.

\$67.74514

was the amount paid per share during 2018.

Dividends paid per share

(Figures expressed in the currency of the date of payment)

\$ PER SHARE	2014	2015	2016	2017	2018
Book value	577.63	580.63	589.68	593.49	591.67
Profit	58,711	63,283	74,289	68,719	67,128
Amount paid	57.6478 ⁽¹⁾	58.7107 ⁽²⁾	63.2833 ⁽³⁾	66.6566 ⁽⁴⁾	67.74514 ⁽⁵⁾

- (1) It includes two items: a provisional dividend of 18,5379 per share, on account of earnings of2013, paid on January 17, 2014; and a final dividend of \$39,1099 corresponding to the 2013 income distribution, paid on May 29, 2014.
- (2) It includes two items: an provisional dividend of Ch\$19,4674 per share, on account of 2014 net income, paid on January 16, 2015; and a final dividend of Ch\$39,2433, corresponding to the
- (3) Includes two items: a provisional dividend of Ch\$20,324 per share on account of 2015 earnings paid on January 18, 2016; and a final dividend of 42.9593

- per share, corresponding to the 2015 income sharing paid on May 27, 2016.
- (4) It includes two items: a provisional dividend of 20,0353 per share, on account of earnings of 2016, paid on January 23, 2017; and a final dividend of Ch\$45.6213 per share, corresponding to the 2016 income distribution, paid on May 25, 2017.
- (5) It includes two items: a provisional dividend of Ch\$21,0353 per share, on account of 2017 net income, paid on January 29, 2018; and a final dividend of Ch\$46,70984 per share, corresponding to the distribution of 2017 net income, paid on May 29, 2018.



Income

Amount paid

Book value

AMOUNT PER

Distributable income 2018

Summary of distribution to shareholders

TYPE

DISTRIBUTABLE INCOME	М\$
Net income of the financial year 2018	67,127,660
Distributable accrued earnings	8,606,218
Provisional dividend 2018	-21,656,000
Remaining distributable income	54,077,878
% of dividends distributed over distributable income	32.26%

				SHARE
Provisional dividend	2005	9/21/05	9/27/05	\$10.97
Final dividend	2005	5/23/06	5/29/06	\$5.97
Capital distribution	-	6/8/06	6/15/06	\$33.61
Provisional dividend	2006	10/21/06	10/27/06	\$14.13
Final dividend	2006	5/16/07	5/23/07	\$8.85
Capital distribution	-	7/19/07	7/25/07	\$19.51
Provisional dividend	2007	10/19/07	10/25/07	\$14.53
Final dividend	2007	5/23/08	5/29/08	\$9.74
Capital distribution	-	6/19/08	6/25/08	\$23.24
Provisional dividend	2008	10/25/08	11/3/08	\$15.30
Final dividend	2008	6/18/09	6/24/09	\$12.91
Capital distribution	-	6/19/09	6/25/09	\$24.22
Provisional dividend	2009	11/19/09	11/25/09	\$16.00
Final dividend	2009	5/13/10	5/19/10	\$44.68
Provisional dividend	2010	11/18/10	11/24/10	\$16.34
Final dividend	2010	5/18/11	5/25/11	\$34.66
Provisional dividend	2011	11/19/11	11/25/11	\$17.02
Final dividend	2011	5/18/12	5/25/12	\$37.91
Provisional dividend	2012	11/9/12	11/15/12	\$17.76
Final dividend	2012	5/17/13	5/24/13	\$42.21
Provisional dividend	2013	1/11/14	1/17/14	\$18.54
Final dividend	2013	5/23/14	5/29/14	\$39.11
Provisional dividend	2014	1/10/15	1/16/15	\$19.48
Final dividend	2014	5/23/15	5/29/15	\$39.24
Provisional dividend	2015	1/12/16	1/18/16	\$20.32
Final dividend	2015	5/20/16	5/27/16	\$42.96
Provisional dividend	2016	1/17/17	1/23/17	\$21.04
Final dividend	2016	5/19/17	5/25/17	\$45.62
Provisional dividend	2017	1/23/18	1/29/18	\$21.04
Final dividend	2017	5/23/18	5/29/18	\$46.71

FINANCIAL YEAR CLOSING DATE PAYMENT DATE

Shares transactions

On December 31, 2018, the share capital of Inversiones Aguas Metropolitanas S.A. consisted of 1,000,000,000 fully subscribed and paid shares.

TRANSACTION OF MAJORITY SHAREHOLDERS' SHARES AND RELATED PERSONS

During the financial year, share transactions were carried out by related persons, which had the nature of a financial investment.

NAME / REPORTING COMPANY	DATE OF TRANSACTION	DATE OF COMMUNICATION OF THE TRANSACTION TO THE CMF	TYPE OF TRANSACTION	NUMBER OF UNITS TRADED	UNIT PRICE IN PESOS	TOTAL AMOUNT OF THE TRANSACTION IN PESOS	COMMENTS
Carlos Mladinic Alonso	9/26/2018	9/27/2018	А	8,000	987.01	7,896,081	Carlos Mladinic Alonso es Director de IAM
Inmobiliaria e Inversiones Alcántara S.A.	8/31/2018	9/3/2018	E	23,934	987	23,622,858	Informante el Director Herman Chadwick
Inmobiliaria e Inversiones Alcántara S.A.	8/31/2018	9/3/2018	А	23,934	982	23,503,188	Informante el Director Herman Chadwick
Suez Inversiones Aguas del Gran Santiago Ltda.	8/7/2018	8/7/2018	E	65,000,000	1,000	65,000,000,000	Facturas de Larrain Vial Números 2431961 y 2431962
Sociedad de Inversiones 7 Rentas Liguria Limitada	5/10/2018	5/11/2018	А	1,434,013	1,165	1,670,910,386	
Sociedad de Inversiones 7 Rentas Liguria Limitada	5/9/2018	5/10/2018	А	1,637,901	1,165	1,908,154,665	
Enrique Andrés Ruz Gálvez	4/9/2018	4/10/2018	E	2,598	1,123.30	2,918,333	Enrique Andrés Ruz Gálvez Is executive of Aguas Andinas
Marcelo Tokman Ramos	3/21/2018	3/22/2018	А	169	1,129.70	190,919	Marcelo Tokman Ramos es Director de IAM
nversiones Tramonto SpA	1/26/2018	1/29/2018	Е	68,327,293	1,150	78,576,386,950	Corporate reorganization
Sociedad de Inversiones y Rentas Liguria Limitada	1/26/2018	1/29/2018	А	68,327,293	1,150	78,576,386,950	Corporate reorganization

SHARES TRANSACTIONS IN THE SECONDARY MARKET

Santiago Stock Exchange

2018	AVERAGE PRICE (\$)	UNITS	AMOUNT (\$)
Total 1° quarter	1,150.20	85,920,211	98,825,511,893
Total 2° quarter	11,046.80	27,146,230	29,987,981,769
Total 3° quarter	996.24	100,729,876	100,350,732,207
Total 4° quarter	981.97	48,491,321	47,616,894,460
Year 2018		262,287,638	276,781,120,329

Electronic Stock Exchange

2018	AVERAGE PRICE (\$)	UNITS	AMOUNT (\$)
Total 1° quarter	1,157.44	1,541,768	1,784,508,995
Total 2° quarter	1,114.92	1,154,656	1,287,346,121
Total 3° quarter	992.11	11,405,599	11,391,143,459
Total 4° quarter	972.43	2,379,864	2,314,240,362
Year 2018		16,481,887	16,777,238,937

Stock brokers' Stock Exchange - Stock Exchange

2018	AVERAGE PRICE (\$)	UNITS	AMOUNT (\$)
Total 1° quarter	1,178.000	500	589,000
Total 2° quarter	1,139.680	6,098	6,949,783
Total 3° quarter	995.000	4,950	4,925,250
Total 4° quarter	972.350	6,140	5,970,288
Year 2018		17,688	18,434,321

Stock market presence of IAM in 2018 at the Santiago stock Exchange reached 100%.





The Board of Directors

The Board of Directors of IAM is the company's main Corporate Governance body, establishing strategic guidelines and supervises the management of the Company.

The Board of Directors of the Company is made up of 7 full members, each of them with his respective alternate, who may replace him definitively in case of vacancy, and temporarily in case of absence or temporary impediment. All directors are elected by the General Shareholders' Meeting based on their competence and suitability for the position.

After their election, each director receives an induction on the business, risks, policies and procedures, main accounting criteria and the legal framework. Directors also have the necessary means to receive external advice for the proper performance of their duties, if required.

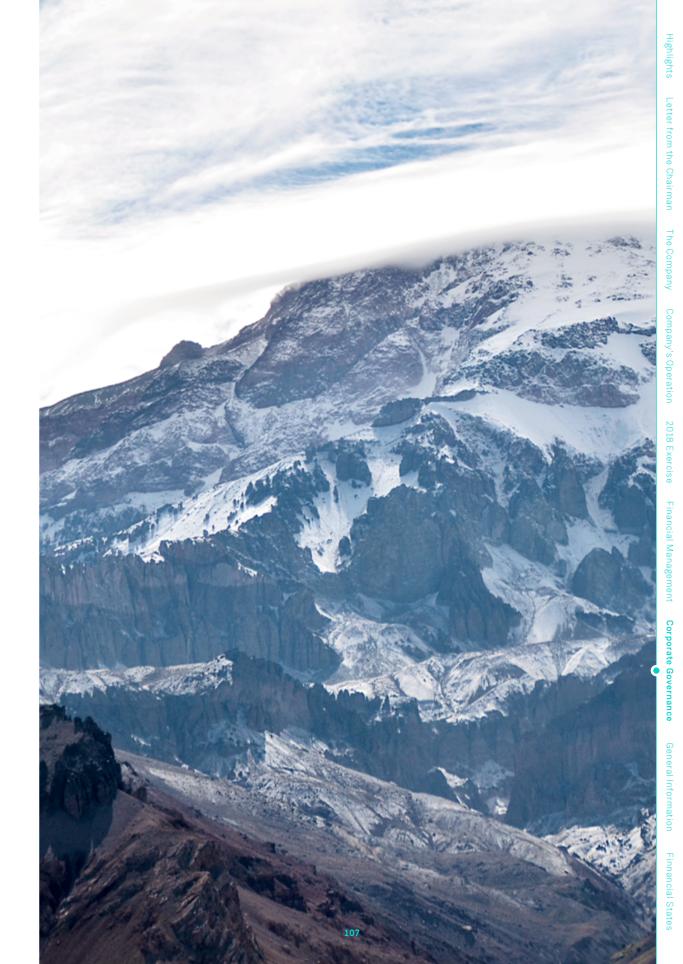
The Directors perform their duties for three years. At the end of this period, the Board of Directors must be completely renewed. Notwithstanding the foregoing, the Board of Directors may be revoked in its entirety prior to the expiration of its mandate, by agreement of the Ordinary or Extraordinary Shareholders' Meeting, in which case the same meeting must elect

the new Board of Directors. Consequently, individual revocation of one or more directors is not appropriate.

Directors may be re-elected indefinitely and may be shareholders of the company.

OPERATION OF THE BOARD OF DIRECTORS

The Board of Directors meets in ordinary and extraordinary sessions. The firstmeetings are held on dates predetermined by the Board of Directors and there is at least one meeting per month. The second are held when they are summoned by the President himself or at the indication of one or more directors, prior qualification by the President of the necessity of the meeting, unless requested by the absolute majority. In either case, the quorum for the Board to meet is an absolute majority of its members and the resolutions are adopted with the favorable vote of the absolute majority of the directors in attendance, except for the resolutions that according to the bylaws of Inversiones Aguas. Metropolitanas S.A., the law and its regulations or other special provisions, require a higher majority.



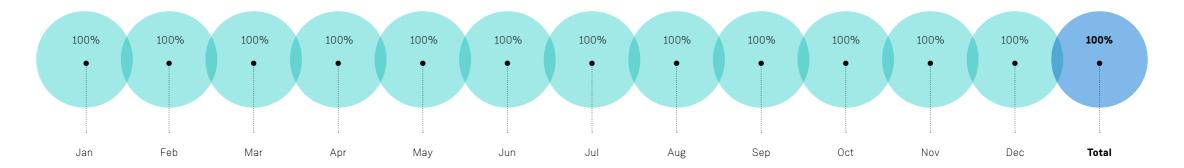
109

CURRENT BOARD OF DIRECTORS

The current Board of Directors was elected for a period of three years and took office on April 27, 2017.

NAME	NATIONALITY	RUT	POSITION	PROFESSION	DATE OF APPOINTMENT	FIRST ELECTION TO THE BOARD OF DIRECTORS
Felipe Larrain Aspillaga	Chilean	6.922.002-9	President	Civil Engineer	4/27/17	4/30/14
Alberto Muchnick Mlynarz	Chilean	6.447.493-6	Vice-president (Independent)	Commercial Engineer	4/27/17	4/21/10
Herman Chadwick Piñera	Chilean	4.975.992-4	Director	Lawyer	4/27/17	4/27/06
Miguel Ignacio Guerrero Gutiérrez	Chilean	5.546.791-9	Director	Commercial Engineer	4/27/17	4/27/06
Carlos Mladinic Alonso	Chilean	6.100.558-7	Director	Commercial Engineer	5/31/17	4/30/14
Hernán Cheyre Valenzuela	Chilean	6.375.408-0	Director	Commercial Engineer	4/27/17	4/27/17
Ana Girós Calpé	French	0-E (Foreigner)	Director	Industrial Engineer	4/27/17	4/27/17
Hugo Silva Raveau	Chilean	6.863.031-2	Alternate Director	Mechanical Technician and Postgraduate in Administration U. Santa María	4/27/17	4/27/17
Giorgianna Cúneo Queirolo	Chilean	9.667.948-3	Alternate Director	Economist	4/27/17	4/30/14
Rodrigo Castro Fernández	Chilean	10.570.170-5	Alternate Director	Economist	4/27/17	4/27/06
Marcelo Tokman Ramos	Chilean	16.654.431-9	Alternate Director	Commercial Engineer	4/27/17	4/21/10
Jorge Cosme Sagnier	Spanish	24.394.856-8	Alternate Director	Degree in Administration and Business Management and MBA	4/27/17	4/27/17
Silvina Somasco Mozziconacci	French	0-E (Foreigner)	Alternate Director	National Public Accountant	4/27/17	4/27/17

ATTENDANCE OF THE BOARD OF DIRECTORS 2018

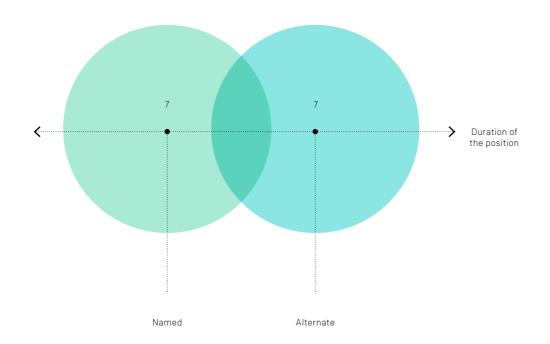


Corporate Governance

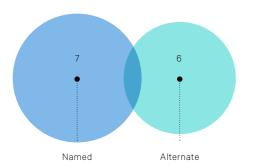
Finnancial States

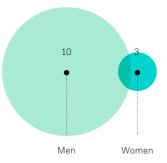
COMPOSITION AND DIVERSITY OF THE BOARD OF DIRECTORS

Number of Directors by Status

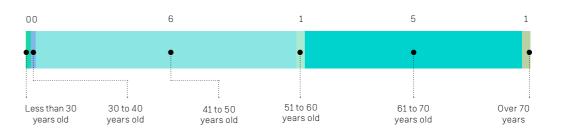


N° of Director by gender N° of current Directors

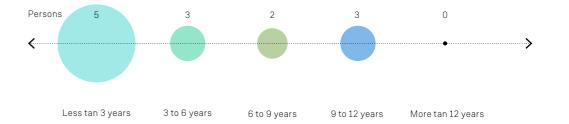




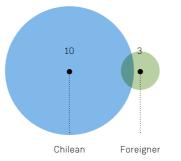
N° of Directors by age range



N° of Directors by seniority



N° de Directors by nationality



Director's Committee

The Committee of Directors is composed of 3 members, the majority of whom must be independent.

MAIN FUNCTIONS AND POWERS

The Committee of Directors contemplates the following faculties and duties:



Review of reports from external auditors, the balance sheet and other financial statements, and comment on them prior to their submission to the shareholders.



Examine remuneration systems and compensation plans of the company's managers, chief executives and employees.



Propose to the Board of Directors names of external auditors and private risk classifiers.



Draft an annual report on its management, including its main recommendations to the shareholders.



To examine the background of the operations covered by Title XVI and to report on those operations.



IAM has a Directors Committee, which is also part of its Corporate Governance.

COMPOSITION 29

Under the law, the Committee of Directors must consist of three members, most of whom must be independent. It should be noted that the Chairman of the Board of Directors cannot be a member of the committee or its subcommittees unless he is an independent director.

OPERATION

In accordance with the law and the Committee's internal regulations, the Committee holds ordinary sessions once a month and extraordinary sessions whenever required, in order to address the matters entrusted to it by article 50 bis of Law No. 18,046 on corporations. The minimum quorum is two members.

AGREEMENTS

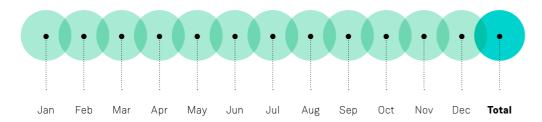
In accordance with the law, the deliberations, agreements and organization of the Committee shall be governed by the rules relating to the meetings of the Board of Directors of the Company. The Committee shall communicate to the Board of Directors the manner in which it will request information, as well as its agreements.

CURRENT COMMITTEE OF DIRECTORS &

As of December 31, 2018, the Directors Committee of IAM is comprised of the controller's independent director, Alberto Muchnick, Ignacio Guerrero and Herman Chadwick, who were appointed by the independent director. The Committee is chaired by Alberto Muchnick and attorney Sebastián Oddó acts as secretary.



ATTENDANCE TO DIRECTORS COMMITTEE **MEETINGS IN 2018**



IAM 2018 REPORT

In compliance with the provisions of article 50 bis, paragraph eight, of Law 18.046 on Corporations, the activities carried out by the Committee during the year ended on December 31, 2018 and the expenses incurred, including those of its advisors, are reported.

I. Composition of the committee

The committee of Directors of Aguas Metropolitanas S.A. consisted of the Independent Director of the controller, Alberto Muchnick, and directors Herman Chadwick and Ignacio Guerrero, who were appointed by the Independent Director.

The Committee is chaired by Alberto Muchnick and the lawyer Sebastián Oddo acts as Secretary.

Since its constitution, the Committee has ordinary sessions once a month to address the matters entrusted to it.

Article 50 bis of Law 18.046 and others of general interest to the Company.

II. Main activities of the year

The main activities carried out by the Committee during 2018 were the following:

- 1 Examination of the reports of the external auditors, the balance sheet and other financial statements of Inversiones Aguas Metropolitanas S.A. for the year ended December 31, 2018.
- 2 Proposal to the Board of Directors of the external auditors and risk classifiers for the 2018 financial year.
- 3 Examination of the reports of the external auditors, the balance sheet and other financial statements of Inversiones Aguas Metropolitanas S.A., prepared quarterly.
- 4 Review of the 2018 and 2019 budget.
- **5** Review of the results of the placement of the Aguas Andinas Green and Social Bond.
- 6 Review of the first semester risk map for 2018.
- 7 Review for the renewal of the liability insurance policy for executives and directors.

III. Budget and expenses of Committee Directors

At the Ordinary Shareholders' Meeting, held in April 2018, the Directors' Committee was allocated an annual budget of 2,000 Unidades de Fomento, which was not used during the year.

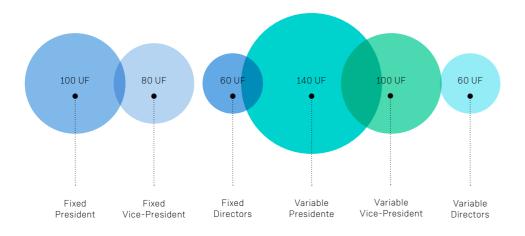
Compensation and expenses

OF THE BOARD OF DIRECTORS AND COMMITTEE OF DIRECTORS

In accordance with Law No. 18,046, the General Ordinary Stockholders Meeting, held on April 25, 2018, agreed on the compensation of the Board of Directors, the Committee of Directors and their expenses budget for 2018.

The compensation of the Board of Directors is divided into two types: a fixed monthly compensation of UF 100 for the President, UF 80 for the Vice President and UF 60 for regular and alternate Directors; and a variable compensation, which is paid for attendance to each session, of UF 140 for the President, UF 100 for the Vice President, UF 60 for regular directors and UF 60 for alternate directors, when they replace the named directors. The expenses of the Board of Directors of IAM during the 2018 financial year were ThCh\$ 2,047.

The compensation of the Committee of Directors for 2018 were as follows: a fixed monthly compensation of UF 25 and a variable compensation of UF 25 for attendance at to each session. In addition, an expense budget of UF 2,000 was agreed upon, which was not used.



116

Compensation of the Board of Directors (thousands of pesos)

DIRECTORS	POSITION	FIXED		VARIABLE	
		2017	2018	2017	2018
Felipe Larrain Aspillaga	President	31,906	32,634	48,353	45,687
Herman Chadwick Piñera	Director	19,144	19,580	20,723	17,962
Alberto Muchnick Mlynarz	Vice-president	25,525	26,107	34,538	29,951
Pablo Pérez Cruz	Director	4,751	0	6,330	0
Ignacio Guerrero Gutiérrez	Director	19,144	19,580	19,127	17,962
Hernán Cheyre Valenzuela	Director	14,393	19,580	14,393	19,580
Rodrigo Azócar Hidalgo	Director	3,192	0	3,192	0
Marcelo Tokman Ramos	Alternate Director	11,138	27,663	3,163	0
Pedro Butazzoni Álvarez	Alternate Director	4,751	0	0	0
Rodrigo Castro Fernández	Alternate Director	19,144	19,580	1,596	0
Jorge Bande Bruck	Alternate Director	4,751	0	6,330	0
Giorgiana Cúneo Queirolo	Alternate Director	19,144	19,580	0	1,609
Carlos Mladinic Alonso	Alternate Director	19,144	19,580	11,201	19,580
Hugo Silva Reveau	Alternate Director	14,393	19,580	0	0
Totals		210,520	223,464	168,946	152,331

Compensation of the Committee OF Directors (thousands of pesos)

DIRECTORS	POSITION	COMPENS	COMPENSATION		
		2017	2018		
Alberto Muchnick Mlynarz	Vice-president	15,954	15,646		
Herman Chadwick Piñera	Director	11,324	15,641		
Ignacio Guerrero Gutiérrez	Director	15,289	15,642		
Marcelo Tokman Ramos	Alternate Director	2,640	0		
Rodrigo Castro Fernández	Alternate Director	8,642	8,158		
Giorgiana Cúneo Queirolo	Alternate Director	7,977	8,158		
Totals		61,826	63,245		

At the end of the 2018 financial year, the payroll of senior managers and executives of IAM consists of 2 professionals.

At the individual level, the total payroll of IAM in the period was \$332 million, 0.6% higher than the previous year. Of this value, \$287 million corresponded to fixed remuneration and \$45 million to variable compensation.

No severance payments were recorded during 2018.

Main Executives

NAME	RUT	POSITION	DATE ON THE POSITION
Laureano Cano Iniesta	25.374.056-6	Gerente General de IAM	05-09-16
Patricio Andrés Acuña Solorza	10.696.150-6	Gerente de Contabilidad e Impuestos	10-01-16

Compensation of main executives

DETAIL	FIXED		VARI	VARIABLE		TOTAL	
	2017	2018	2017	2018	2017	2018	
Compensation Of main executives	\$301	\$287	\$29	\$45	\$330	\$332	

118

GENDER PAY GAP, BY GENDER

Since individually AMI has only four people from different levels, it is not possible to calculate their gender pay gap. However, it is possible to present the gender pay gap at the consolidated level of all its subsidiaries.

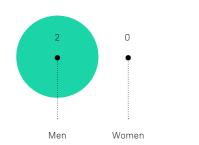
Average gross base salary per level

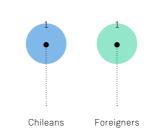
LEVEL	RATIO OF WOMEN'S WAGES TO MEN'S WAGES	% DIFFERENCE OF WAGES OF WOMEN WHEN COMPARED TO WAGES OF MEN
Executives	82.46%	-17.54%
Heads	102.69%	2.69%
Professional	88.79%	-11.21%
Technician	90.41%	-9.59%
Administrative	127.29%	27.29%
Operator	138.25%	38.25%
General Total	103.40%	3.40%

COMPOSITION AND DIVERSITY OF THE MANAGEMENT OF IAM AND ITS SUBSIDIARIES

N° of persons per gender

N° of persons per nationality

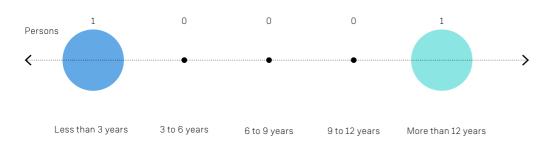




N° de personas por rango de edad



N° of persons per seniority

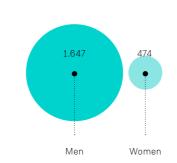


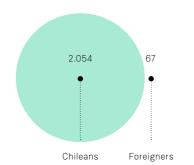
120

COMPOSITION AND DIVERSITY OF THE ORGANIZATION OF IAM AND ITS SUBSIDIARIES

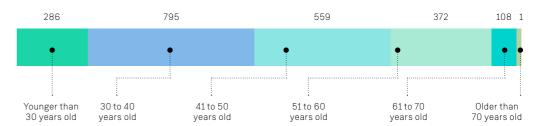
N° of persons per gender

N° of persons per nationality

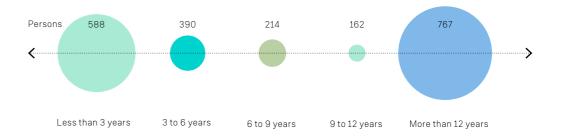




N° of persons per age range



N° of persons per seniority



Other instances of Corporate Governance

Different bodies make up the Corporate Governance of IAM.

CODE OF ETHICS

IAM has a Code of Ethics, which contains the fundamental principles of the Company, including: complying with laws and regulations, rooting a culture of integrity, demonstrating loyalty and honesty, and respecting all people. These principles must be applied to shareholders, customers, competitors, the local community and the environment.

The corporate values of IAM and its subsidiaries express themselves through the way they act. Ethics is recognized in the fundamental principles that guide behavior, compliance with laws and regulations, integrity, loyalty, honesty and respect for all people.



CODE OF CONDUCT OF THE BOARD OF DIRECTORS

Within the rules of good corporate governance, IAM has a Code of Conduct applicable to all Directors of the Company, regarding situations of conflict of interest they may face.

This code contains, among others:



Identification of the main situations that configure a conflict of interest.



Mechanisms to avoid conflicts of interest.



 Way to solve conflicts of interest.

122



Procedure to declare conflicts of interest

The code also addresses situations that, although not specifically contained in the law, if poorly resolved could end up affecting the social interest.

CRIME PREVENTION MODEL

The Company has a Model of Crime Prevention, which enables certifying that the duties of supervision and management of the undertaking have been fulfilled.

This model establishes rules, protocols and procedures as preventive measures of crimes, that every person in the Company must respect, including suppliers and contractors. For greater control, the Board of Directors appointed a person in charge of ensuring compliance with the model, named In charge of Crime Prevention.

DISSEMINATION OF INFORMATION ON CORPORATE GOVERNANCE PRACTICES (NCG N°385)

The IAM Board of Directors approved inDecember 2015 a series of policies, procedures and protocols under NCG No 385, which were included as part of NCG No 385. in the document entitled "Compendium of Corporate Government Policies and Procedures and that was informed to the Superintendence of Securities and Insurance on March 31, 2016, which are in force in the company. This compendium is published on the IAM website.

EVALUATION OF CORPORATE GOVERNANCE

The Board of Directors of the Company agreed to set a formal procedure for continuous improvement, with biennial periodicity, in order to detect and implement eventual improvements in the organization and its functioning.



123

This procedure consider the advice from an expert other than the society for detection and implementation of those strengthening areas.

ANTI-CORRUPTION POLICY

The IAM Code of Ethics recognizes integrity as one of the basic principles of its corporate culture, and disapproves of corruption in all its forms.

The company argues that fairness, integrity and impartiality should govern relations between workers, managers and employeesand representatives, as well as 'those which are generated with all those who are directly or indirectly related to IAM, whether natural or physical persons, and whether they come from the public or private world.

In this context, the Anti-Corruption
Policy of IAM is intended to serve as a
guide for the actions of its staff, providing
guidance on what the company expects
and demands when dealing with public
servants and in general with third parties,
including suppliers and the Company's
own collaborators.de la Compañía.

The email:

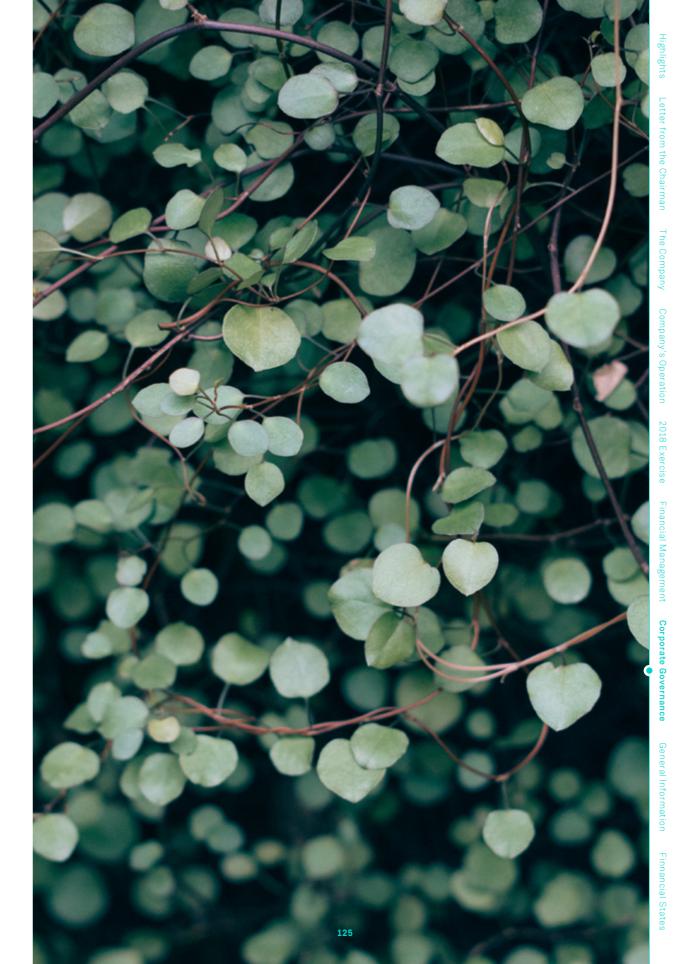
inversionista@aguasmetropolitanas.cl is a usual channel of contact between the investors and the Company.

RELATIONSHIP WITH INVESTORS

The Investor Relations area of IAM is responsible for managing the relationship and delivering timely information to investors and shareholders of the Company.

The contact for this area is duly identified on the corporate website, www.iam.cl, a site that includes financial analysis tools, corporate presentations, along with related news and events.

The area holds permanent meetings and individual conference calls with institutional investors, both local and international, and takes part in local and international conferences.



Essential facts

AGUAS ANDINAS S.A.

- During the month of April 2018, Aguas Andinas S.A. placed two bonds in the local market, Series AC and AD, for an amount of UF 1.5 million at a 7-year term with a 3-year grace period, obtaining a placement rate of 1.80% and UF 2.0 million at a 25-year term with a 23-year grace period, obtaining a placement rate of 2.83%, respectively. The proceeds from the placement of the bonds will be used to finance the investment plan and refinancing of liabilities.
- At the shareholders' meeting held on April 24, 2018, it was agreed to distribute the liquid earnings obtained by the Company in the 2017 financial year, which were ThCh\$139,620,280, excluding the line " Earnings from Other Income" in the Financial Statements, net of taxes, thus leaving an amount of ThCh\$139,620,280. of ThCh\$137,677,083. In consideration of the distribution of an interim dividend paid in January 2018, the distributable net income amounted to ThCh\$95,692,415, corresponding to a dividend of Ch\$15.6386 per share, which was paid on May 24, 2018.

AGUAS CORDILLERA S.A.

On April 23, 2018, the Ordinary Shareholders Meeting of the Company was held, in which matters pertaining to the Company were discussed, including the renewal of the Board of Directors, and the following persons were elected:

- 1 Guillermo Pickering de la Fuente
- 2 Víctor de la Barra Fuenzalida
- 3 Laureano Cano
- 4 Sonia Tschorne Berestesky
- 5 Loreto Silva Rojas

The same meeting approved the distribution of 100% of the net profits obtained by the Company in 2017. Consequently, the distributable income amounted to ThCh\$18,890,051, corresponding to a dividend of ThCh\$18,890,051. \$376,843.84458 per share, which was paid on May 23, 2018.

Next, the Board of Directors of the Company met, in this session it was agreed to appoint Mr. Guillermo Pickering de la Fuente as Chairman and Mr. Víctor de la Barra Fuenzalida as Vice-Chairman.

AGUAS MANQUEHUE S.A.

On April 23, 2018, the Ordinary Shareholders Meeting of the Company was held, in which matters pertaining to the Company were discussed, including the renewal of the Board of Directors, and the following persons were elected:

- 1 Guillermo Pickering de la Fuente
- 2 Camilo Larraín Sánchez
- 3 Carlos Alberto Rabat Vilaplana
- 4 Laureano Cano
- 5 Iván Yarur

The same meeting approved the distribution of 100% of the liquid earnings obtained by the Company in the 2017 financial year, Consequently, the distributable net income amounted to ThCh\$ 3,193,001, corresponding to a dividend of Ch\$ 13,689.24 per share, which was paid on May 23, 2018.

Subsequently, the Board of Directors of the Company met, in this session it was agreed to appoint Guillermo Pickering de la Fuente as Chairman of the Board of Directors, and as Vice President of the Company Mr. Camilo Larraín Sánchez.

ESSAL S.A.

On April 20, 2018, the Company's Ordinary Shareholders Meeting was held, in which matters related to the Company were discussed, including the renewal of the Board of Directors, and the following persons were elected:

Named Directors

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

Alternate Directors

127

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

On the same date, the Board of Directors of the of the Company met, session in which it was agreed to appoint as Chairman of the board and of the the Company Mr. Guillermo Pickering de la Fuente and as Vice President Mr. Camilo Larraín Sánchez.







Identification of the company

Name: Inversiones Aguas Metropolitanas S.A.

Legal domicile: Av. Apoquindo N° 4800, Torre II, piso 20, Las

Condes, Chile.

RUT: 77.274.820-5

Telephone: (56-2) 2739 6600

Activity: Investment in shares of the Chilean corporation called Aguas Andinas S.A.; and the provision of all kinds of advisory services, consultancies and services related to the transfer of technology and know-how, technical support, business administration and projects, especially those related to the management and operation of sanitary businesses.

Inscription in the Register of Securities: No. 0912, dated August 19, 2005.

Stock market information

Stock market code

Single series: IAM

Shareholder information

Central Securities Depository

Address: Huérfanos 770, piso 22,

Santiago, Chile.

Telephone: (56-2) 2393 9003

Fax: (56-2) 2393 9101

Offices of the Company

Address: Av. Apoquindo N° 4800, Torre II, piso 20, Las Condes, Chile.

Telephone: (56-2) 2739 6600

Email:

inversionista@aguasmetropolitanas.cl



For more information visit our website: www.iam.cl

Legal incorporation of the Company

The Company was incorporated by public deed dated May 19, 1999, executed at the Notery's Juan Ricardo San Martín Urrejola office in Santiago de Chile. An abstract of it was registered on pages 11.226, No. 9.027, in the Trade Registry of the Real Estate Registrar of Santiago in 1999, and published in the Official Gazette on May 22, 1999.

The bylaws of the Company have been subject to various amendments, including the amendment to the bylaws contained in a public deed dated July 15, 2005, executed at the Santiago Notery's office of Mr. Iván Torrealba Acevedo, by means of which its partners agreed, pursuant to articles 96 and following of Law No. 18,046, on Corporations, to change the corporate type of the Company converting it into a new corporation, continuing its legal status.

An abstract of this modification was registered on pages 25.668, No. 18.587, in the Registry of Commerce of the Real Estate Registrar of Santiago of the year 2005, and was published in the Official Journal on July 25, 2005.

1999

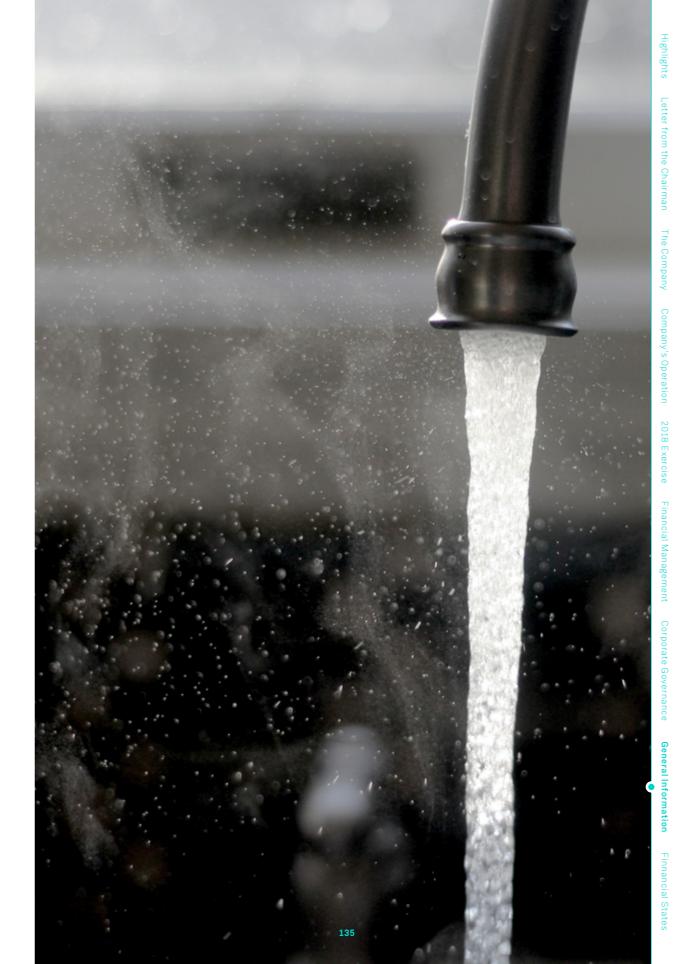


The Chilean sanitary industry is governed by a set of laws and regulations.
The main legal bodies are:

- General Sanitary
 Services Law
 (DFL MOP No. 382 of
 1988). It contains the
 provisions governingthe
 concessions regime and
 the activity of sanitary
 service providers.
- Regulations of the Law of Tariffs for Sanitary Services (DS MINECON N° 453 of 1990). It contains the regulatory standards that allow the application of the Law on Sanitary Services Tariffs, including the methodology for calculating tariffs and the administrative procedures.

- Law on Subsidies for the Payment of Potable Water Consumption and Sewerage Services (Law No. 18,778 of 1989). It establishes a subsidy for the payment of potable water consumption and sewerage.
- Law of Tariffs of
 Sanitary Services
 (DFL MOP N° 70 of
 1988). It contains the
 provisions regulating
 the setting of water and
 sewerage tariffs and
 reimbursable financing
 contributions.
- Regulation of the
 Subsidy Law
 (DS Finance No. 195 of
 1998). It contains the
 regulatory provisions for
 the implementation of
 the Subsidy Law.

- Regulation of the General Sanitary
 Services Law(DS
 MOP No. 1199/2004, published in
 November 2005).
 It establishes the regulations that allow for the application of the General Law on Sanitary Services (replaces the DS MOP No. 121 of 1991)..
- DS MOP N° 214/05,
 Regulation of Article
 67 of the General Law
 of Sanitary Services.
 It establishes the
 requirements for public
 tendering processes,
 which sanitary services
 providers are mandated
 to follow.
- Law that creates the Superintendence of Sanitary Services (Law N° 18.902 of 1990). It establishes the functions of this body.



Statement of responsibility

The Directors of Inversiones Aguas Metropolitanas S.A. together with its General Manager, signatories of this declaration, take responsibility under oath for the veracity of the information provided in this **Annual Report, in accordance** with the provisions of General Regulation N°. 30 of the Financial Market Commission (CMF).



Felipe Larrain Aspillaga

6.922.002-9

PRESIDENT



Herman Chadwick Piñera

4.975.992-4

DIRECTOR



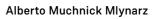
Ignacio Guerrero Gutiérrez

5.546.791-9

DIRECTOR



DIRECTOR



6.447.493-6



Carlos Mladinic Alonso

6.100.558-7



Hernán Cheyre Valenzuela

6.375.408-0

DIRECTOR



Laureano Cano Iniesta

25.374.056-6

CHIEF EXECUTIVE OFFICER







Independent **Auditor's Report**



EY Chile Avda, Presidente Riesco 5435, piso 4 Las Condes, Santiago Tel: +56 (2) 2676 1000 www.eychile.cl

Independent Auditor's Report

(Translation of the report originally issued in Spanish)

Shareholders and Directors Inversiones Aguas Metropolitanas S.A.

We have audited the accompanying consolidated financial statements of Inversiones Aguas Metropolitanas S.A., and its subsidiaries ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, 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 consolidated financial statements.

Management's Responsibility for the Consolidated 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.

142



EY Chile Avda, Presidente Riesco 5435, piso 4, Las Condes, Santiago Tel: +56 (2) 2676 1000 www.eychile.cl

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 Inversiones Aguas Metropolitanas S.A., and its subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Gaston Villarroe

EY Audit SpA

Santiago, March 20, 2019

CONSOLIDATED FINANCIAL POSITION STATEMENTS

As of December 31, 2018, and 2017 (In thousand pesos - Th\$)

ASSETS	NOTE	31-12-2018	31-12-2017
		TH\$	TH\$
CURRENT ASSETS			
Cash and cash equivalent	7	41,087,276	19,803,208
Other non-financial assets		2,336,565	1,373,386
Commercial debtors and other accounts receivable	8	116,829,372	113,532,427
Accounts receivable from related entities	9	90,778	560,234
Inventories	10	3,636,388	3,925,378
Tax assets		5,748,762	12,542,440
Total current assets other than the assets or groups of available assets classified as being retained for sale or being retained to be distributed among holders		169,729,141	151,737,073
Total current assets	•••••	169,729,141	151,737,073
NON-CURRENT ASSETS			
	8	7,852,912	7,807,734
Other financial assets	8	7,852,912 495,067	7,807,734 895,341
Other financial assets Other non-financial assets	8		
Other financial assets Other non-financial assets Receivables		495,067	895,341 2,276,380
Other financial assets Other non-financial assets Receivables Intangible assets other than goodwill	8	495,067 4,500,020	895,341 2,276,380 227,084,499
Other financial assets Other non-financial assets Receivables Intangible assets other than goodwill Goodwill	8 11	495,067 4,500,020 224,864,424	895,341 2,276,380 227,084,499 307,581,431
Other financial assets Other non-financial assets Receivables Intangible assets other than goodwill Goodwill Properties, plant and equipment	8 11 12	495,067 4,500,020 224,864,424 307,581,431	895,341 2,276,380 227,084,499 307,581,431 1,351,787,934
NON-CURRENT ASSETS Other financial assets Other non-financial assets Receivables Intangible assets other than goodwill Goodwill Properties, plant and equipment Deferred tax assets TOTAL NON-CURRENT ASSETS	8 11 12 13	495,067 4,500,020 224,864,424 307,581,431 1,440,115,150	895,341

EQUITY AND LIABILITIES	NOTE	31-12-2018	31-12-2017
		М\$	М\$
CURRENT LIABILITIES			
Other financial liabilities	8	33,963,316	63,045,352
Trade debts and other accounts payable	8	148,110,369	115,392,863
Accounts payable from related entities	9	35,775,570	34,965,908
Other provisions	15	2,992,246	2,603,819
Tax liabilities		285,567	12,088
Provisions for employee benefits	19	5,546,049	5,531,516
Other non-financial liabilities		16,254,571	16,267,599
Total current liabilities other than the liabilities included in available liability groups classified a being retained for sale.		242,927,687	237,819,145
Total current liabilities		242,927,687	237,819,145
NON-CURRENT LIABILITIES Other financial liabilities	8	912,513,179	802,978,167
Other accounts payable	8	983,335	982,075
Other provisions	15	1,341,233	1,301,105
Deferred tax liabilities	24	35,719,583	38,089,361
Provisions for employee benefits	19	17,338,241	15,328,801
Other non-financial liabilities		9,113,389	8,057,759
Total non-current liabilities		977,008,960	866,737,268
Total liabilities		1,219,936,647	1,104,556,413
EQUITY			
Issued capital	3	468,358,402	468,358,402
Accumulated earnings	3	160,583,576	162,398,166
Other equity interests	3	-37,268,417	-37,268,417
Equity attributable to owners of the controller		591,673,561	593,488,151
Non-controlling interests	4	367,027,498	371,326,421
Total equity		958,701,059	964,814,572
TOTAL EQUITY AND LIABILITIES	·····	2,178,637,706	2,069,370,985

Notes 1 to 28 are an integral part of these Consolidated Financial Statements. $\label{eq:consolidated}$

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY NATURE

For the fiscal years ended December 31, 2018 and 2017 (In thousand pesos - Th\$)

INCOME STATEMENT BY NATURE	NOTE	31-12-2018	31-12-2017
		TH\$	TH\$
Revenues for regular activities	17	530,400,417	509,536,405
Used raw materials and expendables		-39,229,587	-34,924,904
Provisions for employee benefits	19	-59,532,548	-55,930,210
Expenses related to depreciation and amortization	11-13	-75,472,412	-74,401,330
Other expenses by nature	21	-122,931,757	-121,290,206
Other (losses) earnings	5	-1,117,499	2,608,255
Financial income	5	5,885,519	6,084,902
Financial costs	5	-29,998,359	-31,115,703
Exchange differences	20	-84,889	6,907
Results of indexation adjustments	22	-23,022,689	-11,947,203
Earnings before taxes	•••••••	184,896,196	188,626,913
Expenses for earning taxes	24	-46,617,680	-46,378,978
Earnings from continuous operations		138,278,516	142,247,935
EARNINGS		138,278,516	142,247,935
Earnings due to			
Earnings attributable to owners of the controller		67,127,660	68,718,709
Earnings attributable to non-controlling shares	4	71,150,856	73,529,226
Earnings		138,278,516	142,247,935
Earnings per share			
Earnings per basic shares in continuous operations (\$)	25	67.128	68.719
Earnings per basic shares (\$)		67.128	68.719

146

COMPREHENSIVE INCOME STATEMENT	NOTE	31-12-2018	31-12-2017
		тн\$	тн\$
EARNINGS		138,278,516	142,247,935
OTHER COMPREHENSIVE INCOME STATEMENT			
Components of other comprehensive income statement that will not be regraded to the result of the fiscal year, before taxes	19	-1,534,815	1,340,799
Actuarial surplus (losses) for defined profit plans		-1,534,815	1,340,799
Other Comprehensive income statement that will not be regraded to the result of the fiscal year, before taxes		289,002	-362,016
Taxes on incomes related to components of other comprehensive income statement that will not be regraded to the result of the fiscal year	ı	289,002	-362,016
TAX ON INCOMES RELATED TO DEFINED PROFIT	Γ PLANS		
Taxes on earnings related to the components of other comprehensive income statement that will not be regraded to the result of the period		-1,245,813	978,783
Total other comprehensive income statement		137,032,703	143,226,718
Total comprehensive income statement		66,551,250	69,697,492
)	70,481,453	73,529,226
Comprehensive income statement attributable to the owners of the controller	•	137,032,703	143,226,718

Notes 1 to 28 are an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF DIRECT CASH FLOWS

For the fiscal years ended December 31, 2018 and 2017 (In thousand pesos - Th\$)

DIRECT CASH FLOW STATEMENT	NOTE	31-12-18	31-12-17
		TH\$	тн\$
Types of collections from operational activities	S	629,531,438	597,080,877
Collections from the sales of assets and service	es	627,029,422	592,919,710
Collections from premiums and benefits, annuities and other policy earnings		1,183,157	2,532,452
Other collections from operational activities		1,318,859	1,628,715
Types of payments in cash from operational activities		-316,176,802	-315,198,537
Vendors payment for goods and services		-197,928,741	-199,309,573
Payments to and on behalf of the employees		-65,819,533	-57,101,179
Payments of premiums and services, annuities and other liabilities arising from contracted policies		-962,975	-3,464,095
Other payments for operational activities		-51,465,553	-55,323,690
Cash flow accruing (used in) operations		-68,964,552	-72,530,807
Interests paid		-23,504,622	-20,265,514
Accrued interest		843,116	345,631
Taxes paid on earnings (reimbursed)		-44,678,191	-50,411,683
Other cash in-flow (out-flow)		-1,624,855	-2,199,241
Cash flow from (used in) operational activities	•••••••••••••••••••••••••••••••••••••••	244,390,084	209,351,533
Amounts from the sale of properties, plant and equipment		5,108,439	622,475

148

DIRECT CASH FLOW STATEMENT	NOTE	31-12-18	31-12-17
		TH\$	TH\$
Purchase of properties, plant and equipment		-137,241,349	-112,299,077
Purchase of intangible assets		-297,701	-678,500
Accrued interest		0	402,982
Other cash in-flow (out-flow)		-3,022,315	-1,876,838
Cash flow from (used in) investment activities	es	-135,452,926	-113,828,958
Amounts from long-term loans		113,109,288	43,604,119
Amounts from short-term loans		51,654,646	67,841,887
Amounts from loans, classified as financing activities		164,763,934	111,446,006
Amortization of loans		-110,230,806	-115,692,132
Dividends paid		-142,091,345	-137,595,247
Other cash in-flow (out-flow)		-94,873	0
Net cash increase (decrease) and cash equivalent		-87,653,090	-141,841,373
Cash and cash equivalents at the beginning of the fiscal year	<u>.</u>	21,284,068	-46,318,798
Cash and equivalent cash at the beginning of the fiscal year		19,803,208	66,122,006
Cash and equivalent cash at the end of the fiscal year	7	41,087,276	19,803,208

Notes 1 to 28 are an integral part of these Consolidated Financial Statements.

STATUS OF CHANGES IN THE **CONSOLIDATED NET EQUITY**

For the fiscal years ended December 31, 2018 and 2017 (In thousand pesos - Th\$)

STATUS OF EQUITY CHANGES	NOTE	OUTSTANDING CAPITAL STOCK	SHARE PREMIUMS	OTHER EQUITY SHARES	RESERVE OF ACTUARIAL EARNINGS OR LOSSES IN DEFINED PROFIT PLANS	ACCUMULATED EARNINGS (LOSSES)	CONTROLLING EQUITY	NON-CONTROLLING SHARES
		TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Initial balance as at 01-01-2018		468,358,402	-37,268,417	0	162,398,166	593,488,151	371,326,421	964,814,572
Comprehensive result								
Earnings		0	0	0	67,127,660	67,127,660	71,150,856	138,278,516
Other comprehensive result	3	0	0	-576,410	0	-576,410	-669,403	-1,245,813
Dividends	3	0	0	0	-68,365,840	-68,365,840	0	-68,365,840
Reduction due to transfers and other changes	3	0	0	576,410	-576,410	0	-74,780,376	-74,780,376
Total of changes in the equity	•••••	0	0	0	-1,814,590	-1,814,590	-4,298,923	-6,113,513
Final balance as at 31-12-2018	3-4	468,358,402	-37,268,417	0	160,583,576	591,673,561	367,027,498	958,701,059

STATUS OF EQUITY CHANGES	NOTE	OUTSTANDING CAPITAL STOCK	SHARE PREMIUMS	OTHER EQUITY SHARES	RESERVE OF ACTUARIAL EARNINGS OR LOSSES IN DEFINED PROFIT PLANS	ACCUMULATED EARNINGS (LOSSES)	CONTROLLING EQUITY	NON-CONTROLLING SHARES
		TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Initial balance as at 01-01-2017		468,358,402	-37,268,417	0	158,593,033	589,683,018	369,154,838	958,837,856
Comprehensive result								
Earnings		0	0	0	68,718,709	68,718,709	73,529,226	142,247,935
Other comprehensive result	3	0	0	491,566	0	491,566	487,217	978,783
Dividends	3	0	0	0	-65,405,142	-65,405,142	0	-65,405,142
Reduction due to transfers and other changes	3	0	0	-491,566	491,566	0	-71,844,860	-71,844,860
Total of changes in the equity	•••••	0	0	0	3,805,133	3,805,133	2,171,583	5,976,716
Final balance as at 31-12-2017	3-4	468,358,402	-37,268,417	0	162,398,166	593,488,151	371,326,421	964,814,572

Notes 1 to 28 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Note 1	Overview	154	Note 3	Equity attributable to owners of the controller	174
Note 2	Bases of preparation and accounting policies	156	Note 4	Equity attributable to non-controlling participation	176
2.1	Bases of preparation	156	Note 5	Other income and expenses	177
2.2	Accounting policies	160	Note 6	Financial statements of subsidiaries	178
	A Bases for consolidation	160	Note 7	Cash and cash equivalent	182
	B Operative segments	160	Note 8	Financial instruments	183
	C Intangible assets other than goodwill	161	Note 9	Disclosure of information about related entities	210
	D Goodwill	162	Note 10	Inventories	219
	E Property, plant and equipment	162	Note 11	Intangible assets other than goodwill	220
	F Impairment of tangible and intangible assets except goodwill	164	Note 12	Goodwill	225
	G Leases	164	Note 13	Property, plant and equipment	226
	H Financial assets	164	Note 14	Impairment of asset value	244
	I Inventories	166	Note 15	Provisions and contingent liabilities	245
	J Dividend policy	167	Note 16	Guarantees and restrictions	248
	K Foreign currency transactions	167	Note 17	Current revenue	256
	L Financial liabilities	167	Note 18	Leasing	257
	M Derivative financial instruments and hedge accounting	167	Note 19	Employee benefits	259
	N Provisions and contingent liabilities	168	Note 20	Effect of exchange differences	265
	O Employee benefits	169	Note 21	Other expenses by nature	266
	P Corporate income tax and deferred taxes	169	Note 22	Results for indexed units	267
	Q Current revenue	170	Note 23	Capitalized financing costs	268
	R Earnings per share	171	Note 24	Corporate income taxes and deferred taxes	269
	S Environmental information	171	Note 25	Earnings per share	272
	T Consolidated statement of cash flows	172	Note 26	Business segments	273
	U Construction contracts	172	Note 27	Environment	279
	V Capitalized financing costs	173	Note 28	Events occurring after the date of the statement	281
	W Reclassifications	173		of financial position	

Note 1.

Overview

Inversiones Aguas Metropolitanas S.A. (hereinafter "IAM" or the "Company") and its subsidiaries make up Inversiones Aguas Metropolitanas S.A. Group (hereinafter the "Group"). Its legal address is Apoquindo N°4800, Torre 2; oficina 2001, 20th floor, Las Condes, Santiago, Chile and its Tax Identification Number is 77.274.820-5.

IAM was incorporated on May 19, 1999, by Aguas de Barcelona S.A. ("AGBAR") and Suez Environment as a limited liability company, with the purpose of participating in the privatization process of Empresa Metropolitana de Obras Sanitarias ("EMOS"), currently Aguas Andinas S.A.

IAM was awarded the share package in the international bidding process carried out by Corporación de Fomento de la Producción (CORFO), it subscribed a capital increase and acquired additional shares in the Stock Exchange, thus gaining control over 51.2% of the share capital of Aguas Andinas S.A. (ex EMOS).

In July 2005, the company was transformed into an open share corporation and restricted its business purpose, which was limited to invest in shares of Aguas Andinas S.A. and the provision of all kinds of consulting services related to technology transfer and knowhow, technical assistance, business administration and projects, especially those related to the

management and operation of businesses related to the water utility sector.

In November 2005, IAM began to trade its stock in the stock market offering a package comprising 43.4% of its shares. This meant that new shareholders joined the company.

During 2006, IAM sold 1.1% of its shares in Aguas Andinas S.A., retaining a 50.1% ownership of the company.

In 2007 the company executed a Level I ADR program, which made it possible to trade its shares in the over the counter market of the United States. The program was ended in 2016.

The Company is the parent company of four water utility companies, three in the Greater Santiago area (Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Manquehue S.A.) and one in the Los Ríos and Los Lagos regions (Empresa de Services Sanitarios de Los Lagos S.A. (Essal S.A.). In order to provide a comprehensive service within its scope of business, the Company has subsidiaries that are not water utility companies, providing services such as the treatment of liquid industrial waste (Ecoriles S.A.), laboratory analysis (Análisis Ambientales S.A.), marketing of materials and other services related to the water utility sector

(Gestión y Services S.A.) and carrying out activities associated with water rights and energy projects derived from facilities and assets from water utility companies (Aguas del Maipo S.A.).

The Company and its subsidiaries Aguas Andinas S.A. and Essal S.A. are registered with the Securities Registry of the Superintendence of Securities and Insurance (hereinafter "Financial Market Commission") under No. 912, No. 346 and No. 524, respectively. The subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A. are registered in the Special Register of reporting entities of the Financial Market Commission and Insurance under No. 170 and No. 2, respectively. As companies in the water utility sector, they are regulated by the Superintendence of Sanitation Services, in accordance with Law No. 18,902 of 1989

and Decrees with Force of Law No. 382 and No. 70, both of 1988.

For the purposes of preparing the consolidated financial statements, a group is deemed to exist when the parent company has one or more subsidiaries, over which the parent company has direct or indirect control. The accounting policies applied in preparing the Group's consolidated financial statements are outlined in Note 2.2.

The direct controlling entity is Suez Inversiones Aguas del Gran Santiago Ltda. ("SIAGSA"), with a 50.1% share of the ownership, which is controlled by Company General Aguas de Barcelona S.A. ("Agbar"), a company based in Spain and one of the world's largest water utility operators, which is in turn controlled by Suez (France), being ENGIE (France) the latter's main shareholder.

Note 2.

Bases of preparation and accounting policies

2.1 BASES OF PREPARATION

These consolidated financial statements correspond to the consolidated financial position statements as of December 31, 2018 and 2017 and the consolidated comprehensive income, changes in equity and cash flows statements for the Fiscal years ended December 31, 2018 and 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (hereinafter "IASBs"), and represent the adoption of the International Accounting Standards Board (hereinafter "IASBs"), and represent the full, explicit and unreserved adoption of the aforementioned IFRSs.

The Group complies with the legal conditions of the environment in which it carries out its operations, in particular the water utility subsidiaries regarding the regulations of the water utility sector. The Group companies display normal operating conditions in each area in which they carry out their activities, their projections display a profitable operation and have the capacity to access the financial system to finance their operations, which; in the opinion

of management, determines their ability to continue as an operating company, in accordance with the accounting standards under which these consolidated financial statements are issued.

Functional and presentation currency

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

New accounting statements

The standards and interpretations, as well as the improvements and amendments to IFRSs that have been issued, effective as of the date of these financial statements, are detailed below. The Company has applied these standards and concluded that they did not have a significant impact on the financial statements.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 9, Financial instruments, recognition and measurement	Annual periods beginning on or after January 1, 2018
IFRS 15, Revenue from client contracts	Annual periods beginning on or after January 1, 2018
IFRIC 22, Foreign currenc transactions and advance consideration	Annual periods beginning on or after January 1, 2018

AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 1, Adoption of IFRS for the first time Elimination of interim exceptions first adopted by entities	Annual periods beginning on or after January 1, 2018
IFRS 2, Share-based payments - Classification and measurement of share-based transactions	Annual periods beginning on or after January 1, 2018
IFRS 4, Insurance contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Annual periods beginning on or after January 1, 2018
IAS 28, Investment in associates and joint ventures – Decision of measuring shareholding in associated and joint ventures at reasonable value with change in results.	Annual periods beginning on or after January 1, 2018
IAS 40, Investment property – Investment property transfers	Annual periods beginning on or after January 1, 2018

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

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY ENFORCEMENT
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019
IFRIC 23, Treatment of uncertain fiscal positions	Annual periods beginning on or after January 1, 2019
Conceptual framework	Annual periods beginning on or after January 1, 2020
IFRS 17, Insurance contracts	Annual periods beginning on or after January 1, 2021
AMENDMENTS	DATE OF MANDATORY ENFORCEMENT
IFRS 3, Business Combinations – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IFRS 9, Financial instruments – Payments with negative compensation	Annual periods beginning on or after January 1, 2019
IFRS 11, Joint agreements – Interests previously held in a joint operation	Annual periods beginning on or after January 1, 2019
IAS 12, Corporate income taxes – Tax consequences of payments related to FINANCIAL INSTRUMENTS classified as equity.	Annual periods beginning on or after January 1, 2019
IAS 23, Borrowing costs – Borrowing costs eligible to be capitalized	Annual periods beginning on or after January 1, 2019
IAS 28, Investment in associates and joint ventures – Long-term investments in partnerships or joint ventures.	Annual periods beginning on or after January 1, 2019
IAS 19, Employee benefits – modification, reduction or settlement of the plan	Annual periods beginning on or after January 1, 2019
IFRS 3, Business Combinations – Defining a business	Annual periods beginning on or after January 1, 2020
IAS 1, Presentation of financial statements and IAS 8, Investments in associated companies - Definition of material	Annual periods beginning on or after January 1, 2020
IFRS 10 y IAS 28, Consolidated Financial Statements – Sale or contribution of assets between an investor and its partner or joint venture	Pending

The Company's Management has been analyzing the eventual impact of these standards and amendments to the financial statements. However, those to enter into effect in annual periods starting on January 1, 2019 or after having been analyzed and they are not expected to have a significant impact on the preparation and presentation of future financial statements.

IFRS 9 "Financial Instruments". In July 2014, the final version of IFRS 9 Financial

Instruments was issued, bringing together all phases of the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, this standard includes new requirements based on principles for classification and measurement, impairment and hedge accounting, introduces a "more prospective" model of expected credit losses for impairment accounting and a substantially reformed approach to hedge accounting.

The Company carried out an evaluation of the credit loss policy of its commercial debtors (described in Note 2, letter H), concluding that this policy implicitly considers an expected loss model according to the requirements of this standard. This evaluation is based on available and sustainable credit risk information.

In accordance with the foregoing, the model for determining impairment losses associated with credit risk will not be modified, there being no effects in the preparation and presentation of the consolidated financial statements.

The Company's Management estimates that the adoption of the Standards, Amendments and Interpretations, described above, with the exception of IFRS 16, and that may apply to Inversiones Aguas Metropolitanas S.A. and Subsidiaries, are under evaluation process and it is estimated that to date they would not have a significant impact on the consolidated financial statements of the Group in the exercise of its first application. The Administration is periodically evaluating these implications.

The application of IFRS 16 "Leasing" in the year 2019 will have an initial estimated impact of ThCh \$1,741,784 on the consolidated assets and liabilities.

Responsibility for the information and calculations

The corporate Director's Committee is responsible for the information contained in these consolidated financial statements, which states that all the principles and criteria included in the International Financial Reporting Standards (IFRS) have been applied. The Director's Committee

approved the following consolidated financial statements in the meeting held on March 20, 2019.

The financial statements of Inversiones Aguas Metropolitanas S.A. and Subsidiaries for the Fiscal year 2017 were approved by their Director's Committee in the Meeting held on March 28, 2018.

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

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

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

2.2 ACCOUNTING POLICIES

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

A. Bases for consolidation

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

The consolidation process eliminates all transactions, balances, losses and earnings between the Group's entities.

The Company and its Subsidiaries preset uniform policies applied by the Group.

The subsidiaries included in the Consolidated Financial Statements of Inversiones Aguas Metropolitanas S.A. are the table below.

B. Operative segments

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

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

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

C. Intangible assets other than goodwill

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

I. Intangible assets acquired separately

Intangible assets acquired separately are shown at cost subtracting accumulated amortization and impairment losses.

Amortization is calculated on a straight-line basis over their estimated useful lives. Estimated useful lives and the amortization method are checked at the closing of each status statement, including the effect of any change in the estimate thereon.

II. Amortization method for intangible assets

Intangible assets with defined useful lives

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

Software

The estimated useful life of software is 4 years. For any other asset with a defined useful life, the useful life for amortization is the period defined in the contracts or copyrights.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are water rights and easements granted for

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF INVERSIONES AGUAS METROPOLITANAS S.A

TAX ID N°	COMPANY NAME	DIRECT	INDIRECT	TOTAL 2018	DIRECTO	INDIRECT	TOTAL 2017
		%	%	%	%	%	%
61.808.000-5	Aguas Andinas S.A.	50.10234	0.00000	50.10234	50.10234	0.00000	50.10234
96.809.310-K	Aguas Cordillera S.A.	0.00000	99.99003	99.99003	0.00000	99.99003	99.99003
89.221.000-4	Aguas Manquehue S.A.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000
96.897.320-7	Inversiones Iberaguas Ltda.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000
96.579.800-5	Essal S.A.	0.00000	53.50650	53.50650	0.00000	53.50650	53.50650
96.945.210-3	EcoRiles S.A.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000
96.828.120-8	Gestión y Services S.A.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000
96.967.550-1	Análisis Ambientales S.A.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000
76.190.084-6	Aguas del Maipo S.A.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000

an indefinite period, as established in the acquisition contracts and the rights granted by the Water Resources Department of the Ministry of Public Works.

Determination of useful life

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

- · Legal, regulatory or contractual restrictions.
- Predictable life of the business or industry.
- Economic factors (product obsolescence, changes in demand).
- Expected reactions from current or potential competitors.
- Natural or climatic factors and technological changes that affect the capacity to generate earnings.
- Over time, useful life may require modifications due to changes in the estimates as a result of changes in the assumptions about the abovementioned factors

D. Goodwill

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

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

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

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, whereas goodwill subsequently generated is registered using the acquisition method.

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

E. Property, plant and equipment

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

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

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

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

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

Useful lives

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

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

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

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

ITEM	MINIMUM USEFUL LIFE (YEARS)	MAXIMUM USEFUL LIFE (YEARS)
Buildings	25	80
Plant & equipment	5	50
Computer equipment	4	4
Fixed installations & accessories	5	80
Motor vehicles	7	10
Improvement of leased assets	5	5
Other property, plant & equipment	5	80

163

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

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

Fixed asset sales policy

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

F. Impairment of tangible and intangible assets except goodwill

The Group revises the book values of its tangible and intangible assets with a defined useful life at each closing date of the Consolidated Statement of Financial Position to see whether there is 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 sustained. When it is not possible to estimate the recoverable value of an asset in particular, the Group estimates the fair value of the Cash Generating Unit to which the asset belongs.

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

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

When the recoverable value of an asset (or cash-generating unit) is considered to be less than its book value, the book value of that asset (or cash-generating unit) is adjusted to its recoverable value and the results immediately show a loss for impairment. When a loss for impairment is reversed, the book value of the asset (or cash-generating unit) is adjusted to the recoverable value revised estimate, provided that the adjusted book value does not exceed the book value that would

have been determined if no loss for asset (or cash-generating unit) impairment had been booked in previous Fiscal years.

G. Leases

I. Financial leases

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

II. Operative leases

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

Should lease incentives be received in order to agree an operative lease, such incentives are recognized 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 recognized on the date

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

Financial assets are classified in the following categories:

- · Financial assets at fair value with changes in results
- · Financial assets at fair value with changes in comprehensive income
- · inancial assets at amortized cost

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

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

The institutions issuing these instruments are bank Companies or bank subsidiaries with an N-1 credit rating, and their instruments have a rating of least AA (very high capacity for paying the principal and interest on the agreed terms and maturities, which would not be affected

significantly by possible changes in the issuer, the industry to which it belongs or the economy).

I. Effective interest rate method

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

II. Financial assets at fair value with changes in results

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

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

The Company and its subsidiaries hold shares in Company Eléctrica Puntilla S.A., which have been valued at their fair value at the acquisition date, as defined in IAS No. 39. Their subsequent measurement will be at cost because there is no active market, as provided in the same standard.

III. Fair value with changes in other comprehensive income

For the classification of an asset with fair value with effect on other comprehensive income, the sale of financial assets for which it is expected to recover the

principal amount in addition to the interest, if applicable, must be met as a principle.

IV. Financial assets at non-amortized cost

Loans and accounts receivable

Trade debtors, loans and other accounts receivable are non-derivative financial assets payable in fixed or determinable periods, not traded on an active market and 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 recognition of interest is immaterial.

Trade debtors and other accounts receivable

Trade debtors are the billing of water consumption, sewage services, sewage treatment and other services and the accrued revenue from consumption between the date of the last meter reading (following an established monthly routine) and the financial statement closing date. These are recorded at net value from the estimate of bad debts or debts unlikely to be recovered.

The trade debtor 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 evaluates impairments affecting its financial assets on a periodical basis. The amount is recognized as bad debt provisions. The book value of an

asset is reduced to the extent that the provision account is used, and the loss is booked in the statement of comprehensive results in "other expenses." When an account receivable is not recoverable, it is recorded against provisions for accounts receivable based on the expected credit loss model as established in IFRS 9.

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 recovering of the amount billed is minimal.

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

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

For the subsidiaries: Gestión y Services S.A., Anam S.A., EcoRiles S.A., and Aguas del Maipo S.A., for those clients with debt of over 120 days a provision is made for 100% of the expired debt.

A 100% provision is made for overdue notes receivable.

I. Inventories

Materials, spare parts and inputs are valued at acquisition cost, which does not exceed their net realization value. The costing method is the average weighted cost. Every six months, a deterioration estimate is made of those materials which are damaged, partially or totally obsolete,

or that have not rotated for the last twelve month and their market price would have fallen by more than 20%.

J. Dividend policy

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

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

K. Foreign currency transactions

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

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

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

CURRENCY	31-12-2018	31-12-2017
	\$	\$
US dollar	694.77	614.75
Euro	794.75	739.15

L. Financial liabilities

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

M. Derivative financial instruments and hedge accounting

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

The Group uses derivative financial instruments as hedging instruments to reduce inflation, exchange rates and foreign currency risks on current items to which it is exposed due to its operations.

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

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

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

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

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

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

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

Effectiveness. Hedging is considered to be highly effective when the changes in

fair value or cash flows of the underlying item directly attributable to the hedged risk are offset by changes in the fair value or cash flow of the hedge instrument, with effectiveness ranging from 80% to 125%.

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

N. Provisions and contingent liabilities

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

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

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

O. Employee benefits

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

Andinas S.A.

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

Aguas Cordillera S.A. and Aguas Manguehue S.A.

Severance pay in Aguas Cordillera S.A. and Aguas Manquehue S.A. is governed

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

Essal S.A.

Compensations to workers who are part of or have been incorporated into the current collective bargaining agreement as of the date of the financial statements, are calculated at their actuarial value only in the case of retirement and death. In those cases, there is a 6-month payment cap. In other cases, the rules of the Labor Code are applicable.

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

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

P. Corporate income tax and deferred taxes

The expense on account of Corporate income tax is the sum of the Corporate income tax payable and variations in deferred tax assets and liabilities.

The Corporate income tax payable is determined on the basis of the tax result for the period. The Corporate income tax to be paid by the Group is calculated using tax rates approved or in the process, on the closing date of the statement of financial position.

Deferred taxes are recognized on the basis of differences between the book values of assets and liabilities contained in the financial statements and the corresponding tax figures used in the calculation of the tax result and are recorded using the balance-sheet liability method. Deferred tax liabilities are recorded for all taxable timing differences, and deferred tax assets are recognized for all deductible timing differences as long as future tax benefits are likely to offset such differences. Deferred tax assets or liabilities are not recognized if timing differences arise from the reduced value or initial recognition (except in a combination of businesses) of other assets and liabilities in a transaction that does not affect the tax or the financial results.

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

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

the book values of its assets and liabilities to the date of report.

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

Q. Current revenue

Current revenue acknowledgment policy

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

- 1. Identification of the contract with the client
- 2. Identification of performance obligations of the contract
- 3. Determination of the price of the transaction
- 4. Allocation of the transaction price to performance obligations
- 5. recognition of income when (or as) the performance obligations are met.

Policy for acknowledging Current revenue from sales of goods

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

costs incurred in the transaction can also be reliably measured.

Policy for acknowledging Current revenue from sales of services

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

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

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

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

The transfer of risks and benefits varies according to the corporate business. For Water Utilities, the provision of services and any related charge are based on the actual consumption and a

monthly provision is made for unbilled consumption, based on the previous billing. For Anam S.A., EcoRiles S.A., Gestión y Services S.A. and Aguas del Maipo S.A., invoicing and the possible are based on the work carried out.

Method used for determining the service termination statement

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

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

R. Earnings per share

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

During the fiscal years ended as of December 31, 2018 and 2017, the Group has not performed any type of operation of potential dilutive effect that would entail diluted earnings per share other than the basic benefit per share.

S. Environmental information

Environmental assets are those that are used in a lasting way in the activity of the subsidiaries, whose main purpose is the minimization of adverse environmental impacts and the protection and improvement of the environment, including the reduction

or elimination of future contamination from the operation of the subsidiaries.

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

T. Consolidated statement of cash flows

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

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

Cash flow statements record 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. They are understood as being easily-liquidated short-term investments with a low value variation risk (maximum unrestricted term of 3 months from investment date).

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

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

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

U. Construction contracts

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

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

The Group shows the gross amount due by customers for the work of all the contracts in progress as an asset for which the costs incurred plus recognized earnings (less booked losses) exceed the

partial invoicing. Partial invoicing unpaid by customers and the withholdings are included in "Trade debtors and other accounts receivable".

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

V. Capitalized financing costs

Policy on interest-bearing loans:

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

Policy on interest-cost capitalization:

Interests paid or accrued on debt used to finance qualified assets are capitalized, as stipulated in IAS 23, 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 to the construction project being financed up to the total amount of such interests, applying the respective rate to the disbursements to the financial statement submission date.

W. Reclassifications

For comparison purposes, certain reclassifications have been made as of December 31, 2017, according to the following breakdown:

RECLASSIFICATIONS	INCREASE/(DECREASE)
	TH\$
STATEMENT OF FINANCIAL SITUATION:	-483,226
Commercial accounts and other accounts payable	-483,226
Accounts payable to related entities	483,226

Note 3.

Equity attributable to owners of the controller

The Company's equity capital is subdivided into 1,000,000,000 nominative shares without any nominal value and of a singles series.

It's capital as of December 31, 2018 and 2017 represented Th\$468,358,402. There are neither company treasury nor preferred shares in its portfolio.

The Company manages its capital with the objective of ensuring continuous and expeditious access to financial markets, permitting it to materialize its growth, solvency and profitability objectives.

No changes have been recorded in capital management objectives or policies in the years reported.

The following dividend payments were agreed and carried out as of December 31, 2018 and 2017:

on April 25, 2018, an ordinary shareholders' meeting was held, in which it was agreed to distribute 100% of the net earnings obtained by the company in the year 2017, which amounted to Th\$68,718,709, excluding line item "other earning results" of the financial statements, net of taxes, which meant distributing Th\$67,745,140. Taking into consideration the interim dividend paid in the year 2017, amounting to

Th\$21,035,300. Consequently, the earnings distributable amounted to Th\$46,709,840, corresponding to a dividend of \$46.70984 per share, which was paid on May 29, 2018.

- In ordinary board of directors' meeting held on December 12, 2018, it was agreed to distribute Th\$21,656,000, on account of the earnings of the year 2018, as interim dividend. Consequently, the Company's dividend 31, amounted to \$21,656 per share and was paid on January 25, 2019.
- On April 27, 2017, an ordinary shareholders 'meeting was held, in which it was agreed to distribute 89.7% of the net earnings of the year 2016, which amounted to Th\$74,289,195 plus M \$54 corresponding to retained earnings. In consideration of the interim dividend distribution paid in January 2017, which amounted to Th\$21,035,300, the distributable earnings amounted to Th\$45,621,300. The above represented a dividend of \$45.6213 per share, which was paid on May 25, 2017.
- The ordinary board of director's meeting of December 13, 2017 agreed to distribute Th\$21,035,300, on account of the Company's 2017 earnings as interim dividend. Consequently, the Company's

dividend 29 amounted to \$21.353 per share which was paid on January 29, 2018.

Minimum dividend provision

Pursuant to the policy described under note 2.2 letter J, the Company did not make a minimum dividend provision as of December 31, 2018 and 2017.

Accumulated earnings

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

Additionally, as of December 31, 2018 and 2017, modifications were made to the calculation parameters in the actuarial earnings and losses on compensation, which generated an account activity in the accumulated results for Th\$-576.410 y Th\$491.566 (See note 2.2. O).

The balance as of December 31, 2018 and 2017 amounts to Th\$160,583,576 and Th\$162,398,166, respectively.

Other capital participations

The amounts included in Other
Participations refer to the monetary
correction of the capital paid in
2008, the year of transition to IFRS, in
accordance with Circular No. 456 of
the Superintendence of Securities and
Insurance, and the effects of businesses
combinations of companies under
common control made in Fiscal years
2007 and 2008. The balance as of
December 31, 2018 and 2017 amounts
to Th\$-37.268.417.

Note 4.

Equity attributable to non-controlling participation

The breakdown by company of the effects originated by the participation of third parties in equity and results as of December 31, 2018 and 2017, is as follows: The dividends paid to non-controlling participations of the subsidiary Essal S.A amount to Th\$6,120,049 as of December 31, 2018 and 2017 amount to Th\$74,382,455 and Th\$73,652,902, respectively.

COMPANY	% PARTIC	IPATION	NON-	CONTROLLING	PARTICIPATIO	NS
			EQU	ITY	RESU	JLT
	31-12-2018	31-12-2017	31-12-18	31-12-17	31-12-18	31-12-17
	%	%	TH\$	TH\$	TH\$	TH\$
Aguas Andinas S.A.	49.89766%	49.89766%	318,656,756	320,657,720	67,889,018	69,667,253
Aguas Cordillera S.A.	0.00997%	0.00997%	20,223	20,295	1,825	1,883
Essal S.A. (1)	46.49350%	46.49350%	48,350,519	50,648,406	3,260,013	3,860,090
Total	•••••		367,027,498	371,326,421	71,150,856	73,529,226

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

Note 5.

Other income and expenses

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

NON-OPERATING REVENUE AND EXPENSES	31-12-2018	31-12-2017
_	TH\$	TH\$
Earnings (losses) on sale of non-current assets, not held for sale	4,398,219	2,121,639
Organizational restructuring program *	-3,152,487	0
Losses of properties, plant & equipment replacement	-17,313	-275,905
Rejected projects and guarantee vouchers **	-2,551,759	571,423
Other earnings (losses)	205,841	191,098
OTHER EARNINGS (LOSSES)	-1,117,499	2,608,255
Bank loans	-3,326,453	-4,092,913
AFR interest expenses	-6,088,030	-6,527,947
Interest and bond expenses	-19,649,641	-18,182,263
Other interest expenses	-605,616	-628,391
Expenses for hedging instruments	0	-1,522,983
Amortization of loan agreement complementary costs	-328,619	-161,206
FINANCIAL COSTS	-29,998,359	-31,115,703
Interest income	4,527,973	4,804,014
Earnings on redemption & extinction of debt	1,357,546	1,280,888
Financial income	5,885,519	6,084,902

^{*} It corresponds to the compensation paid during the year 2018 as a result of the restructuring plan carried out by the company, which involved retiring or dismissing 46 persons, consisting in two parts: redesign of the organization aiming at greater efficiency, in turn leading to a reduction of certain jobs and a voluntary retirement plan.

^{**} It corresponds mainly to earnings (losses) of guarantee vouchers and discarded projects (see Note 15). In 2017 there is also a reversal of a provision for litigation of a company.

Note 6.

Financial statements of subsidiaries

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

SUMMARIZED FINANCIAL **INFORMATION BY SUBSIDIARY** (STATEMENT OF FINANCIAL POSITION)

As of December 31, 2018

31-12-2018	CURRENT ASSETS	NON- CURRENT ASSETS	CURRENT LIABILITIES	NON- CURRENT LIABILITIES	EQUITY
SUBSIDIARIES	тн\$	тн\$	TH\$	TH\$	TH\$
Aguas Andinas S.A.	142,988,808	1,483,252,700	188,947,797	798,673,056	638,620,655
Aguas Cordillera S.A.	14,572,541	269,504,225	34,360,042	46,877,423	202,839,301
Aguas Manquehue S.A.	4,874,182	92,481,886	17,732,100	25,633,064	53,990,904
Inversiones Iberaguas Ltda.	1,820,982	65,220,985	33,186	0	67,008,781
Essal S.A.	22,086,592	167,386,351	21,913,688	92,060,682	75,498,573
EcoRiles S.A.	5,438,938	531,601	2,550,466	0	3,420,073
Gestión y Services S.A.	5,898,957	770,995	3,379,347	45,513	3,245,092
Análisis Ambientales S.A.	2,975,903	5,178,956	2,489,677	0	5,665,182
Aguas del Maipo S.A.	1,251,161	13,694,722	5,760,770	53,572	9,131,541

SUMMARIZED FINANCIAL INFORMATION BY SUBSIDIARY (STATEMENT OF **COMPREHENSIVE RESULTS)**

As of December 31, 2018

31-12-2018	RESULT OF THE PERIOD	CURRENT REVENUE	OPERATING EXPENSES	OTHER NET EXPENSES (-) / REVENUE (+)
SUBSIDIARIES	TH\$	TH\$	TH\$	TH\$
Aguas Andinas S.A.	136,056,517	396,196,019	-207,260,285	-52,879,217
Aguas Cordillera S.A.	18,308,227	56,065,727	-34,883,515	-2,873,985
Aguas Manquehue S.A.	3,569,484	14,099,497	-8,380,740	-2,149,273
Inversiones Iberaguas Ltda.	5,499,575	0	-6,268	5,505,843
Essal S.A.	10,857,446	58,268,739	-38,700,322	-8,710,971
EcoRiles S.A.	1,783,252	13,324,400	-10,870,582	-670,566
Gestión y Services S.A.	262,972	8,646,294	-8,279,949	-103,373
Análisis Ambientales S.A.	1,163,755	8,832,301	-7,166,509	-502,037
Aguas del Maipo S.A.	-181,604	1,061,523	-1,206,172	-36,955

SUMMARIZED FINANCIAL INFORMATION BY SUBSIDIARY (STATEMENT OF COMPREHENSIVE RESULTS)

As of December 31, 2017

31-12-2017	CURRENT ASSETS	NON- CURRENT ASSETS	CURRENT LIABILITIES	NON- CURRENT LIABILITIES	EQUITY
SUBSIDIARIES	тн\$	TH\$	тн\$	тн\$	тн\$
Aguas Andinas S.A.	108,229,905	1,404,120,371	186,863,408	682,856,092	642,630,776
Aguas Cordillera S.A.	14,540,106	268,599,745	29,796,925	49,784,017	203,558,909
Aguas Manquehue S.A.	4,698,352	88,826,395	15,292,813	24,353,717	53,878,217
Inversiones Iberaguas Ltda.	2,071,039	65,780,301	24,578	0	67,826,762
Essal S.A.	32,262,114	155,973,380	17,441,531	94,198,693	76,595,270
EcoRiles S.A.	4,718,568	501,160	2,101,177	0	3,118,551
Gestión y Services S.A.	6,325,828	780,187	3,687,532	41,863	3,376,620
Análisis Ambientales S.A.	1,838,309	4,614,248	1,700,455	0	4,752,102
Aguas del Maipo S.A.	2,066,321	14,356,295	7,200,920	109,474	9,112,222

SUMMARIZED FINANCIAL INFORMATION BY SUBSIDIARY (STATEMENT OF COMPREHENSIVE RESULTS)

As of December 31, 2017

31-12-2017	RESULT OF THE PERIOD	CURRENT REVENUE	OPERATING EXPENSES	OTHER NET INCOME (EXPENSES)
SUBSIDIARIES	тн\$	тн\$	TH\$	тн\$
Aguas Andinas S.A.	139,620,280	382,291,216	-202,101,003	-40,569,933
Aguas Cordillera S.A.	18,890,051	52,833,529	-32,748,879	-1,194,599
Aguas Manquehue S.A.	3,193,001	12,401,009	-7,988,554	-1,219,454
Inversiones Iberaguas Ltda.	6,211,069	0	-6,053	6,217,122
Essal S.A.	12,227,137	54,926,019	-34,775,771	-7,923,111
EcoRiles S.A.	1,680,341	13,389,212	-11,174,166	-534,705
Gestión y Services S.A.	614,644	8,363,693	-7,928,958	179,909
Análisis Ambientales S.A.	1,163,257	8,301,209	-6,706,861	-431,091
Aguas del Maipo S.A.	669,743	1,335,159	-655,995	-9,421

180

Detail of significant subsidiaries

The definition of Significant Subsidiaries is based on their percentage participation in the operating results and their participation in fixed assets and results

for the period with respect to the Consolidated Financial Statements. The following entities are considered to be significant subsidiaries:

NAME OF SIGNIFICANT SUBSIDIARY	AGUAS	AGUAS CORDILLERA S.A.	AGUAS MANQUEHUE S.A.	ESSAL S.A.
Tax identification number	61.808.000-5	96.809.310-k	89.221.000-4	95.579.800-5
Country	Chile	Chile	Chile	Chile
Functional currency	Pesos chilenos	Pesos chilenos	Pesos Chilenos	Pesos chilenos
Percent shareholding in significant subsidiary	50.10234%	99.99003%	100.00000%	53.50650%
Percent voting rights in significant subsidiary	50.10234% 99.99003% 100.00000%		100.00000%	53.50650%
Percent of consolidat	ed values as of Dec	ember 31, 2018		
Contribution margin	81.02%	9.08%	2.45%	6.00%
Property, plant and equipment	72.74%	7.78%	4.73%	14.04%
Net income for the period	82.86%	10.99%	2.68%	2.80%

181

The subsidiary Aguas Andinas S.A., in case of a situation of arrears or delay in the payment of any installment of any of

the current loans, will have prohibition of distributing dividends, except for the obligatory minimum.

Note 7.

Cash and cash equivalent

Note 8. Financial

instruments

The composition of the item is the following

CASH AND CASH EQUIVALENT	31-12-2018	31-12-2017
	тн\$	TH\$
Banks	3,174,262	3,436,811
Term deposits (Note 8.6)	31,776,961	12,682,088
Mutual funds (Note 8.6)	6,136,053	3,684,309
Total	41,087,276	19,803,208

182

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

Detail of some items of cash flow statements

Other charges for operations activities: They are services connected with the business, principally agreements signed with property developers.

Other operating activity payments:

They are the payment of monthly taxes.

Other investment activity outflows:

They are mainly related to interest associated with bond issue, which have been capitalized as a result of investments in property, plant and equipment.

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

8.1 CAPITAL RISK MANAGEMENT

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

8.2 SIGNIFICANT ACCOUNTING POLICIES

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

8.3 TYPES OF FINANCIAL INSTRUMENTS

The summary table below shows the financial instruments as of December 31, 2018 and 2017:

TYPES OF FINANCIAL INSTRUMENTS	CURRENCY	NOTE	31-12-2018	31-12-2017
			тн\$	тн\$
Total financial assets			129,273,082	124,176,775
TOTAL TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE, CURRENT			116,829,372	113,532,427
Trade receivables and other accounts receivable	CLP	8.5	116,808,708	113,452,193
Trade receivables and other accounts receivable	USD	8.5	8,424	24,567
Trade receivables and other accounts receivable	EUR	8.5	12,240	55,667
Information of related entities, current			90,778	560,234
Accounts receivable to related entities	CLP	9	90,778	560,234
Total financial assets, current	•••••••••••••••••••••••••••••••••••••••		116,920,150	114,092,661
Rights receivable	CLP	8.5	4,500,020	2,276,380
Other financial assets	CLP	8.9	7,852,912	7,807,734
Total financial assets, non-current			12,352,932	10,084,114
Total Financial liabilities	······································		1,131,345,769	1,017,364,365
OTHER FINANCIAL LIABILITIES, CURRENT			33,963,316	63,045,352
OTHER FINANCIAL LIABILITIES, CURRENT Bank loans	CLP	8.4	33,963,316 3,503,647	63,045,352 7,436,617
<u> </u>	CLP CLP	8.4 8.4		• • •
Bank loans Bonds			3,503,647	7,436,617
Bank loans	CLP	8.4	3,503,647 15,037,330	7,436,617 40,406,918
Bank loans Bonds Reimbursable financial contributions	CLP	8.4	3,503,647 15,037,330 15,422,339	7,436,617 40,406,918 15,201,817
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts	CLP	8.4	3,503,647 15,037,330 15,422,339 148,110,369	7,436,617 40,406,918 15,201,817 115,392,863
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts Trade accounts and other payable accounts	CLP CLP	8.4 8.4 8.7	3,503,647 15,037,330 15,422,339 148,110,369 147,107,612	7,436,617 40,406,918 15,201,817 115,392,863 114,696,144
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts Trade accounts and other payable accounts Trade accounts and other payable accounts	CLP CLP USD	8.4 8.4 8.7 8.7	3,503,647 15,037,330 15,422,339 148,110,369 147,107,612 903,099	7,436,617 40,406,918 15,201,817 115,392,863 114,696,144 166,687
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts	CLP CLP USD	8.4 8.4 8.7 8.7	3,503,647 15,037,330 15,422,339 148,110,369 147,107,612 903,099 99,658	7,436,617 40,406,918 15,201,817 115,392,863 114,696,144 166,687 530,032
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts Information on related entities, current	CLP CLP USD EUR	8.4 8.4 8.7 8.7 8.7	3,503,647 15,037,330 15,422,339 148,110,369 147,107,612 903,099 99,658 35,775,570	7,436,617 40,406,918 15,201,817 115,392,863 114,696,144 166,687 530,032 34,965,908
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts Information on related entities, current Accounts payable to related entities	CLP CLP USD EUR	8.4 8.4 8.7 8.7 8.7	3,503,647 15,037,330 15,422,339 148,110,369 147,107,612 903,099 99,658 35,775,570	7,436,617 40,406,918 15,201,817 115,392,863 114,696,144 166,687 530,032 34,965,908
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts Information on related entities, current Accounts payable to related entities Total financial liabilities, current	CLP CLP USD EUR	8.4 8.4 8.7 8.7 8.7	3,503,647 15,037,330 15,422,339 148,110,369 147,107,612 903,099 99,658 35,775,570 35,775,570 217,849,255	7,436,617 40,406,918 15,201,817 115,392,863 114,696,144 166,687 530,032 34,965,908 34,965,908 213,404,123
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts Information on related entities, current Accounts payable to related entities Total financial liabilities, current	CLP CLP USD EUR	8.4 8.7 8.7 8.7	3,503,647 15,037,330 15,422,339 148,110,369 147,107,612 903,099 99,658 35,775,570 35,775,570 217,849,255	7,436,617 40,406,918 15,201,817 115,392,863 114,696,144 166,687 530,032 34,965,908 34,965,908 213,404,123
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts Information on related entities, current Accounts payable to related entities Total financial liabilities, current OTHER FINANCIAL LIABILITIES, NO-CURRENT Bank loans	CLP CLP USD EUR CLP	8.4 8.7 8.7 8.7 9	3,503,647 15,037,330 15,422,339 148,110,369 147,107,612 903,099 99,658 35,775,570 217,849,255 912,513,179 92,519,209	7,436,617 40,406,918 15,201,817 115,392,863 114,696,144 166,687 530,032 34,965,908 34,965,908 213,404,123 802,978,167 88,735,865
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts Information on related entities, current Accounts payable to related entities Total financial liabilities, current OTHER FINANCIAL LIABILITIES, NO-CURRENT Bank loans Bonds	CLP CLP USD EUR CLP CLP	8.4 8.7 8.7 8.7 9	3,503,647 15,037,330 15,422,339 148,110,369 147,107,612 903,099 99,658 35,775,570 217,849,255 912,513,179 92,519,209 646,960,110	7,436,617 40,406,918 15,201,817 115,392,863 114,696,144 166,687 530,032 34,965,908 34,965,908 213,404,123 802,978,167 88,735,865 545,691,060
Bank loans Bonds Reimbursable financial contributions Trade accounts and other payable accounts Information on related entities, current Accounts payable to related entities Total financial liabilities, current OTHER FINANCIAL LIABILITIES, NO-CURRENT Bank loans Bonds Reimbursable financial contributions	CLP CLP USD EUR CLP CLP	8.4 8.7 8.7 8.7 9	3,503,647 15,037,330 15,422,339 148,110,369 147,107,612 903,099 99,658 35,775,570 217,849,255 912,513,179 92,519,209 646,960,110 173,033,860	7,436,617 40,406,918 15,201,817 115,392,863 114,696,144 166,687 530,032 34,965,908 34,965,908 213,404,123 802,978,167 88,735,865 545,691,060 168,551,242

8.4 DISCLOSURE OF INFORMATIO ON FINANCIAL LIABILITIES

Other financial liabilities

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

Reimbursable Financial Contributions (RFCs)

In accordance with article 42-A of Supreme Decree MINECON No. 453 of 1989, "The Reimbursable Financial Contributions, in terms of extension and capacity, are a financing alternative for the supplier (water utility) to carry out works

185

for extending and increasing the sanitation capacity, which by law is at its expense."

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

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

The table below summarizes the reimbursable financial contributions as of December 31, 2017 and December 31, of 2018 and 2017:

REIMBURSABLE FINANCIAL CONTRIBUTIONS

Current portion

REGISTRATION NO.	CURRENCY	RESIDUAL UF	BOOK VAL	.UE	CONTRACT REAL	EFFECTIVE	PLACEMENT	ISSUING COMPANY	ISSUER TAX	TYPE OF	SECURED
OR IDENTIFICATION OF THE	INDEXATION UNIT	31-12-2018	31-12-2018	31-12-2017	ABROAD			IDENTIFICATION NUMBER	REPAYMENT	(YES/NO)	
INSTRUMENT	UNIT		тн\$	TH\$	_		ABROAD		NOMBER		
AFR	UF	405,132,38	10,460,816	12,371,284	4.18%	4.01%	Chile	Aguas Andinas S.A.	61.808.000-5	Upon expiration	No
AFR	UF	99,089,74	3,836,401	2,306,972	4.14%	4.00%	Chile	Aguas Cordillera S.A.	96.809.310-k	Upon expiration	No
AFR	UF	35,298,71	1,125,122	523,561	3.53%	3.37%	Chile	Aguas Manquehue S.A.	89.221.000-4	Upon expiration	No
Total	•	539,520,83	15,422,339	15,201,817	•••••	•••••	••••			••••••••••	

REIMBURSABLE FINANCIAL CONTRIBUTIONS

Non-current portion

REGISTRATION NO.	CURRENCY	RESIDUAL UF	BOOK VA	LUE	MATURITY DATE	CONTRACT	EFFECTIVE RATE	ISSUING COMPANY	ISSUER TAX	TYPE OF	SECURED
OR IDENTIFICATION OF THE	INDEXATION UNIT	31-12-2018	31-12-2018	31-12-2017	-	REAL INTEREST			IDENTIFICATION NUMBER	REPAYMENT	(YES/NO)
INSTRUMENT	ONIT	_	тн\$	TH\$	_	RATE			NOMBER		
AFR	UF	4,425,036,64	122,915,519	118,712,970	14-09-2033	3.21%	3.04%	Aguas Andinas S.A.	61.808.000-5	Upon expiration	No
AFR	UF	781,644,32	21,717,829	23,465,635	04-09-2033	3.12%	2.95%	Aguas Cordillera S.A.	96.809.310-k	Upon expiration	No
AFR	UF	645,839,23	17,950,443	17,241,804	20-10-2032	3.14%	3.02%	Aguas Manquehue S.A.	89.221.000-4	Upon expiration	No
AFR	UF	375,842,97	10,450,069	9,130,833	01-10-2033	3.48%	3.52%	Essal S.A.	96.579.800-5	Upon expiration	No
Total		6.228.363.16	173.033.860	168.551.242							

The tables below show a breakdown of bank loans as of December 31, 2018 and December 31, 2017:

TOTAL BANK LOAN BALANCES

Current Fiscal year

DEBTOR TAX IDENTIFICATION NUMBER	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5
Name debtor	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.
Country debtor	Chile	Chile	Chile	Chile	Chile
Creditor Tax Identification Number	97.004.000-5	97.006.000-6	97.032.000-8	97.004.000-5	97.006.000-6
Creditor name	Banco de Chile	Banco BCI	Banco Scotia- bank	Banco de Chile	Banco BCI
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP
Repayment method	Semiannual	Upon expiration	Upon expiration	Upon expiration	Upon expiration
Effective rate	3.83%	3.22%	3.20%	3.44%	3.29%
Nominal rate	3.83%	3.22%	3.20%	3.44%	3.29%

188

NOMINAL AMOUNTS	тн\$	TH\$	TH\$	TH\$	TH\$	Th\$
Up to 1 year	510,247	217,177	222,223	2,512,182	41,818	3,503,647
Up to 90 days	300	217,177	222,223	12,182	0	451,882
Over 90 days up to 1 year	509,947	0	0	2,500,000	41,818	3,051,765
Over 1 year up to 3 years	13,274,672	19,270,304	0	0	9,000,000	41,544,976
Over 1 year up to 2 years	4,424,891	19,270,304	0	0	0	23,695,195
Over 2 years up to 3 years	8,849,781	0	0	0	9,000,000	17,849,781
Over 3 years up to 5 years	17,699,562	0	20,000,000	0	0	37,699,562
Over 3 years up to 4 years	8,849,781	0	0	0	0	8,849,781
Over 4 years up to 5 years	8,849,781	0	20,000,000	0	0	28,849,781
Over 5 years	13,274,671	0	0	0	0	13,274,671
Over 5 years	13,274,671	0	0	0	0	13,274,671
Total nominal amounts	44,759,152	19,487,481	20,222,223	2,512,182	9,041,818	96,022,856
BOOK VALUES	TH\$	TH\$	TH\$	TH\$	TH\$	Th\$
Current bank loans	510,247	217,177	222,223	2,512,182	41,818	3,503,647
Up to 90 days	300	217,177	222,223	12,182	0	451,882
Over 90 days up to 1 year	509,947	0	0	2,500,000	41,818	3,051,765
Non-current bank loans	44,248,905	19,270,304	20,000,000	0	9,000,000	92,519,209
Over 1 year up to 3 years	13,274,672	19,270,304	0	0	9,000,000	41,544,976
Over 1 up to 2 years	4,424,891	19,270,304	0	0	0	23,695,195
Over 2 up to 3 years	8,849,781	0	0	0	9,000,000	17,849,781
Over 2 years up to E years	17,699,562	0	20,000,000	0	0	37,699,562
over 3 years up to 5 years			0	0	0	8,849,781
	8,849,781	0	U			
Over 3 years up to 4 years	8,849,781 8,849,781	0	20,000,000	0	0	28,849,781
Over 3 years up to 5 years Over 3 years up to 4 years Over 4 years up to 5 years Over 5 years				0	0 0	28,849,781 13,274,671
Over 4 years up to 4 years Over 4 years up to 5 years	8,849,781	0	20,000,000			

189

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

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

96,172,482

2,502,734

NOMINAL AMOUNTS TH\$ TH\$ TH\$ TH\$ TH\$ Th\$ Up to 1 year 6,938,153 222,679 228,472 44,579 2,734 7,436,617 More than 90 up to 1 year 6,938,153 222,679 228,472 44,579 2,734 7,436,617 More than 1 up to 3 years 21,947,457 19,270,304 20,000,000 9,000,000 2,500,000 72,717,761 More than 1 up to 2 years 13,805,658 0 20,000,000 2,500,000 36,305,658 0 More than 2 up to 3 years 8,141,799 19,270,304 9,000,000 36,412,103 0 0 More than 3 up to 5 years 16,018,104 0 16,018,104 More than 3 up to 4 years 16,018,104 0 0 0 16,018,104 **Total Nominal amounts** 44,903,714 19,492,983 20,228,472 2,502,734 96,172,482 9,044,579 **BOOK VALUES** TH\$ TH\$ TH\$ TH\$ TH\$ Th\$ Current bank loans 6,938,153 222,679 228,472 44,579 2,734 7,436,617 More than 90 up to 1 year 6,938,153 222,679 228,472 44,579 2,734 7,436,617 **Current bank loans** 37,965,561 19,270,304 20,000,000 9,000,000 2,500,000 88,735,865 More than 1 up to 3 years 21,947,457 19,270,304 20,000,000 9,000,000 2,500,000 72,717,761 36,305,658 More than 1 up to 2 years 13,805,658 20,000,000 2,500,000 More than 2 up to 3 years 8,141,799 19,270,304 9,000,000 0 36,412,103 0 More than 3 up to 5 years 16,018,104 0 16,018,104 More than 3 up to 4 years 0 0 16,018,104 16,018,104 0

44,903,714 19,492,983

In the breakdown of bank loans, there is no variation between the nominal value and the book value, since in obtaining and/or renewing loans no issue costs were incurred.

BANK LOAN BALANCES

Previous Fiscal year

TAX IDENTIFICATION NUMBER	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5
Debtor entity's name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.
Country of the debtor entity	Chile	Chile	Chile	Chile	Chile
Debtor entity's tax identification number	97.004.000-5	97.006.000-6	97.032.000-8	97.006.000-6	97.004.000-5
Name of creditor entity	Banco de Chile	Banco BCI	Banco BBVA	Banco BCI	Banco de Chile
Currency or indexation unit	CLP	CLP	CLP	CLP	CLP
Amortization method	Semiannual	Upon expiration	Upon expiration	Upon expiration	Upon expiration
Effective rate	3.19%	3.25%	3.29%	3.43%	3.58%
Nominal rate	3.19%	3.25%	3.29%	3.43%	3.58%

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

Total bank loans

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

20,228,472

9,044,579

In the breakdown of bank loans, there is no variation between the nominal value and the book value, since in obtaining and/or renewing loans no issue costs were incurred.

192

The bales below show the breakdown of bonds outstanding as of December 31, 2018 and 2017:

TOTAL PUBLIC OBLIGATIONS

Current Fiscal year

TAX ID N° OF DEBTOR ENTITY	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5
Debtor entity's name	Aguas Andinas S.A.	Essal S.A.	Essal S.A.												
Country of the debtor entity	Chile	Chile	Chile												
Registration number	630	655	655	712	713	713	778	778	806	777	806	887	886	284	870
Series	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	BAGUA-AD	BAGUA-AC	Besal-B	Besal-C
Final maturity	01-04-2031	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	15-03-2043	15-03-2025	01-06-2028	01-12-2040
Currency or indexation unit	UF	UF	UF												
Repayment period	Upon expiration	Upon expiration	Upon expiration	Semiannual	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semiannual	Semiannual	Semiannual	Semiannual	Semiannual	Semiannual
Effective rate	4.16%	3.82%	4.05%	3.44%	3.92%	3.81%	3.50%	3.18%	3.15%	2.34%	3.33%	2.87%	1.96%	6.63%	2.93%
Nominal rate	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	2.40%	3.20%	2.80%	1.80%	6.00%	2.80%

NOMINAL AMOUNTS	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Up to 1 year	501,311	395,231	150,126	3,087,924	612,235	518,871	478,239	172,938	547,236	3,748,693	806,326	219,393	451,380	2,649,403	0	14,339,306
Up to 90 days	0	0	0	0	0	0	0	0	547,236	3,748,693	806,326	219,393	451,380	2,649,403	0	8,422,431
More than 90 up to 1 year	501,311	395,231	150,126	3,087,924	612,235	518,871	478,239	172,938	0	0	0	0	0	0	0	5,916,875
More than 1 up to 3 years	0	0	0	0	0	0	0	0	0	13,782,896	0	0	5,168,586	6,383,654	0	25,335,136
More than 1 up to 2 years	0	0	0	0	0	0	0	0	0	6,891,448	0	0	0	3,191,827	0	10,083,275
More than 2 up to 3 years	0	0	0	0	0	0	0	0	0	6,891,448	0	0	5,168,586	3,191,827	0	15,251,861
More than 3 up to 5 years	48,240,133	41,348,685	45,483,554	0	63,401,317	55,131,580	55,131,580	63,401,317	44,105,264	10,337,172	55,131,580	55,131,580	36,180,099	23,606,307	27,565,790	624,195,958
More than 3 up to 4 years	0	0	0	0	0	0	0	0	0	6,891,448	0	0	10,337,171	3,191,827	0	20,420,446
More than 4 up to 5 years	0	0	0	0	0	0	0	0	0	3,445,724	0	0	10,337,171	3,191,827	0	16,974,722
More than 5 years	48,240,133	41,348,685	45,483,554	0	63,401,317	55,131,580	55,131,580	63,401,317	44,105,264	0	55,131,580	55,131,580	15,505,757	17,222,653	27,565,790	586,800,790
Total Nominal amounts	48,741,444	41,743,916	45,633,680	3,087,924	64,013,552	55,650,451	55,609,819	63,574,255	44,652,500	27,868,761	55,937,906	55,350,973	41,800,065	32,639,364	27,565,790	663,870,400

BOOK VALUES	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Current public obligations	514,006	403,555	163,916	3,088,985	605,265	515,342	478,239	216,304	510,665	3,762,546	769,268	199,950	390,405	3,259,198	159,686	15,037,330
Up to 90 days	0	0	0	0	0	0	0	0	510,665	3,762,546	769,268	199,950	390,405	0	0	5,632,834
More than 90 up to 1 year	514,006	403,555	163,916	3,088,985	605,265	515,342	478,239	216,304	0	0	0	0	0	3,259,198	159,686	9,404,496
Non-current public obligations	48,424,970	41,501,290	45,709,303	0	63,263,490	55,051,193	55,131,580	64,327,541	43,204,473	24,139,660	54,118,401	54,513,068	41,129,323	29,601,126	26,844,692	646,960,110
More than 1 up to 3years	0	0	0	0	0	0	0	0	0	13,792,692	0	0	5,113,745	6,218,496	0	25,124,933
More than 1 up to 2 years	0	0	0	0	0	0	0	0	0	6,896,346	0	0	0	3,109,248	0	10,005,594
More than 2 up to 3 years	0	0	0	0	0	0	0	0	0	6,896,346	0	0	5,113,745	3,109,248	0	15,119,339
More than 3 up to 5 years	48,424,970	41,501,290	45,709,303	0	63,263,490	55,051,193	55,131,580	64,327,541	43,204,473	10,346,968	54,118,401	54,513,068	36,015,578	23,382,630	26,844,692	621,835,177
More than 3 up to 4 years	0	0	0	0	0	0	0	0	0	6,896,346	0	0	10,282,331	3,109,248	0	20,287,925
More than 4 up to 5 years	0	0	0	0	0	0	0	0	0	3,450,622	0	0	10,282,331	3,109,248	0	16,842,201
More than 5 years	48,424,970	41,501,290	45,709,303	0	63,263,490	55,051,193	55,131,580	64,327,541	43,204,473	0	54,118,401	54,513,068	15,450,916	17,164,134	26,844,692	584,705,051
Total public obligations	48,938,976	41,904,845	45,873,219	3,088,985	63,868,755	55,566,535	55,609,819	64,543,845	43,715,138	27,902,206	54,887,669	54,713,018	41,519,728	32,860,324	27,004,378	661,997,440

TOTAL PUBLIC OBLIGATIONS

Previous fiscal year

TAX ID N° OF DEBTOR ENTITY	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5	
Debtor entity's name	Aguas Andinas S.A.	Essal S.A.	Essal S.A.	-											
Country of the debtor entity	Chile	Chile	Chile												
Registration number	580	630	655	655	712	713	713	778	778	806	777	806	284	870	•
Series	BAGUA-J	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	Besal-B	Besal-C	•
Final maturity	01-12-2018	01-04-2031	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	01-06-2028	01-12-2040	•
Currency or indexation unit	UF	UF	UF	•											
Repayment period	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semiannual	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Upon expiration	Semiannual	Semiannual	Semiannual	Semiannual	•
Effective rate	4.16%	4.15%	3.82%	3.95%	3.60%	3.92%	3.81%	3.50%	3.23%	3.16%	2.33%	3.34%	6.63%	2.93%	•
Nominal rate	4.00%	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%	3.30%	3.00%	2.40%	3.20%	6.00%	2.80%	
NOMINAL AMOUNTS	TH\$	тн\$	тн\$	тн\$	тн\$	тн\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	тн\$	TH\$	TH
Up to 1 year	26,886,591	487,351	384,225	145,945	6,028,239	595,185	504,421	464,921	168,122	531,997	293,035	779,888	3,102,941	0	40,372,86
Up to 90 days	0	0	0	0	0	0	0	0	0	531,997	293,035	779,888	3,102,941	0	4,707,86
More than 90 up to 1 year	26,886,591	487,351	384,225	145,945	6,028,239	595,185	504,421	464,921	168,122	0	0	0	0	0	35,665,00
More than 1 up to 3 years	0	0	0	0	2,977,571	0	0	0	0	0	10,049,303	0	6,205,882	0	19,232,75
More than 1 up to 2 years	0	0	0	0	2,977,571	0	0	0	0	0	3,349,768	0	3,102,941	0	9,430,28
More than 2 up to 3 years	0	0	0	0	0	0	0	0	0	0	6,699,535	0	3,102,941	0	9,802,47
More than 3 up to 5 years	0	46,896,745	40,197,210	44,216,931	0	61,635,722	53,596,280	53,596,280	61,635,722	42,877,024	16,748,838	53,596,280	26,435,145	26,798,140	528,230,31
More than 3 up to 4 years	0	0	0	0	0	0	0	0	0	0	6,699,535	0	3,102,941	0	9,802,47
More than 4 up to 5 years	0	0	0	0	0	0	0	0	0	0	6,699,535	0	3,102,941	0	9,802,47
More than 5 years	0	46,896,745	40,197,210	44,216,931	0	61,635,722	53,596,280	53,596,280	61,635,722	42,877,024	3,349,768	53,596,280	20,229,263	26,798,140	508,625,36
Total Nominal amounts	26,886,591	47,384,096	40,581,435	44,362,876	9,005,810	62,230,907	54,100,701	54,061,201	61,803,844	43,409,021	27,091,176	54,376,168	35,743,968	26,798,140	587,835,93

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

Reconciliation of financial liabilities

The following is a reconciliation between initial and final balances of other financial liabilities:

OTHER CURRENT FINANCIAL LIABILITIES	INITIAL BALANCE 31-12-2017	DISCHARGES	PAYMENTS	ASSIGNMENTS	FINAL BALANCE 31-12-2018
	TH\$	TH\$	TH\$	TH\$	TH\$
Bank loans	7,436,617	24,492,934	-24,436,123	-3,989,781	3,503,647
Bonds	40,406,918	3,191,827	-30,543,587	1,982,172	15,037,330
Reimbursable financial contributions	15,201,817	3,036,088	-2,623,884	-191,682	15,422,339
Total	63,045,352	30,720,849	-57,603,594	-2,199,291	33,963,316

OTHER NON-CURRENT FINANCIAL LIABILITIES	INITIAL BALANCE 31-12-2017	DISCHARGES	PAYMENTS	ASSIGNMENTS	FINAL BALANCE 31-12-2018
	TH\$	TH\$	TH\$	TH\$	тн\$
Bank loans	88,735,865	64,248,905	-44,248,905	-16,216,656	92,519,209
Bonds	545,691,060	113,369,845	-7,515,955	-4,584,840	646,960,110
Reimbursable financial contributions	168,551,242	13,265,467	-13,089,756	4,306,907	173,033,860
Total	802,978,167	190,884,217	-64,854,616	-16,494,589	912,513,179

8.5 RISK MANAGEMENT

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

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

I. Credit risk

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

Inversiones Aguas Metropolitanas S.A. and its subsidiary water utilities have an atomized market. This means that a particular customer's credit is not significant.

The Company's objective is to maintain minimum levels of bad debts. Our credit policy sets the conditions and types of payment as well as the conditions for reaching payment agreements with overdue customers. The management processes are:

controlling, estimating and evaluating bad debts in order to take corrective actions to achieve the due compliance. 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 accounts receivable from customers and other debtors.

CREDIT RISK	31-12-2018	31-12-2017	
	TH\$	TH\$	
Gross exposure per balance sheet for risks of accounts receivable	155,540,875	148,930,572	
Gross exposure per estimates of risks of accounts receivable	-34,211,483	-33,121,765	
Net exposure, risk concentration	121,329,392	115,808,807	

ACCOUNT ACTIVITY OF CREDIT RISK,	31-12-2018	31-12-2017
ACCOUNTS RECEIVABLE	TH\$	TH\$
Initial balance	-33,121,765	-31,310,035
Increase in existing provisions	-3,915,246	-5,931,800
Reductions	2,825,528	4,120,070
Changes, total	-1,089,718	-1,811,730
Final balance	-34,211,483	-33,121,765

According to Group policies, consumer debt transformed into payment agreements should be provisioned in full.

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

AGING OF THE GROSS DEBT	31-12-2018	31-12-2017	
	TH\$	TH\$	
Less than 3 months	110,092,192	112,247,149	
Between 3 and 6 months	4,678,272	3,145,423	
Between 6 and 8 months	1,822,807	1,617,244	
More than 8 months	38,947,604	31,920,756	
Total	155,540,875	148,930,572	

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

31-12-2018	31-12-2017
TH\$	TH\$
11,485,973	11,105,825
1,987,895	1,703,062
948,253	818,105
14,422,121	13,626,992
14,	,422,121

Past-due debt comprises all those sums in which the counterparty has failed to make a payment when it should have by contract. Balances with ageing less than 8 months, according to Company policies, are not provisioned.

II. Liquidity risk

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

and working capital needs at reasonable market prices.

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

Preventive measures taken to manage liquidity risk include the following:

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

MATURITY STRUCTURE

Non-discounted flows

MATURITY STRUCTURE	UP TO	90 DAYS	FROM 91 DA	YS TO 1 YEAR	FROM 13 MONT	HS TO 3 YEARS	MORE THAN 3 Y	EARS TO 5 YEARS	MORE THA	AN 5 YEARS
	тн\$	CONTRACT INTEREST RATE	тн\$	CONTRACT INTEREST RATE	TH\$	CONTRACT INTEREST RATE	тн\$	CONTRACT INTEREST RATE	тн\$	CONTRACT INTEREST RATE
AFR	4,117,289	3.25%	12,292,739	3.67%	27,182,855	3.57%	56,624,413	3.94%	122,086,475	2.91%
Bank loans	630,252	3.21%	4,824,985	3.44%	46,270,484	3.43%	40,843,768	3.50%	13,783,091	3.83%
Bonds	2,997,666	3.87%	23,456,692	3.87%	64,550,231	2.75%	75,489,502	2.37%	809,510,780	3.70%
Trade accounts and other payable accounts	134,339,079	0.00%	13,771,290	0.00%	377,520	0.00%	140,095	0.00%	465,720	0.00%
Total	142,084,286	1	54,345,706		138,381,090		173,097,778		945,846,066	

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

III. Interest rate risk

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

DEBT INSTRUMENTS	RATE	%
Bank loans	Variable	10.15%
Bonds	Fixed	69.94%
AFR	Fixed	19.91%
Total		100.00%

Interest rate sensitivity analysis

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

compared to the average BAR for the latest loan setting.

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

COMPANY	NOMINAL DEBT AMOUNT (TH\$)	RATE VARIABLE	POINTS (+/-)	IMPACT ON ANNUAL RESULT (TH\$) (+/-)
Inversiones Aguas Metropolitanas S.A. Consolidated	96,022,856	180 TAB days	28	271,408

8.6 CASH EQUIVALENT

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

COMPANY	INSTRUMENTS	31-12-2018	31-12-2017
	_	тн\$	TH\$
Inversiones Aguas Metropolitanas S.A.	Mutual funds	1,001,053	962,605
Aguas Andinas S.A.	Time deposits	29,400,000	0
Aguas Andinas S.A.	Mutual funds	4,525,000	1,699,440
Aguas Cordillera S.A.	Mutual funds	0	245,063
Essal S.A.	Time deposits	1,792,391	12,682,088
EcoRiles S.A.	Mutual funds	220,000	382,099
Gestión y Services S.A.	Time deposits	584,570	0
Gestión y Services S.A.	Mutual funds	390,000	395,102
Total		37,913,014	16,366,397

The Company and Subsidiaries make limited portfolio investments with a maximum of 40% of the total per issuing Institution, and limits for instruments such as: mutual funds, 10% of the effective equity of the mutual fund and time deposits, 10% of the bank's equity.

8.7 TRADE ACCOUNTS AND OTHER CURRENT AND NON-CURRENT ACCOUNTS PAYABLE

The core concepts included in this account are:

TRADE ACCOUNTS AND OTHER	CURRENCY OR	31-12-2018	31-12-2017	
ACCOUNTS PAYABLE	INDEXATION UNIT	TH\$	тн\$	
Subcontractors	CLP	39,998,085	35,332,618	
Dividends	CLP	33,702,145	31,607,237	
Suppliers	CLP	48,227,975	27,349,912	
Suppliers	USD	903,099	166,687	
Suppliers	EUR	99,658	530,032	
Accrued products and services	CLP	17,889,468	14,570,261	
Personnel	CLP	4,238,156	3,484,221	
Documents payable	CLP	2,640,953	1,940,548	
Others	CLP	410,830	411,347	
Sub-total current		148,110,369	115,392,863	
Documents payable	CLP	730,021	727,838	
Suppliers	CLP	182,919	183,842	
Sundry creditors	CLP	70,395	70,395	
Sub-total non-current		983,335	982,075	
Total current and non-current	<u></u>	149,093,704	116,374,938	

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

TRADE ACCOUNTS

Current fiscal year:

CURRENT TRADE		31-12-2018	3	
ACCOUNTS ACCORDING TO TERM	GOODS	SERVICES	OTHER	TOTAL
	TH\$	TH\$	TH\$	TH\$
Up to 30 days	11,577,843	22,543,061	229,274	34,350,178
Between 31 and 60 days	3,237,666	6,521,436	30,993	9,790,095
Between 61 and 90 day	0	435,541	0	435,541
Between 121 and 365 days	0	26,793	0	26,793
Up to 30 days	0	228,113	0	228,113
Total	14,815,509	29,754,944	260,267	44,830,720

CUENTAS COMERCIALES VENCIDAS SEGÚN PLAZO —		31-12-2018	В	
	GOODS	SERVICES	OTHER	TOTAL
	тн\$	TH\$	тн\$	тн\$
Up to 30 days	0	458,332	4,979	463,311
Between 31 and 60 days	2,582,452	60,118	198,854	2,841,424
Between 61 and 90 days	663,178	24,747	45,366	733,291
Between 91 and 120 days	312,414	20,577	388	333,379
Between 121 and 365 days	1,581	22,696	1,451	25,728
More than 365 days	171	2,618	90	2,879
Total	3,559,796	589,088	251,128	4,400,012

Previous fiscal year:

CURRENT TRADE		31-12-201	8	
ACCOUNTS ACCORDING TO TERM	GOODS	SERVICES	OTHER	TOTAL
TO TERM	TH\$	TH\$	тн\$	тн\$
Up to 30 days	5,073,112	12,596,035	532,266	18,201,413
Between 31 and 60 days	132,107	0	0	132,107
Between 61 and 90 days	0	11,330	0	11,330
Between 121 and 365 days	3,642,509	0	0	3,642,509
Total	8,847,728	12,607,365	532,266	21,987,359

CUENTAS COMERCIALES		31-12-2018	3	
VENCIDAS SEGÚN PLAZO —	GOODS	SERVICES	OTHER	TOTAL
	тн\$	тн\$	TH\$	TH\$
Up to 30 days	68,501	2,477,956	46,012	2,592,469
Between 31 and 60 days	1,861,175	1,101,558	2,863	2,965,596
Between 61 and 90 days	276,955	50,860	14	327,829
Between 91 and 120 days	8,109	14,363	39	22,511
Between 121 and 365 days	0	150,849	18	150,867
Total	2,214,740	3,795,586	48,946	6,059,272

8.8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments recorded at amortized cost.

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

31-12-2018

31-12-2016	
AMORTIZED COST	FAIR VALUE
TH\$	TH\$
37,913,014	37,913,014
31,776,961	31,776,961
6,136,053	6,136,053
946,476,495	1,009,210,723
96,022,856	96,105,711
661,997,440	724,648,813
188,456,199	188,456,199
	37,913,014 31,776,961 6,136,053 946,476,495 96,022,856 661,997,440

Methodology and assumptions used in calculating fair values

The fair value of assets and liabilitie were calculated by applying the following methodology:

- a) The amortized cost of time deposits and mutual funds is a good approximation of fair value as they are short-term operations.
- b) The amortized cost of AFR liabilities is a good approximation of fair value as they

are not very liquid in the market, but their issue rate is determined in line with the regulation (Decree Law No. 70).

- c) The fair value of bonds was determined upon market price references as these instruments are traded on the market under normal conditions and with a high level of liquidity.
- d) The fair value of bank debt was determined by updating the cash flows of each loan (principal and interest disbursements) to a swap curve interpolated rate for the remaining term. This term corresponds to the number of days between the financial statement closing date and the cash disbursement date.

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

- · Level 1 includes fair-value measurement methodologies by market quotes (without adjustments) in active markets and considering the same assets and liabilities valued.
- Level 2 includes fair-value measurement methodologies based on market

- quotation data not included in Level 1, observable for the assets and liabilities valued, either directly (prices) or indirectly (derivative of the prices).
- Level 3 includes fair-value measurement methodologies based on valuation techniques which include data on the assets and liabilities valued, which are not based on observable market data.

8.9 OTHER NON-CURRENT **FINANCIAL ASSETS**

Correspond mainly to the acquisition of shares of Company Eléctrica Puntilla S.A (EPSA), for an amount as of December 31, 2018 and 2017 of Th\$7,835,395 andTh\$7,790,217, respectively (Note 2.2, letter h, ii), over which the Group has neither control nor a significant influence. The balances of Th\$17,517 in both fiscal years correspond to other financial investments.

Also related to this acquisition the Company maintains an obligation with the Asociación de Canalistas del Maipo, referring to the commitment of not moving water right locations currently in effect amounting to Th\$7,294,709 as of December 31, 2018 and 2017.

Note 9.

Disclosure of information about related entities

Balances and transactions with related companies

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

Accounts receivable from related entities

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

TAX IDENTIFICATION NUMBER RELATED	NAME OF RELATED PARTY	RELATIONSHIP	NATURE OF TRANSACTION WITH RELATED PARTIES	SECURITY	31-12-2018	31-12-2017
PARTY				_	TH\$	TH\$
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Controller	Laboratory analysis and sampling services	Unsecured	0	366
76.746.454-1	Suez Biofactoría Andina SpA.	Related to controller	Insurance collection from La Farfana	UF 7.656,06	0	205,168
76.746.454-1	Suez Biofactoría Andina SpA.	Related to controller	Insurance collection from Mapocho Trebal	UF 10.377,4	0	278,096
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Laboratory analysis and sampling services	Unsecured	4,232	8,138
65.113.732-2	Corporación Chilena de Investigación del Agua	Related to controller	Laboratory analysis and sampling services	Unsecured	414	0
65.113.732-2	Corporación Chilena de Investigación del Agua	Related to controller	Leases	Unsecured	1,393	0
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Laboratory analysis and sampling services	Unsecured	26,766	19,485
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Bids	Unsecured	0	66
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Consulting services for technical inspection of water treatment plants at CMPC's Santa Fe	Unsecured	0	33,628
Not available	Aqua Development Network S.A.	Related to controller	Integrated talent management contract	Unsecured	32,009	0
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Sale of materials	Unsecured	25,964	15,287
Total				······································	90,778	560,234

Accounts payable to related companies

Accounts payable to related companies originate in Chile and the currency of these transactions are stated in Chilean pesos.

TAX IDENTIFICATION NUMBER OF THE RELATED PARTY	NAME OF RELATED PARTY	RELATIONSHIP	NATURE OF TRANSACTION WITH RELATED PARTIES	PERIOD	SECURITY	31-12-2018	31-12-2017
						тн\$	тн\$
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Project to update operative control center CCO 2.0	30 days	Contract performance bond. Amount \$30,899	1,453,134	1,079,276
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	SCADA platform	30 days	Unsecured	28,462	7,115
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	San Antonio arsenic plant	30 days	Contract performance bond. Amount \$24,264	1,230,939	1,786,747
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Chamisero plant	30 days	Contract performance bond. Amount UF 66,809,74	4,534,306	7,129,098
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Expansion Talagante plant	30 days	Unsecured	1,173,221	932,641
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Payment sharing	30 days	Unsecured	11,132	11,132
76.746.454-1	Suez Biofactoría Andina SpA.	Related to controller	Plan to adequate to La Farfana's biofactory treatment plant	30 days	Contract performance bond. Amount UF 1,048,050	9,029,874	3,260,791
76.746.454-1	Suez Biofactoría Andina SpA.	Related to controller	Nitrogen removal and plan to adequate to biofactory of Mapocho-Trebal's treatment plant.	30 days	Contract performance bond. Amount UF 1,048,050	4,199,865	3,718,527
65.113.732-2	Corporación Chilena de Investigación del Agua	Related to controller	Consulting services	30 days	Unsecured	97,322	184,854
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Virtual platform, Siebel	30 days	Unsecured	78,265	113,361
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Procurement of materials	60 days	Contract performance bond. Amount Th\$279,298	8,182	815,433
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Implementation of geographic information system, Essal S.A.	30 days	Contract performance bond. Amount UF887	0	6,579
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Continuous maintenance consulting services	30 days	Unsecured	368,916	188,612

TAX	NAME OF RELATED PARTY	RELATIONSHIP	NATURE OF TRANSACTION WITH	PERIOD	SECURITY	31-12-2018	31-12-2017
IDENTIFICATION NUMBER OF THE RELATED PARTY			RELATED PARTIES			TH\$	TH\$
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Service contract for Process reengineering and implementation of new information systems for customer service	30 days	Contract performance bond. Amount Th\$845,149	102,855	142,137
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Services of operation, maintenance and rehabilitation of digesters wastewater plant Mapocho - Trebal	90 days	Contract performance bond. Amount UF357,863	1,468,596	2,563,461
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Operating services Planta Biogás	30 days	Unsecured	167,783	105,347
96.799.790-0	Services y Proyectos Ambientales S.A.	Related to controller	Environmental monitoring services	30 days	Unsecured	0	3,377
Sin Tax identification number	Aqua Development Network S.A.	Related to controller	Integrated talent management contract	30 days	Unsecured	426,413	277,451
Sin Tax identification number	Aqua Development Network S.A.	Related to controller	Consulting services	30 days	Unsecured	41,712	0
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Controller	Dividends payable	30 days	Unsecured	10,850,661	11,905,980
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Controller	Property Rental	30 días	Sin garantías	0	9.158
	30 days	Unsecured	0	9,158	Sin garantías	5.657	0
96.817.230-1	Eléctrica Puntilla S.A.	Shared board member	Water purchases	30 days	Unsecured	5,657	0
B63152664	Suez España	Related to controller	Performance management System	30 days	Unsecured	79	79
No tax ID N°	Suez Solutions Francia S.L.	Related to controller	Ishare Annual Service	30 days	Unsecured	709	0
96.817.230-1	Eléctrica Puntilla S.A.	Shared board member	Resettlement power supply	30 days	Unsecured	0	11,013
70.009.410-3	Asociación Canalistas Company del Canal del Maipo	Shared board member	Chamisero plant, Batuco channel	30 days	Unsecured	0	10,000
70.009.410-3	Asociación canalistas Company del canal del Maipo	Shared board member	Dividends payable	30 days	Unsecured	497,487	483,225
59.066.560-6	Suez International	Related to controller	Payments status for equipment supplies, assembly and start-up of the second stage of the Mapocho Wastewater Treatment Plant, Module 4	30 days	Contract performance bond. Amount UF 218,320	0	220,514
Total						35,775,570	34,965,908

Transactions with related entities

Transactions with related companies originate in Chile and are stated in Chilean pesos.

The materiality criterion for reporting transactions with related entities applies to accumulated amounts over Th\$100,000

TAX ID N°	NAME OF RELATED PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS	31-12-2018 (TH\$)		31-12-2017 (TH\$)	
RELATED PARTY			WITH RELATED PARTIES	AMOUNT	EFFECTS ON RESULT (CHARGE)/ CREDIT	AMOUNT	EFFECTS ON RESULT (CHARGE)/ CREDIT
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Process reengineering service contract and implementation of new customer service	976	-976	1,019,235	-1,019,235
Sin Tax identification number	Aqua Development Network	Related to controller	Integrated talent management contract	674,891	-674,891	1,003,829	-1,003,829
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to controller	Procurement of materials and maintenance of Siebel's virtual platform, continuous consulting and maintenance	2,438,083	-2,008,062	2,264,623	-2,201,648
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Chamisero plant	2,199,887	0	6,302,180	-58,306
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	San Antonio arsenic plant	-536,968	0	1,710,756	-11,600
77.441.870-9	Suez Medioambiente Chile S.A.	Related to controller	Project to update operative control center CCO 2.0	3,821,359	-486,321	3,113,835	-63,670
59.066.560-6	Suez International	Related to controller	Supply of equipment, assembly and start-up of second stage of Mapocho Wastewater Treatment Plant, module 4	4,971,917	0	3,631,109	0
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Operating services, maintenance and rehabilitation of digestors of wastewater treatment plant Mapocho - Trebal	1,351,915	0	8,445,330	-5,239,223
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Operating services, maintenance and rehabilitation of digestors of wastewater treatment plant La Farfana	0	0	12,764,170	-10,143,011
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to controller	Operating services and maintenance Planta Biogás	0	0	329,351	-329,351
76.746.454-1	Suez Biofactoría Andina SpA.	Related to controller	Operation, maintenance and adequation of Biofactory treatment plant.	78,302,224	-2,168,104	12,086,671	-9,019,614
96.817.230-1	Eléctrica Puntilla S.A.	Shared board member	Compensation for lower flow, water purchases and electric energy	1,197,134	-1,042,371	443,287	-443,287
65.113.732-2	Corporación Chilena de Investigación del Agua	Related to controller	Study about management of resilient urban hydraulic infrastructure with respect to hydrological and geological risks; full appraisal	239,179	-239,179	379,828	-246,888
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Controller	Paid dividends	38,343,749	0	37,727,636	0

Note 10.

Inventories

Remunerations paid to the board members of Inversiones Aguas Metropolitanas S.A., subsidiaries, and Directors' Committee

	31-12-2018	31-12-2017	
	тн\$	TH\$	
Board of Directors	825,959	803,576	
Directors' Committee	112,486	108,073	
Total	938,445	911,649	

These fees correspond solely to professional fees associated to the functions defined and approved by the Ordinary Shareholders Meeting.

At the end of the financial year 2018, the list of Company and Subsidiary senior managers and executives included 84 such professionals. The total salaries received by them during the year amounted to \$7,136 million, whereas

the Severance pay for senior executives totaled \$2,130 million.

Information on related parties and transactions with related parties by Directors and Executives

The administration of the Company is not aware of the existence of transactions between related parties and board members and/or executives, other than their diets and remunerations.

The following table below breaks down inventories as of December 31, 2018 and 2017:

TYPES OF INVENTORIES	31-12-2018	31-12-2017
	тн\$	TH\$
Goods	2,220,622	2,648,383
Production supplies	1,510,242	1,177,531
Other inventories	4,792	102,347
Obsolescence estimate	-99,268	-2,883
Total	3,636,388	3,925,378

The cost of the inventories acknowledged as expense in the statement of results as of December 31, 2018 and 2017 amount to Th\$11,240,422 and Th\$11,339,400, respectively.

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

ENTRY OF OBSOLESCENCE	31-12-2018	31-12-2017
ESTIMATE	TH\$	TH\$
Initial balance	-2,883	-2,883
Price provision	-15,624	0
Obsolescence provision	-52,810	0
Damage provision	-30,834	0
Reversal of provision	2,883	0
Total	-99,268	-2,883

Note 11.

Intangible assets other than goodwill

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

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	31-12-2018	31-12-2017
	TH\$	TH\$
Intangible assets, net	224,864,424	227,084,499
Trademarks, net	15,933	13,000
Computer software, net	5,700,799	7,910,586
Other Intangible assets, net*	219,147,692	219,160,913
Intangible assets, gross	282,831,369	280,812,668
Trademarks, gross	15,933	13,000
Computer software, gross	50,726,006	48,884,233
Other Intangible assets, gross	232,089,430	231,915,435
Intangible assets, accumulated amortization	-57,966,945	-53,728,169
Computer programs, accumulated amortization	-45,025,207	-40,973,647
Other intangible assets, accumulated amortization	-12,941,738	-12,754,522

^{*}Corresponds to water rights, easements and other rights.

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS

As of December 31, 2018

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	TRADEMARKS, NET	COMPUTER SOFTWARE, NET	OTHER INTANGIBLE ASSETS, NET	TOTAL
	TH\$	тн\$	тн\$	тн\$
Initial balance as of 01-01-2018	13,000	7,910,586	219,160,913	227,084,499
Amortization	0	-4,051,560	-187,216	-4,238,776
Increases (reductions) for transfers	0	1,740,932	-58,904	1,682,028
Increases (reductions) or other changes	2,933	100,841	238,494	342,268
Disposals and withdrawal from service	0	0	-5,595	-5,595
Changes, total	2,933	-2,209,787	-13,221	-2,220,075
Final balance as of 31-12-2018	15,933	5,700,799	219,147,692	224,864,424

As of December 31, 2017

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	TRADEMARKS, NET	COMPUTER SOFTWARE, NET	OTHER INTANGIBLE ASSETS, NET	TOTAL
	TH\$	тн\$	тн\$	TH\$
Initial balance as of 01-01-2017	13,000	9,203,521	218,734,963	227,951,484
Amortization	0	-5,408,268	-187,215	-5,595,483
Increases (reductions) for transfers	0	1,836,974	-158	1,836,816
Increases (reductions) for other changes	0	2,278,359	625,874	2,904,233
Disposals and withdrawal from service	0	0	-12,551	-12,551
Changes, Total	0	-1,292,935	425,950	-866,985
Final balance as of 31-12-2017	13,000	7,910,586	219,160,913	227,084,499

DETAILED DISCLOSURE OF INFORMATION ON INTANGIBLE ASSETS (ACCUMULATED AMORTIZATION)

Current fiscal year: December 31, 2018

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	TRADEMARKS, GROSS	COMPUTER SOFTWARE, GROSS	OTHER INTANGIBLE ASSETS, GROSS	TOTAL
	TH\$	TH\$	TH\$	TH\$
Initial balance as of 01-01-2018	13,000	48,884,233	231,915,435	280,812,668
Increases (reductions) for transfers	0	1,740,932	-58,904	1,682,028
Increases (reductions) for other changes	2,933	100,841	238,494	342,268
Disposals and withdrawal from service	0	0	-5,595	-5,595
Changes, total	2,933	1,841,773	173,995	2,018,701
Final balance as of 31-12-2018	15,933	50,726,006	232,089,430	282,831,369

Previous fiscal year: December 31, 2017

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	TRADEMARKS, GROSS	COMPUTER SOFTWARE, GROSS	OTHER INTANGIBLE ASSETS, GROSS	TOTAL
	TH\$	тн\$	тн\$	тн\$
Initial balance as of 01-01-2018	13,000	44,768,900	231,302,270	276,084,170
Increases (reductions) for transfers	0	1,836,974	-158	1,836,816
Increases (reductions) for other changes	0	2,278,359	625,874	2,904,233
Disposals and withdrawal from service	0	0	-12,551	-12,551
Changes, total	0	4,115,333	613,165	4,728,498
Final balance as of 31-12-2018	13,000	48,884,233	231,915,435	280,812,668

222

DETAILED DISCLOSURE OF INFORMATION ON INTANGIBLE ASSETS (ACCUMULATED AMORTIZATION)

Current fiscal year: December 31, 2018

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	TRADEMARKS, ACCUMULATED AMORTIZATION	COMPUTER PROGRAMS, ACCUMULATED AMORTIZATION	OTHER INTANGIBLE ASSETS, ACCUMULATED AMORTIZATION	TOTAL
	TH\$	TH\$	тн\$	TH\$
Initial balance as of 01-01-2018	0	-40,973,647	-12,754,522	-53,728,169
Amortization	0	-4,051,560	-187,216	-4,238,776
Changes, total	0	-4,051,560	-187,216	-4,238,776
Final balance as of 31-12-2018	0	-45,025,207	-12,941,738	-57,966,945

Previous fiscal year: December 31, 2017

ACCOUNT ACTIVITY OF INTANGIBLE ASSETS	TRADEMARKS, ACCUMULATED AMORTIZATION	COMPUTER OTHER SOFTWARE, INTANGIBLE ACCUMULATED ASSETS, AMORTIZATION ACCUMULATED AMORTIZATION			
	TH\$	TH\$	TH\$	TH\$	
Initial balance as of 01-01-2017	0	-35,565,379	-12,567,307	-48,132,686	
Amortization	0	-5,408,268	-187,215	-5,595,483	
Changes, total	0	-5,408,268	-187,215	-5,595,483	
Final balance as of 31-12-2017	0	-40,973,647	-12,754,522	-53,728,169	

Detail of significant individual intangible assets (other assets):

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

COMPANY		31-12-2018			31-12-2017	
	WATER RIGHTS	EASEMENTS	OTHER	WATER RIGHTS	EASEMENTS	OTHER
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Aguas Andinas S.A.	76,598,437	8,364,563	4,574,022	76,364,281	8,407,422	4,761,309
Aguas Cordillera S.A.	92,732,673	7,761,932	0	92,732,686	7,761,932	0
Aguas Manquehue S.A.	21,924,557	866,673	0	21,954,837	866,673	0
Essal S.A.	5,622,185	1,095,557	0	5,609,125	1,095,557	0
Aguas del Maipo S.A.	13,700	0	0	13,700	0	0
EcoRiles S.A.	13,700	0	0	13,700	0	0
Gestión y Services S.A.	13,700	0	0	13,700	0	0
Análisis Ambientales S.A.	13,700	0	0	13,700	0	0
Consolidation adjustments	-333,913	-113,794	0	-333,913	-113,796	0
Total	196,598,739	17,974,931	4,574,022	196,381,816	18,017,788	4,761,309

Intangible assets with undefined useful lives

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

Commitments for acquiring intangible assets

The table below shows the commitments for acquisitions of intangible assets for

the financial year 2019 related to water rights, easements and computer programs needed for the normal operation of the Group Companies, particularly for new works that are being developed or are in preliminary study stages, plus the expansion of concession areas:

COMPANY	TH\$
Aguas Andinas S.A.	894,120
Aguas Manquehue S.A.	40,000
Essal S.A.	897,852
Total	1,831,972

Note 12.

Goodwill

The table below shows the detail of goodwill for the different Cash Generating Units (CGUs) or CGU groups to which they have been assigned as of December 31, 2018 and 2017:

TAX IDENTIFICATION	COMPANY	31-12-2018	31-12-2017		
NUMBER		TH\$	TH\$		
61.808.000-5	Aguas Andinas S.A.	271,348,419	271,348,419		
96.809.310-k	Aguas Cordillera S.A.	33,823,049	33,823,049		
96.897.320-7	Inversiones Iberaguas Ltda.	2,066,631	2,066,631		
96.579.800-5	Essal S.A.	343,332	343,332		
Total		307,581,431	307,581,431		

Note 13.

Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT	NET VALUES		GROSS VALUE	:S	ACCUMULATED DEPR	ECIATION
	31-12-2018	31-12-2017	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Land	159,536,229	160,461,335	159,536,229	160,461,335	0	0
Buildings	79,624,966	79,601,087	113,252,042	111,011,034	-33,627,076	-31,409,947
Machinery	115,994,653	120,339,611	385,004,685	363,890,587	-269,010,032	-243,550,976
Transport vehicles	972,104	1,338,100	5,123,817	5,912,615	-4,151,713	-4,574,515
Fixed installations and accessories	1,411,953	1,320,029	6,329,340	6,030,116	-4,917,387	-4,710,087
Computer equipment	2,463,198	3,660,235	14,292,919	13,927,703	-11,829,721	-10,267,468
Improvements to leased assets	234,177	64,266	806,931	597,279	-572,754	-533,013
Constructions in progress	226,774,354	156,563,062	226,774,354	156,563,062	0	0
Additional works	21,892,366	22,349,067	44,316,092	43,248,022	-22,423,726	-20,898,955
Production facilities	173,754,928	167,598,083	328,291,901	316,220,864	-154,536,973	-148,622,781
Potable water networks	192,291,391	174,661,097	514,892,514	492,846,317	-322,601,123	-318,185,220
Sewage networks	249,193,038	246,165,604	534,440,825	519,580,232	-285,247,787	-273,414,628
Wastewater treatment plants	168,050,123	169,331,810	232,373,341	228,440,366	-64,323,218	-59,108,556
Other facilities	47,699,634	48,103,767	158,049,182	150,469,536	-110,349,548	-102,365,769
Out-of-service goods	222,036	230,781	1,868,637	2,023,017	-1,646,601	-1,792,236
Total	1,440,115,150	1,351,787,934	2,725,352,809	2,571,222,085	-1,285,237,659	-1,219,434,151

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

PROPERTY, PLANT AND EQUIPMENT, NET	31-12-2018	AGUAS ANDINAS S.A.	AGUAS CORDILLERA S.A.	AGUAS MANQUEHUE S.A.	ESSAL S.A.	OTHER
	TH\$	%	%	%	%	%
Land	159,536,229	75%	13%	1%	11%	0%
Buildings	79,624,966	75%	4%	2%	17%	3%
Machinery	115,994,653	76%	6%	3%	13%	3%
Transport vehicles	972,104	87%	0%	0%	10%	3%
Fixed installations and accessories	1,411,953	69%	3%	0%	10%	18%
Computer equipment	2,463,198	87%	1%	0%	10%	2%
Improvements to leased assets	234,177	81%	0%	0%	0%	19%
Constructions in progress	226,774,354	71%	8%	9%	12%	0%
Additional works	21,892,366	80%	6%	3%	11%	1%
Production facilities	173,754,928	64%	14%	13%	9%	0%
Potable water networks	192,291,391	68%	16%	2%	14%	0%
Sewage networks	249,193,038	83%	2%	4%	11%	0%
Wastewater treatment plants	168,050,123	92%	0%	0%	6%	1%
Other facilities	47,699,634	73%	7%	6%	10%	4%
Out-of-service goods	222,036	30%	70%	0%	0%	0%
Total	1,440,115,150	75%	8%	5%	11%	1%

228

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

TYPE OF ASSETS	COST	FAIR VALUE
	31-12-2018	31-12-2018
	тн\$	TH\$
Buildings	79,624,966	112,991,593
Additional works	21,892,366	35,846,093
Production facilities	173,754,928	283,542,686
Potable water networks	192,291,391	402,742,164
Sewage networks	249,193,038	409,139,303
Wastewater treatment plants	168,050,123	184,203,062
Other facilities	47,699,634	48,543,193
Machinery and equipment	115,994,653	128,169,377
Total	1,048,501,099	1,605,177,471

229

Reconciliation of changes in property, plant and equipment by class

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

ACCOUNT ACTIVITY OF PROPERTY, PLANT AND EQUIPMENT

as of December 31, 2018 (net values)

ITEM	INITIAL BALANCE	DEPRECIATION	INCREASES (REDUCTIONS) FOR TRANSFERS FROM CONSTRUCTIONS IN PROGRESS	INCREASES (REDUCTIONS) FOR OTHER CHANGES	DISPOSALS AND WITHDRAWAL FROM SERVICE	CHANGES TOTAL	FINAL BALANCE
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Land	160,461,335	0	58,903	41,949	-1,025,958	-925,106	159,536,229
Buildings	79,601,087	-2,245,955	1,569,810	714,702	-14,678	23,879	79,624,966
Machinery	120,339,611	-25,511,246	13,145,270	8,021,020	-2	-4,344,958	115,994,653
Transport vehicles	1,338,100	-457,062	129,550	97,016	-135,500	-365,996	972,104
Fixed installations and accessories	1,320,029	-207,553	251,739	47,737	1	91,924	1,411,953
Computer equipment	3,660,235	-1,562,253	215,394	149,822	0	-1,197,037	2,463,198
Improvements to leased assets	64,266	-39,741	64,999	144,653	0	169,911	234,177
Constructions in progress	156,563,062	0	-58,984,644	130,120,938	-925,002	70,211,292	226,774,354
Additional works	22,349,067	-1,564,306	768,303	343,897	-4,595	-456,701	21,892,366
Production facilities	167,598,083	-5,963,222	9,510,498	2,624,481	-14,912	6,156,845	173,754,928
Potable water networks	174,661,097	-7,585,423	12,978,119	12,266,885	-29,287	17,630,294	192,291,391
Sewage networks	246,165,604	-12,874,297	9,496,203	6,406,064	-536	3,027,434	249,193,038
Wastewater treatment plants	169,331,810	-5,214,662	3,608,476	324,499	0	-1,281,687	168,050,123
Other facilities	48,103,767	-7,999,170	5,505,350	2,089,686	1	-404,133	47,699,634
Out-of-service goods	230,781	-8,746	0	0	1	-8,745	222,036
Types of property, plant and equipment, net	1,351,787,934	-71,233,636	-1,682,030	163,393,349	-2,150,467	88,327,216	1,440,115,150

ACCOUNT ACTIVITY OF PROPERTY, PLANT AND EQUIPMENT

As December 31, 2017 (net value)

ITEM	INITIAL BALANCE	DEPRECIATION	INCREASES (REDUCTIONS) FOR TRANSFERS FROM CONSTRUCTIONS IN PROGRESS	INCREASES (REDUCTIONS) FOR OTHER CHANGES	DISPOSALS AND WITHDRAWAL FROM SERVICE	CHANGES TOTAL	FINAL BALANCE
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Land	160,070,637	0	3,785	641,797	-254,884	390,698	160,461,335
Buildings	74,440,293	-2,172,183	8,178,116	-805,590	-39,549	5,160,794	79,601,087
Machinery	99,319,683	-24,663,898	34,940,644	10,925,891	-182,709	21,019,928	120,339,611
Transport vehicles	1,885,570	-507,105	107,734	35,620	-183,719	-547,470	1,338,100
Fixed installations and accessories	706,186	-176,375	431,694	358,524	0	613,843	1,320,029
Computer equipment	2,660,578	-1,529,569	1,174,846	1,354,380	0	999,657	3,660,235
Improvements to leased assets	61,285	-29,654	32,239	396	0	2,981	64,266
Constructions in progress	180,506,784	0	-114,682,738	90,797,576	-58,560	-23,943,722	156,563,062
Additional works	21,252,123	-1,535,090	2,351,518	282,036	-1,520	1,096,944	22,349,067
Production facilities	162,939,794	-6,029,543	9,821,279	866,553	0	4,658,289	167,598,083
Potable water networks	163,124,828	-7,164,493	7,189,676	11,511,813	-727	11,536,269	174,661,097
Sewage networks	247,188,146	-12,445,369	3,849,660	7,573,167	0	-1,022,542	246,165,604
Wastewater treatment plants	143,756,791	-5,041,328	28,827,826	1,837,109	-48,588	25,575,019	169,331,810
Other facilities	36,448,254	-7,502,170	15,936,914	3,221,057	-288	11,655,513	48,103,767
Out-of-service goods	239,851	-9,070	0	0	0	-9,070	230,781
Types of property, plant and equipment, net	1,294,600,803	-68,805,847	-1,836,807	128,600,329	-770,544	57,187,131	1,351,787,934

DISCLOSURE OF INFORMATION ON PROPERTY, PLANT AND EQUIPMENT (GROSS VALUES)

Current fiscal year: December 31, 2018

ITEM	INITIAL BALANCE	INCREASES (REDUCTIONS) FOR TRANSFERS FROM CONSTRUCTIONS IN PROGRESS	INCREASES (REDUCTIONS) FOR OTHER CHANGES	DISPOSALS AND WITHDRAWAL FROM SERVICE	CHANGES TOTAL	FINAL BALANCE
	TH\$	TH\$	TH\$	тн\$	TH\$	TH\$
Land	160,461,335	58,903	41,949	-1,025,958	-925,106	159,536,229
Buildings	111,011,034	1,569,810	714,626	-43,428	2,241,008	113,252,042
Machinery	363,890,587	13,145,270	8,021,020	-52,192	21,114,098	385,004,685
Transport vehicles	5,912,615	129,550	72,546	-990,894	-788,798	5,123,817
Fixed installations and accessories	6,030,116	251,739	47,737	-252	299,224	6,329,340
Computer equipment	13,927,703	215,394	149,822	0	365,216	14,292,919
Improvements to leased assets	597,279	64,999	144,653	0	209,652	806,931
Constructions in progress	156,563,062	-58,984,644	130,120,938	-925,002	70,211,292	226,774,354
Additional works	43,248,022	768,303	343,897	-44,130	1,068,070	44,316,092
Production facilities	316,220,864	9,510,498	2,624,481	-63,942	12,071,037	328,291,901
Potable water networks	492,846,317	12,978,119	12,266,885	-3,198,807	22,046,197	514,892,514
Sewage networks	519,580,232	9,496,203	6,406,140	-1,041,750	14,860,593	534,440,825
Wastewater treatment plants	228,440,366	3,608,476	324,499	0	3,932,975	232,373,341
Other facilities	150,469,536	5,505,350	2,089,686	-15,390	7,579,646	158,049,182
Out-of-service goods	2,023,017	0	0	-154,380	-154,380	1,868,637
Types of property, plant and equipment, gross	2,571,222,085	-1,682,030	163,368,879	-7,556,125	154,130,724	2,725,352,809

DISCLOSURE OF INFORMATION ON PROPERTY, PLANT AND EQUIPMENT (GROSS VALUES)

Previous fiscal year: December 31, 2017

ITEM	INITIAL BALANCE	INCREASES (REDUCTIONS) FOR TRANSFERS FROM CONSTRUCTIONS IN PROGRESS	INCREASES (REDUCTIONS) FOR OTHER CHANGES	DISPOSALS AND WITHDRAWAL FROM SERVICE	CHANGES TOTAL	FINAL BALANCE
	TH\$	TH\$	TH\$	TH\$	TH\$	TH\$
Land	160,070,637	3,785	641,797	-254,884	390,698	160,461,335
Buildings	103,580,338	8,178,116	-667,990	-79,430	7,430,696	111,011,034
Machinery	318,823,106	34,940,644	10,927,824	-800,987	45,067,481	363,890,587
Transport vehicles	6,341,474	107,734	48,432	-585,025	-428,859	5,912,615
Fixed installations and accessories	5,297,680	431,694	358,524	-57,782	732,436	6,030,116
Computer equipment	11,410,302	1,174,846	1,354,941	-12,386	2,517,401	13,927,703
Improvements to leased assets	611,414	32,239	396	-46,770	-14,135	597,279
Constructions in progress	180,506,784	-114,682,738	90,797,576	-58,560	-23,943,722	156,563,062
Additional works	40,632,428	2,351,518	282,036	-17,960	2,615,594	43,248,022
Production facilities	305,539,500	9,821,279	860,085	0	10,681,364	316,220,864
Potable water networks	474,364,900	7,189,676	11,510,182	-218,441	18,481,417	492,846,317
Sewage networks	508,150,937	3,849,660	7,579,635	0	11,429,295	519,580,232
Wastewater treatment plants	197,861,144	28,827,826	1,836,148	-84,752	30,579,222	228,440,366
Other facilities	131,523,642	15,936,914	3,070,743	-61,763	18,945,894	150,469,536
Out-of-service goods	2,187,881	0	0	-164,864	-164,864	2,023,017
Types of property, plant and equipment, gross	2,446,902,167	-1,836,807	128,600,329	-2,443,604	124,319,918	2,571,222,085

DETAILED DISCLOSURE OF INFORMATION ON PROPERTY, PLANT AND EQUIPMENT (ACCUMULATED DEPRECIATION)

Current fiscal year: December 31, 2018

ITEM	INITIAL BALANCE	DEPRECIATION	INCREASES (REDUCTIONS) FOR OTHER CHANGES	DISPOSALS AND WITHDRAWAL FROM SERVICE	CHANGES TOTAL	FINAL BALANCE
	тн\$	тн\$	TH\$	TH\$	TH\$	TH\$
Buildings	-31,409,947	-2,245,955	76	28,750	-2,217,129	-33,627,076
Machinery	-243,550,976	-25,511,246	0	52,190	-25,459,056	-269,010,032
Transport vehicles	-4,574,515	-457,062	24,470	855,394	422,802	-4,151,713
Fixed installations and accessories	-4,710,087	-207,553	0	253	-207,300	-4,917,387
Computer equipment	-10,267,468	-1,562,253	0	0	-1,562,253	-11,829,721
Improvements to leased assets	-533,013	-39,741	0	0	-39,741	-572,754
Additional works	-20,898,955	-1,564,306	0	39,535	-1,524,771	-22,423,726
Production facilities	-148,622,781	-5,963,222	0	49,030	-5,914,192	-154,536,973
Potable water networks	-318,185,220	-7,585,423	0	3,169,520	-4,415,903	-322,601,123
Sewage networks	-273,414,628	-12,874,297	-76	1,041,214	-11,833,159	-285,247,787
Wastewater treatment plants	-59,108,556	-5,214,662	0	0	-5,214,662	-64,323,218
Other facilities	-102,365,769	-7,999,170	0	15,391	-7,983,779	-110,349,548
Out-of-service goods	-1,792,236	-8,746	0	154,381	145,635	-1,646,601
Types of property, plant and equipment (Accumulated depreciation)	-1,219,434,151	-71,233,636	24,470	5,405,658	-65,803,508	-1,285,237,659

DETAILED DISCLOSURE OF INFORMATION ON PROPERTY, PLANT AND EQUIPMENT (ACCUMULATED DEPRECIATION)

Previous fiscal year: December 31, 2017

ITEM	INITIAL BALANCE	DEPRECIATION	INCREASES (REDUCTIONS) FOR OTHER CHANGES	DISPOSALS AND WITHDRAWAL FROM SERVICE	CHANGES TOTAL	FINAL BALANCE
	TH\$	TH\$	TH\$	тн\$	TH\$	TH\$
Buildings	-29,140,045	-2,172,183	-137,600	39,881	-2,269,902	-31,409,947
Machinery	-219,503,423	-24,663,898	-1,933	618,278	-24,047,553	-243,550,976
Transport vehicles	-4,455,904	-507,105	-12,812	401,306	-118,611	-4,574,515
Fixed installations and accessories	-4,591,494	-176,375	0	57,782	-118,593	-4,710,087
Computer equipment	-8,749,724	-1,529,569	-561	12,386	-1,517,744	-10,267,468
Improvements to leased assets	-550,129	-29,654	0	46,770	17,116	-533,013
Additional works	-19,380,305	-1,535,090	0	16,440	-1,518,650	-20,898,955
Production facilities	-142,599,706	-6,029,543	6,468	0	-6,023,075	-148,622,781
Potable water networks	-311,240,072	-7,164,493	1,631	217,714	-6,945,148	-318,185,220
Sewage networks	-260,962,791	-12,445,369	-6,468	0	-12,451,837	-273,414,628
Wastewater treatment plants	-54,104,353	-5,041,328	961	36,164	-5,004,203	-59,108,556
Other facilities	-95,075,388	-7,502,170	150,314	61,475	-7,290,381	-102,365,769
Out-of-service goods	-1,948,030	-9,070	0	164,864	155,794	-1,792,236
Types of property, plant and equipment (Accumulated depreciation)	-1,152,301,364	-68,805,847	0	1,673,060	-67,132,787	-1,219,434,151

Commitments toward the acquisition of property, plant and equipment

The following table shows the amounts committed by each consolidated group company on account of their respective property, plant and equipment purchases for the year 2019:

COMPANY	TH\$
Aguas Andinas S.A.	102,736,143
Aguas Cordillera S.A.	7,489,133
Aguas Manquehue S.A.	2,241,548
Essal S.A.	15,102,018
EcoRiles S.A.	106,220
Gestión y Services S.A.	40,000
Análisis Ambientales S.A.	353,413
Total	128,068,475

Temporarily idle property, plant and equipment:

COMPANY	DMPANY GROSS VALUE ACCUMULATED DEPRECIATION		NET VALUE
_	TH\$	TH\$	TH\$
Aguas Andinas S.A.	1,594,305	-1,526,741	67,564
Aguas Cordillera S.A.	274,332	-119,860	154,472
Total	1,868,637	-1,646,601	222,036

Restrictions of ownership for property, plant and equipment

As of December 31, 2018 and 2017, property, plant and equipment have not affected by ownership restrictions, nor are they affected by obligations pursuant to the provisions of IAS 16 paragraph 74 (a).

Financial lease contracts

As of December 31, 2018 and 2017, there is no property, plant and equipment kept under financial lease contracts, pursuant to para. 31 of IAS 17.

Note 14.

Impairment of asset value

Disclosure of information on asset impairment by cash generating unit

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

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

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

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

The respective impairment tests were conducted as of December 31, 2018 were 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 in the books.

As of December 31, 2018 there is no register of asset impairment and there are no indications of asset impairments.

Note 15.

Provisions and contingent liabilities

A. PROVISIONS

This item's breakdown as of December 31, 2018 and 2017 is as follows:

TYPES OF PROVISIONS	31-12-2018	31-12-2017	
	тн\$	TH\$	
Provisions for legal claims *	2,992,246	2,603,819	
Other provisions, current	2,992,246	2,603,819	
Other provisions, non-current	1,341,233	1,301,105	
Provisions, non-current	1,341,233	1,301,105	

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

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

LEGAL CLAIMS	31-12-2018	31-12-2017 TH\$	
	тн\$		
Balance for initial provisions	2,603,819	2,628,225	
Increase in existing provisions	891,679	302,543	
Used provision	-549,895	-161,112	
Other increases (decreases)	46,643	-165,837	
Changes in provisions, total	388,427	-24,406	
Total	2,992,246	2,603,819	

The provisions under this item are as follows:

1. LEGAL CLAIMS

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

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

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

The Superintendence for Sanitation Services (SISS), has levied fines against Aguas Andinas S.A. and Subsidiaries, mainly for not complying with instructions and breaching the continuity and quality of the service provided by the Company. The total number of complaints filed in 2018 amount to UTA 3.517.- which were paid out prior to initiating the claim processes of each case. The final sentences are pending.

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

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

Labor lawsuits: Aguas Andinas was directly or alternatively sued, regarding labor demands whose matter corresponds mainly to unjustified dismissals. The total amount of such lawsuits amounts to Th\$370,811. The judicial proceedings are pending in the respective courts or administrative bodies concerned.

2. OTHER NON-CURRENT PROVISIONS

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

B. Contingent liabilities

- 1. On June 9, 2016, as a result of a rupture of a drinking water matrix that affected the Municipality of Providencia, Aguas Andinas S. A. compensated for damages caused to third parties. In response to such emergency situation, the Company is currently being audited, having been notified about the initiation of sanctioning proceedings by the Superintendence of Sanitary Services. The Company submitted its disclaimers. The decision of the authority is pending.
- 2. The Company was sued by the National Consumer Service due to service shutoffs in February and April 2017. The lawsuit

- objective is to make the courts establish fines and compensations for each of the users affected by the water shutoffs.
- 3. Aguas Andinas was sued by the Municipality of Providencia for the damages caused by the Potable Water Main break on June 9, 2016. The lawsuit, lodged in the 22nd Civil Court of Santiago, contemplates the payment of municipal rights for the execution of works to repair the streets damaged by the flood for an amount of Th\$557,965. The lawsuit is at its probationary stage.
- 4. Aguas Cordillera was sued via an ordinary suit filed before Santiago's 11th Civil Court on grounds of the establishment of easements. The amount claimed is Th\$3,689,946. The lawsuit is at its probationary stage.

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

Note 16.

Guarantees and restrictions

16.1. DIRECT GUARANTEES

Policies and performance bonds have been granted to several institutions, especially to the Superintendence of Sanitation Services, to guarantee the conditions for the provision of services and development programs in the Company's concession areas; to SERVIU Metropolitano, to guarantee the replacement of paving; and to other institutions, for Th\$45,873,654 and Th\$40,556.790 as of December 31, 018 and 2017, respectively.

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

GUARANTEE BENEFICIARY	DEBTOR'S NAME	TYPE OF	31-12-2018	31-12-2017		
		GUARANTEE TH\$		GUARANTEE TH\$		TH\$
Asociacion de Canalistas del Maipo	A. Andinas S.A.	Performance bond	7,870,828	7,608,765		
Cge Distribucion	A. Andinas S.A.	Performance bond	53,349	53,349		
Comite Innova Chile	A. Andinas S.A.	Performance bond	292,061	64,634		
Constructora San Francisco	A. Andinas S.A.	Performance bond	159,055	175,126		
Dgac	A. Andinas S.A.	Performance bond	22,053	0		
Direccion Vialidad	A. Andinas S.A.	Performance bond	185,351	169,418		
Direccion Obras Hidraulicas	A. Andinas S.A.	Performance bond	1,112,280	1,125,773		
Gob Reg Metrop	A. Andinas S.A.	Performance bond	79,973	0		
l Municipalidad de Renca	A. Andinas S.A.	Performance bond	27,566	0		
Municipalidad La Florida	A. Andinas S.A.	Performance bond	490,348	448,788		
I Mun Las Condes	A. Andinas S.A.	Performance bond	10,000	0		
I Municipalidad de Paine	A. Andinas S.A.	Performance bond	19,837	0		
I Municipalidad de San Bernardo	A. Andinas S.A.	Performance bond	17,419	0		
Municipalidad de La Reina	A. Andinas S.A.	Performance bond	68,914	66,995		
Municipalidad Peñalolen	A. Andinas S.A.	Performance bond	44,762	43,516		
Municipalidad Providencia	A. Andinas S.A.	Performance bond	56,730	110,301		
Municipalidad de Santiago	A. Andinas S.A.	Performance bond	30,636	24,922		
Inmob Macul S.A.	A. Andinas S.A.	Performance bond	55,132	0		

248

GUARANTEE BENEFICIARY	DEBTOR'S NAME	TYPE OF	31-12-2018 31-12-201	31-12-2017
		GUARANTEE	тн\$	TH\$
Min de Obr Publi	A. Andinas S.A.	Performance bond	3,372,537	0
Serviu Metropolitano	A. Andinas S.A.	Performance bond	8,030,960	8,762,875
S.I.S.S.	A. Andinas S.A.	Performance bond	8,269,329	6,932,974
Soc Conc Aut Cen	A. Andinas S.A.	Performance bond	55,132	0
Soc Conce Melipi	A. Andinas S.A.	Performance bond	41,349	0
Asociacion de Canalistas del Maipo	A. Cordillera S.A.	Performance bond	951,834	925,327
Municipalidad Las Condes	A. Cordillera S.A.	Performance bond	156,000	173,000
Municipalidad de Lo Barnechea	A. Cordillera S.A.	Performance bond	13,783	99,448
Municipalidad Vitacura	A. Cordillera S.A.	Performance bond	55,132	53,596
Ministerio Oopp Dir. de Aguas	A. Cordillera S.A.	Performance bond	410,234	398,810
Sencorp S.A.	A. Cordillera S.A.	Performance bond	313,974	305,231
Serviu Metropolitano	A. Cordillera S.A.	Performance bond	450,866	624,557
S.I.S.S.	A. Cordillera S.A.	Performance bond	1,263,671	1,235,769
Asociacion de Canalistas del Maipo	A.Manquehue S.A.	Performance bond	1,459,092	1,418,460
II Mun de Lo Bar	A.Manquehue S.A.	Performance bond	88,514	0
Municipalidad Vitacura	A.Manquehue S.A.	Performance bond	11,026	10,719
S.I.S.S.	A.Manquehue S.A.	Performance bond	1,226,237	1,025,538
Superint Serv S.A.	A.Manquehue S.A.	Performance bond	73,518	0
Direccion Obras Hidraulicas	Essal S.A.	Performance bond	1,678,920	1,707,147
Direccion Vialidad	Essal S.A.	Performance bond	21,722	74,358
Gobierno Regional de La Region de Los Rios	Essal S.A.	Performance bond	49,475	56,208
Municipalidad de Paillaco	Essal S.A.	Performance bond	31,094	246,526
Serviu Metropolitano	Essal S.A.	Performance bond	157,191	156,003
Sociedad Concesionaria de Los Lagos	Essal S.A.	Performance bond	27,357	27,357
S.I.S.S.	Essal S.A.	Ins. Policy	3,053,444	3,000,265
Codelco	Anam S.A.	Performance bond	17,904	17,769
Directemar	Anam S.A.	Performance bond	115,226	0
Gobierno Regional V Region Valparaiso	Anam S.A.	Performance bond	24,862	24,862
Superintendencia del Medio Ambiente	Anam S.A.	Performance bond	35,066	34,857
Enap Refinerias	Anam S.A.	Performance bond	18,439	0
Serviu Metropolitano	Gest. y Serv. S.A.	Performance bond	2,990,428	2,222,993
Totales			45,060,610	39,426,236

Bond issue restrictions

a) Aguas Andinas S.A.

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

- 1. Sending to bondholder representatives a copy of its Consolidated Financial Statements, and those of its Subsidiary Corporations registered in the Financial Market Commission, both the quarterly as well as the annual audited statements, on the same deadline as they are to be delivered to the Financial Market Commission, plus any other public information which it provides to the Commission.
- 2. Registering in its accounting books the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements and/or those of its Subsidiaries.
- 3. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries such as the Company.
- 4. The Company is obligated to ensure that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5. Maintaining, at the end of each quarter in the Issuer's Financial Statements,

a debt ratio not exceeding 1.5 times. Nonetheless, the above limit is adjusted according to the quotient of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index as of December 2009. For all, the aforementioned limit will be adjusted up to a maximum of 2 times.

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

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

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

As of December 31, 2018, the abovementioned accounts are the following (Th\$):

Total current liabilities	242,318,524
Total non-current liabilities	976,742,178
Total IFRS liabilities	1,219,060,702
Third-party guarantees (*)	1,130,600
Total liabilities	1,220,191,302
Total assets	
Total current liabilities	1,906,052,099
Total non-current liabilities	-242,318,524
Total net equity	-976,742,178
Total current liabilities	686,991,397

^{*} The amount of all joint debtors, simple or joint bonds, joint assumption of debt or other personal or real guarantees that the Issuer or its subsidiaries have granted to secure third-party obligations, except: (i) those granted by the Issuer or its Subsidiaries for obligations undertaken by

other Subsidiaries of the Issuer, (ii) those granted by Subsidiaries for obligations of the Issuer, and (iii) those granted to public institutions to ensure compliance with public sanitation legislation and execution of works in public spaces.

The debt ratio as of December 31, 2018 was: 1.78 times.

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

2009 IPC BASE		COVENANT		
31-12-2018	ACCUMULATED INFLATION	BASE	LIMIT	LÍMITE
119.14	31.97%	1.5	1.98	1,98

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

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

b) Empresa de Services Sanitarios de los Lagos S.A. (Essal S.A.)

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

- 1. Sending to bondholder representatives a copy of its Consolidated Financial Statements, both the quarterly as well as the annual audited statements, on the same deadline as they are to be delivered to the Financial Market Commission, plus any other public information which it provides to the Commission.
- 2. Registering in its accounting books the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in its financial statements.
- 3. Maintaining insurance to reasonably protect its assets, in line with the usual

practices for industries such as the Company.

- 4. The Company is obligated to ensure that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.
- 5. Maintaining a debt ratio not exceeding 1.29 times, measured on the basis of balance figures, defined as the Liability/ Equity ratio.

From 2010, the above limit is adjusted according to the quotient of the Consumer Price Index for the month in which the Debt Ratio is calculated and the Consumer Price Index as of December 2009. This limit will be adjusted up to a maximum of 2 times (Debt = Liabilities/Total net equity). As of December 31, 2018, the debt ratio was 1.48 times and 1.51 times for the BESSALC and BESSALB series, respectively.

- 6. Maintaining an Ebitda /Financial Expenses ratio of no less than 3.5 times. As of December 31, 2018, the ratio was 7.2 times.
- 7. Not to sell, assign or transfer essential assets.

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

16.2. BANK LOAN RESTRICTIONS

a) Aguas Andinas S.A.

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

1. Maintaining a debt ratio no higher than 1.5 times, measured on the basis of

the figures in its consolidated balances. Nonetheless, the above limit is adjusted according to the quotient of the consumer price index for the month in which the debt ratio is calculated and the consumer price index as at December 2009. Nonetheless, the above limit will be adjusted to a maximum ratio of 2 times. For the financial year ended December 31, 2018, the debt ratio variation is 1.98 times. To this end, the level of indebtedness shall be defined as the liability/total net equity ratio. As of December 31, 2018, the debt ratio is 1.78 times.

- 2. A prohibition on the disposal of or losing holder's rights on essential assets, except for contributions or transfers of essential assets to Subsidiary Companies.
- 3. Sending a copy of both the quarterly and the audited individual consolidated financial statements to the different banks the Company has asked for loans, within five days of their submission to the Financial Market Commission.
- 4. Recording in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements.
- 5. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries such as the Company.
- 6. Submitting a certificate signed by the Company's General Manager declaring compliance with the loan agreement obligations.
- 7. A prohibition on distributing dividends,

except for the obligatory minimum if there is a situation of default or delay in the payment of any loan installment.

- 8. Maintaining a financial hedging ratio equal to or over 3 times, measured on the basis of the figures contained in its consolidated individual balances, defined as the ratio between operating income plus depreciation during the financial year and the amortization of intangible assets divided by financial expenses. As of December 31, 2018, the Company's financial hedging ratio is 10.32 times.
- 9. A prohibition on liquidating or dissolving the Company, liquidating its operations or businesses that constitute its business, or entering into any act or contract of merger or consolidation, except for mergers with its present Subsidiaries.
- 10. The Company undertakes to ensuring that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

b) Aguas Cordillera S.A.

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

1. Maintaining a debt ratio no higher than 1.5 times, measured on the basis of the figures in its consolidated balances. Nonetheless, the above limit is adjusted according to the quotient of the consumer price index for the month in which the debt ratio is calculated and the consumer price index as at December 2009. Nonetheless, the above limit will be adjusted to a maximum ratio of 2 times. To this end, the level of indebtedness shall be defined as the liability/total net equity

- ratio. As of December 31, 2018, the debt ratio is 0.61 times.
- 2. Maintaining a financial hedging ratio equal to or over 3 times, measured on the basis of the figures contained in its consolidated individual balances, defined as the ratio between operating income plus depreciation during the financial year and the amortization of intangible assets divided by financial expenses. As of December 31, 2018, the Company's financial hedging ratio is 16.09 times.
- 3. Sending a copy of both the quarterly and the audited individual consolidated financial statements to the different banks the Company has asked for loans, within five days of their submission to the Financial Market Commission.
- 4. Submitting a certificate signed by the Company's General Manager declaring compliance with the loan agreement obligations.
- 5. Maintaining all rights, licenses, permits, trademarks, franchises, concessions or relevant parts thereof in full force.
- 6. Maintaining insurance to reasonably protect its assets, including its corporate offices, buildings, plants, furniture and office equipment and vehicles, in line with the usual practices for industries such as the Company.
- 7. Ensuring that transactions with its subsidiaries or other related parties are made on equitable conditions similar to those normally prevailing in the market.

c) Essal S.A.

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

502,968

24-01-2019

As of December 31, 2018 the Company and its Subsidiary Utilities comply with all requirements established in the loan agreements with accrediting Banks, as well as with all the provisions of DFL. No. 382 of the General Sanitation Services Act of 1988, and its Regulations (D.S. MOP No. 1199/2004, published in November 2005).

16.3 THIRD-PARTY GUARANTEES

As of December 31, 2018 and December 31, 2017, the Company has

received documents in guarantee for Th\$42,150,481 and Th\$26.219,928, respectively, arising mainly from work contracts with construction companies to guarantee due performance. Additionally, there are also other guarantees for services contracts and for the acquisition of materials toward ensuring their timely delivery.

The table below summarizes the more important bank guarantees received as of December 31, 2018:

	тн\$	DATE
A. Andinas S.A.	231,470	31-12-2021
A. Andinas S.A.	275,658	01-04-2022
A. Andinas S.A.	104,154	12-08-2019
A. Andinas S.A.	261,259	02-02-2019
A. Andinas S.A.	125,079	13-08-2019
A. Andinas S.A.	111,960	05-12-2019
A. Andinas S.A.	2,454,844	31-01-2020
A. Andinas S.A.	463,514	15-03-2019
A. Andinas S.A.	363,781	28-12-2019
A. Andinas S.A.	110,263	03-06-2020
A. Andinas S.A.	154,368	28-05-2019
A. Andinas S.A.	181,684	30-09-2019
A. Andinas S.A.	549,164	30-11-2019
A. Andinas S.A.	257,017	01-08-2019
A. Andinas S.A.	466,065	31-08-2019
A. Andinas S.A.	2,454,844	30-01-2020
A. Andinas S.A.	227,693	30-08-2019
A. Andinas S.A.	268,381	30-10-2019
A. Andinas S.A.	369,464	30-01-2020
	A. Andinas S.A.	A. Andinas S.A. 231,470 A. Andinas S.A. 275,658 A. Andinas S.A. 104,154 A. Andinas S.A. 261,259 A. Andinas S.A. 125,079 A. Andinas S.A. 111,960 A. Andinas S.A. 2,454,844 A. Andinas S.A. 463,514 A. Andinas S.A. 363,781 A. Andinas S.A. 110,263 A. Andinas S.A. 154,368 A. Andinas S.A. 154,368 A. Andinas S.A. 257,017 A. Andinas S.A. 257,017 A. Andinas S.A. 268,381 A. Andinas S.A. 227,693 A. Andinas S.A. 227,693 A. Andinas S.A. 268,381

Echeverria izquierdo ing. y Constru	A. Andinas S.A.	502,968	24-01-2019
Echeverria Izquierdo Ing. y Constru	A. Andinas S.A.	1,274,174	28-02-2019
Eiffage Energia Chile Ltda	A. Andinas S.A.	261,259	25-01-2019
Emp.depuradora de A.s. Mapocho El T	A. Andinas S.A.	14,302,346	31-12-2019
Empresa Nacional de Energia Enex S.	A. Andinas S.A.	722,800	29-12-2019
Gyo Ingenieria Ltda.	A. Andinas S.A.	147,680	18-06-2019
Icafal Ingenieria y Construccion S.	A. Andinas S.A.	200,346	12-01-2019
Ing. y Construccion Mst Ltda.	A. Andinas S.A.	377,860	27-03-2019
Ingenieria y Construccion Mst Ltda.	A. Andinas S.A.	140,692	16-05-2019
Ingenieria y Construccion Mst Ltda.	A. Andinas S.A.	279,467	22-05-2019
Ingenieria y Construccion Mst Ltda.	A. Andinas S.A.	412,577	05-07-2019
Ingenieria y Construccion Mst Ltda.	A. Andinas S.A.	110,357	31-07-2019
Ingenieria y Construccion Mst Ltda.	A. Andinas S.A.	337,598	06-08-2020
Inlac S.A.	A. Andinas S.A.	176,439	31-10-2019
Inlac S.A.	A. Andinas S.A.	139,982	31-01-2020
Inm. y Const Nva. Pacifi. Sur Ltda.	A. Andinas S.A.	110,263	18-11-2019
Inmob. y Comercial Quilicura Ltda.	A. Andinas S.A.	385,921	28-10-2020
Inmobiliaria Los Sirios S.A.	A. Andinas S.A.	137,829	30-03-2019
Inmobiliaria Monte Aconcagua S.A.	A. Andinas S.A.	220,526	16-11-2019
Level 3 Chile S.A.	A. Andinas S.A.	103,234	30-11-2019
Suez Medioambiente Chile S.A.	A. Andinas S.A.	377,860	27-03-2019
Suez Medioambiente Chile S.A.	A. Andinas S.A.	100,031	28-12-2020
Suez Medioambiente Chile S.A.	A. Andinas S.A.	851,498	30-05-2022
Vapor Industrial Spa	A. Andinas S.A.	287,200	28-02-2019
I C M S.A.	A. Cordillera S.A.	158,305	30-10-2019
Obrascon Huarte Lain, S.A.	A. Cordillera S.A.	137,829	30-10-2019
Sacyr Chile S.A.	A. Cordillera S.A.	137,829	30-10-2019
Suez Medioambiente Chile S.A.	A. Cordillera S.A.	674,478	04-02-2019
Inmobiliaria Dg Cuatro Limitada	A.Manquehue S.A.	161,177	28-02-2019
Inmobiliaria Dg Cuatro Limitada	A.Manquehue S.A.	161,177	31-08-2019
Inmobiliaria Dg Cuatro Limitada	A.Manquehue S.A.	161,177	28-02-2020
Suez Medioambiente Chile S.A.	A.Manquehue S.A.	1,857,140	01-04-2019
Claro Vicuña Valenzuela S.A.	Essal S.A.	309,812	05-02-2019
Artbase Ingenieria Construccion y Servicios Ltda.	Essal S.A.	130,766	16-04-2019
Sociedad Constructora Schwerter y Asociados Ltda.	Essal S.A.	102,040	28-12-2019

A. Andinas S.A.

Echeverria Izquierdo Ing. y Constru

Note 17.

Current revenue

Note 18.

Leasing

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

TYPES OF CURRENT REVENUE	31-12-2018	31-12-2017 TH\$	
	тн\$		
Current revenue			
Sales of goods	6,663,187	6,719,378	
Provision of services	523,452,244	500,593,807	
Insurance repayments	284,986	2,223,220	
Total	530,400,417	509,536,405	

Disclosure of information on operational leasing as a lessor

The leasing of machinery, digital lines and some commercial agencies facilities, but mainly the leasing of transportation services, are included under this heading:

FUTURE NON-CANCELLABLE MINIMUM FUTURE	31-12-2018	31-12-2017	
LEASE RECEIVABLES, LESSEES	TH\$	TH\$	
Future non-cancellable minimum lease receivables, up to 1 year, lessees.	2,387,889	2,831,275	
Future non-cancellable minimum lease receivables, up to 1 and less than 5 years, lessees	5,216,879	5,979,441	
Total non-cancellable minimum future lease receivables	7,604,768	8,810,716	
Minimum lease payments under operational leases	4,349,603	3,395,853	
Total lease and sublease installments booked in the statement of result	4,349,603	3,395,853	

Significant operative leasing agreements

The most significant operative leases are vehicle leasing. In these cases, contracts last from 18 to 96 months. The leasing services are paid on a monthly basis upon the submission and approval of payment statements.

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

Disclosure of information on operative leasing as lessors

The Company has entered into contracts of this kind acting as the lessor, mainly with regards to its operative premises, with

256

Note 19.

Employee benefits

telecommunications companies, which are renewed automatically from 1 to 5 years. However, the Company is entitled to give a termination notice 30, 60, 90 and 180 days in advance, depending on the contract.

Significant operative leasing agreements by the lessor

Income from these sources is immaterial for the Company.

FUTURE NON-CANCELLABLE MINIMUM FUTURE LEASE	31-12-2018	31-12-2017	
RECEIVABLES, LESSORS	31-12-2018	31-12-2017	
	Th\$	Th\$	
Future non-cancellable minimum lease receivables, up to one year, lessors	311,649	200,065	
Amount of contingent income booked in the statement of results	672,064	685,735	
Total	983,713	885,800	

258

The Company, at the consolidated level, has a workforce of 2,121 employees, of which 87 are Managers and senior executives. Employees included in collective bargaining agreements and those with individual employment contracts containing special indemnity clauses total 1,755 and 24, respectively, whereas 342 workers are under the provisions of the Labor Code.

During the month of January 2018, the subsidiary Aguas Andinas S.A. culminated the anticipated collective bargaining with the unions of employees, operators and professions No. 1, 2 and 3. The agreement implies the signing of a new collective agreement that replaces the current instrument and expires in July. The agreement was signed on 29 January 2018, taking effect for three years.

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

The current collective bargaining agreements of Anam S.A. and EcoRiles S.A., were signed on December 2015 and April 2017, respectively; both for a three-year term. The personnel of

those Subsidiaries are governed by the provisions contained in articles 159, 160 and 161 of the Labor Code, for which no severance pay provisions have been made.

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

Policies about defined benefit plans

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

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

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

Accounting policies for gains and losses on defined benefits plans

The obligation of providing termination benefits by seniority, which it is estimated

to accrue for workers who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., is booked at its actuarial value, determined using the projected credit-unit method.

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

Actuarial assumptions

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

Participants in each plan: These benefits cover all workers who participate in a union agreement (indicated above) and workers with individual contracts including an indemnity clause in any event. Workers included in the calculation of the actuarial indemnity by company: Aguas Andinas S.A.: 906; Aguas Cordillera S.A.: 90; Aguas Manquehue S.A.: 14; Essal S.A.: 330 and Gestión y Services S.A.: 1.

Mortality: The RV-2014 mortality tables of the Superintendence 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 target workers are the following: 7.10%; Aguas Cordillera S.A.: 4.8%; Aguas Manquehue S.A.: 0.00% and Essal S.A.: 6.2%. Disabled workers and early retirements have not been considered due to their infrequent occurrence.

Discount rate: For fiscal year 2018 the Company applied a discount rate 5.0%, which corresponds to a risk-free rate and long-term inflation projections.

Inflation rate: For making long-term estimates, in fiscal year 2018 the Company applied an inflation rate of 3.0%, as reported by the Central Bank of Chile.

Salary increase rates: The salary increase rates applied for fiscal year 2018 are as follows: Aguas Andinas S.A.: 3.30%; Aguas Cordillera S.A.: 2.7%; Aguas Manquehue S.A.: 2.40% and Essal S.A.: 3.07%.

General description of defined benefit plans

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

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

In case an employee retires from the Company in accordance with paragraphs

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

Workers of Aguas Andinas S.A. and its Subsidiaries who are not a party to their collective bargaining agreements are covered by their individual employment contracts, whereas for non-utility 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 applicable, except when individual employment contracts indicate otherwise.

The indemnity provision is calculated by deducting advances to the employees.

The following table shows the account activity of actuarial provisions as of December 31, 2018 and 2017, which include the account activity for provisions:

PROVISION FOR EMPLOYEE BENEFITS	31-12-2018	31-12-2017
	TH\$	тн\$
Movements in actuarial provision		
Initial balance	16,245,576	17,285,712
Cost of services	1,260,866	1,294,818
Interest cost	1,645,624	711,341
Actuarial (gain) or loss	1,534,815	-1,340,799
Benefits paid	-3,100,569	-2,085,158
Special compensation for seniority (1)	0	206,637
Provision for termination benefits	547,615	173,025
Sub-totals	18,133,927	16,245,576
Profit sharing and bonuses	4,750,363	4,614,741
Total	22,884,290	20,860,317

In the financial position statements, these balances are found under the following items:

PROVISION FOR EMPLOYEES BENEFIT	31-12-2018	31-12-2017	
_	TH\$	TH\$	
Provision for employees benefit, current	5,546,049	5,531,516	
Provision for employees benefit, non-current	17,338,241	15,328,801	
Total	22,884,290	20,860,317	

Expected payment flows

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

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

In the 2015 – 2017 period, the Company began a program that encourages voluntary retirement of our employees that are approaching the legal retirement age.

During fiscal year 2018 the Company, together with the Aguas Andinas' union workers and in the spirit of acknowledging the track record of personnel having serious health problems who, in turn, have a duly accredited a disabling disease that affects their performance or that does not allow them to resume the normal conditions of their duties or that are close to their legal age of retirement (in the understanding that this applies to women workers, with an indefinite-term work contract in force who turn 57 years of age and to men workers with an indefinite work contract in force, that turn 62 years of age) the option of accepting a Voluntary Retirement Plan. Also eligible to opt for this plan will be those workers that have already met their established retirement age, as required by article 3 of Decree Law No 3,500, in order to obtain their old-age pension, i.e. over 60 years of age for women and over 65 years of age for men (actual age).

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

COMPANY	NUMBER OF EMPLOYEES	EXPECTED PAYMENT FLOW	YEAR
		TH\$	
Aguas Andinas S.A.	16	820,106	2019
Aguas Cordillera S.A.	4	161,565	2019
Essal S.A.	1	3,352	2019
Total	21	985,023	

Liabilities projected for December 31, 2019

In calculating the projected liabilities for indemnities at their actuarial value as of December 2019, as established in IAS 19, we have used the actuarial assumptions as

of December 31, 2017, as already reported in this Note. The only amount that increased is the legal bonus, as a result of the increase in the minimum legal wage established in January of the present year.

The following table summarizes this situation by company:

COMPANY NUMBER OF COSTS FOR SERVIOR EMPLOYEES		COSTS FOR SERVICES	COSTS FOR INTERESTS	
		тн\$	TH\$	
Aguas Andinas S.A.	906	810,777	681,147	
Aguas Cordillera S.A.	90	108,805	91,715	
Aguas Manquehue S.A.	14	8,752	7,455	
Essal S.A.	330	31,998	35,373	
Gestión y Services S.A.	1	2,354	205	
Total	1,341	962,686	815,895	

Sensitivity of assumptions

The sensitivity of the main assumptions is based on the actuarial calculation as of December 31, 2018. The following impacts have been determined:

DISCOUNT RATE	BASE	PLUS 0.5%	MINUS 0.5%	
		TH\$	TH\$	
Aguas Andinas S.A.	5.00%	-560,908	601,938	
Aguas Cordillera S.A.	5.00%	-90,158	95,938	
Aguas Manquehue S.A.	5.00%	-21,589	23,067	
Essal S.A.	5.00%	-40,046	44,070	
Total		-712,701	765,013	

TURNOVER RATE	BASE	PLUS 0.5%	MINUS 0.5%
	тн\$	TH\$	
Aguas Andinas S.A.	7.10%	-628,125	672,910
Aguas Cordillera S.A.	4.80%	-98,699	104,567
Aguas Manquehue S.A.	0.00%	-22,564	0
Essal S.A.	6.20%	-44,549	49,049
Total		-793,937	826,526

SALARY INCREMENT BASE		PLUS 0.5%	MINUS 0.5%	
RATE		TH\$	TH\$	
Aguas Andinas S.A.	3.30%	609,153	-572,492	
Aguas Cordillera S.A.	2.70%	97,665	-92,551	
Aguas Manquehue S.A.	2.40%	23,554	-22,223	
Essal S.A.	3.10%	44,709	-40,949	
Total	•••••	775,081	-728,215	

General Information

Note 20.

Effect of exchange differences

Disclosure of 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 bargaining agreements or individual contracts.

Profit sharing and bonuses

The Company has an obligation with its personnel with respect to profit-sharing bonuses payable the following year in February and March. The accrued participation payable to personnel, as stipulated in current contracts, is

settled in February on the basis of the statement of financial position for the immediately-preceding financial year. As of December 31, 2018 and 2017, these amounts total Th\$4,750,363 y Th\$4,614,741, respectively. In addition, advances are made against this bonus in the months of March. June, September and December of each calendar year.

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

Personnel expenses

Personnel expenses as of December 31, 2018 and 2017 are:

PERSONNEL EXPENSES	31-12-2018	31-12-2017	
	тн\$	TH\$	
Wages and salaries	-37,059,583	-34,774,133	
Defined benefits	-16,582,530	-15,528,033	
Termination benefits	-3,841,224	-3,478,845	
Other personnel expenses	-2,049,211	-2,149,199	
Total	-59,532,548	-55,930,210	

The table below summarizes the exchange differences:

ITEM	CURRENCY	31-12-2018	31-12-2017
	_	TH\$	TH\$
Trade debtors and other accounts receivable	EUR	-36,619	271
Trade debtors and other accounts receivable	USD	-717	-580
Other financial assets	USD	145	0
Total variation liabilities	•••••••••••••••••••••••••••••••••••••••	-37,191	-309
Trade accounts payable and other accounts payable	EUR	-15,826	-9,651
Trade accounts payable and other accounts payable	USD	-20,781	16,867
Accounts payable from related entities	EUR	-11,091	0
Total variation liabilities		-47,698	7,216
Earnings (loss) from exchange differences		-84,889	6,907

Note 21.

Other expenses by nature

Note 22.
Results for

Results for indexed units

Information concerning other expenses by nature:

The composition of the results by indexed units for periods ended December 31, 2018 and 2017 is:

OTHER EXPENSES BY NATURE	31-12-2018	31-12-2017	
	TH\$	TH\$	
Treatment plant operation	-25,879,842	-25,635,865	
Services	-18,115,288	-15,172,668	
Maintenance and repair of networks	-14,403,921	-14,933,319	
Commercial services	-13,329,382	-12,764,364	
Expenses for works requested by third parties	-10,014,480	-11,335,985	
Maintenance of facilities and equipment	-8,152,085	-7,360,079	
Leases	-7,746,474	-7,232,339	
Withdrawal of waste and slurry	-5,884,761	-6,683,156	
Contributions, patents, insurance and royalties	-6,549,162	-6,313,318	
Overhead	-7,039,502	-6,757,282	
Other	-5,816,860	-7,101,831	
Total	-122,931,757	-121,290,206	

ITEM	31-12-2018	31-12-2017	
	TH\$	TH\$	
Accounts receivable from related entities	4,485	467,148	
Current tax assets	379,626	428,882	
Trade debtors and other accounts receivable	-772,861	90,479	
Total variation liabilities	-388,750	986,509	
Other financial liabilities	-23,404,573	-12,760,363	
Trade accounts payable and other accounts payable	881,302	-179,372	
Accounts payable to related companies	-92	-209	
Other non-financial liabilities	-110,576	6,232	
Total variation liabilities	-22,633,939	-12,933,712	
Earnings (loss) from adjustment units	-23,022,689	-11,947,203	

Note 23.

Capitalized financing costs

The table below summarizes the capitalized financing costs as of December 31, 2018 and December 31, 2017:

DISCLOSURE OF CAPITALIZED INTEREST COSTS

CAPITALIZED INTEREST COSTS, PROPERTY, PLANT AND EQUIPMENT		31-12-2018	31-12-2017	
Rate of capitalized interest costs, property, plant and equipment	%	6.42	7.13	
Amount of capitalized interest, property, plant and equipment	Th\$	3,215,456	2,201,924	

Note 24.

Corporate income taxes and deferred taxes

As established in IAS 12, the following table shows the net position of deferred tax on assets and liabilities determined

by Company, as in the consolidated statement of financial position, adding each position.

STATEMENTS OF FINANCIAL POSITION	31-12-2018	31-12-2017
	тн\$	TH\$
Deferred tax assets	23,499,561	20,200,593
Deferred tax liabilities	-35,719,583	-38,089,361
Net deferred tax position	-12,220,022	-17,888,768

The net position above originates from a variety of concepts that make up timing and permanent differences, which at the

consolidated level can be shown under the following concepts:

DISCLOSURE OF DEFERRED TAX ASSETS

DEFERRED TAX ASSETS	31-12-2018	31-12-2017	
	TH\$	тн\$	
Water rights (amortization)	504,001	477,561	
Provision for doubtful accounts	9,230,453	8,936,230	
Provision for vacations	719,531	664,148	
Litigation	807,907	703,031	
Termination benefits	4,013,029	3,491,419	
Other provisions	243,379	109,329	
Variation monetary correction and depreciation assets	69,910,122	66,864,696	
Deferred income	1,969,571	1,969,571	
La Dehesa reservoir transaction	389,058	378,223	
Amortization	101	107	
Other provisions	1,625,192	1,274,491	
Deferred tax assets	89,412,344	84,868,806	

DISCLOSURE ON DEFERRED TAX LIABILITIES

DEFERRED TAX LIABILITIES	31-12-2018	31-12-2017
	TH\$	тн\$
Depreciation fixed assets	18,637,043	18,168,997
Amortizations	645,687	475,077
Expense investment on related companies	387,431	387,431
Revaluation of land	24,349,342	24,584,755
Revaluation of water rights	46,834,696	46,838,629
Fair value of assets on purchase Essal S.A.	10,539,459	11,961,837
Other	238,708	340,848
Deferred tax liabilities	101,632,366	102,757,574
Net deferred tax position	-12,220,022	-17,888,768

ASSET ACCOUNT ACTIVITY ON DEFERRED TAXES

ASSET ACCOUNT ACTIVITY	31-12-2018	31-12-2017	
ON DEFERRED TAXES	TH\$	TH\$	
Deferred tax assets, initial balance	84,868,806	84,701,416	
Increases (decreases) in deferred tax assets	1,203,889	-456,227	
Increases (decreases) for variation in monetary correction and assets depreciation	3,045,426	-2,005	
Increases (decreases) for bad debt provision	294,223	625,622	
Changes in deferred tax assets	4,543,538	167,390	
Changes in deferred tax assets, total	89,412,344	84,868,806	

LIABILITY ACCOUNT ACTIVITY ON DEFERRED TAXES

LIABILITY ACCOUNT ACTIVITY	31-12-2018	31-12-2017
ON DEFERRED TAXES	TH\$	TH\$
Deferred tax assets, initial balance	102,757,574	102,888,730
Increases (decreases) in deferred tax assets	297,170	1,212,200
Increases (decreases) for variation in monetary correction and assets depreciation	-1,422,378	-1,343,356
Increases (decreases) for bad debt provision	-1,125,208	-131,156
Changes in deferred tax assets	101,632,366	102,757,574

270

CORPORATE INCOME TAX EXPENSES

REVENUE (CHARGE) FOR CORPORATE INCOME	31-12-2018	31-12-2017
TAXES BY CURRENT AND DEFERRED PARTS	М\$	М\$
Charge for current taxes	-51,551,114	-46,695,067
Previous financial year adjustment tax expense	-216,089	-297,129
Charge for current Corporate income tax	-51,767,203	-46,992,196
Tax loss rebate	0	88,133
Deferred income (charge) for taxes related to creation and reversal of timing differences	5,379,744	660,562
Charge for single tax (disallowed expenses)	-230,221	-135,477
Earnings (charge) for other taxes	5,149,523	613,218
Charge for Corporate income tax	-46,617,680	-46,378,978

NUMERICAL RECONCILIATION OF INCOME (EXPENSE) PER TAX AND THE RESULT OF MULTIPLYING THE BOOK PROFIT BY THE APPLICABLE TAX RATE(S)

	31-12-2018	31-12-2017
	TH\$	TH\$
Charge for taxes using the statutory rate	-49,921,973	-48,099,863
Permanent difference for monetary correction tax equity	3,724,491	2,442,565
Permanent difference for disallowed expenses	0	88,133
Permanent difference for previous financial year's Corporate income tax	-230,221	-135,477
Other permanent differences	-216,089	-297,129
Adjustment to tax charge using the statutory rate	26,112	-377,207
Tax charge using the effective rate	3,304,293	1,720,885
Charge for taxes using the statutory rate	-46,617,680	-46,378,978

RECONCILIATION OF THE STATUTORY TAX RATE AND THE EFFECTIVE TAX RATE

	31-12-2018	31-12-2017
Statutory tax rate	27,00%	25,50%
Permanent difference for monetary correction tax equity	-2,01%	-1,29%
Permanent difference for tax loss rebate	0,00%	-0,05%
Permanent difference for disallowed expenses	0,12%	0,07%
Permanent difference for previous financial year's Corporate income tax	0,12%	0,16%
Other permanent differences	-0,02%	0,20%
Effective tax rate	25,21%	24,59%

Note 25.

Earnings per share

Note 26.

Business segments

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

EARNINGS PER SHARE		31-12-2018	31-12-2017
Earnings attributable to shareholders in equity of the controller	Th\$	67,127,660	68,718,709
Results available to common shareholders, basic	Th\$	67,127,660	68,718,709
Weighted average number of shares, basic		1,000,000,000	1,000,000,000
Earnings per share	\$	67.128	68.719

Disclosure of information on diluted earnings (losses) per share

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

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

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

- · Water utility business operations.
- · Non-water utility business operations.

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

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

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

General information on results, assets, liabilities and equity

GENERAL INFORMATION	31-12-2018		31-12-2017		
ON RESULTS	RESULTS WATER NON-WATER		WATER	NON-WATER	
	TH\$	TH\$	TH\$	TH\$	
Revenues from ordinary activities with external customers	504,692,040	25,712,641	484,300,578	25,239,999	
Revenues from ordinary activities between segments	1,172,343	4,311,876	989,298	4,314,127	
Raw materials and consumables used	-29,616,364	-9,896,250	-25,086,612	-10,043,948	
Employees benefit expenses	-51,663,217	-7,544,201	-48,419,753	-7,230,674	
Operating expenses	-120,533,467	-6,971,666	-118,800,873	-6,657,188	
Depreciation and amortization	-74,224,202	-1,271,095	-73,722,846	-699,021	
Other revenue and expenses	-825,519	-271,241	2,306,663	329,304	
Financial income	5,898,244	95,959	5,928,429	224,228	
Financial costs	-29,994,480	-140,329	-31,125,774	-86,145	
Result of indexation and exchange differences	-23,128,443	22,148	-11,958,387	21,474	
Corporate income tax charge	-45,486,954	-1,019,468	-45,056,455	-1,284,170	
Earnings by segment	136,289,981	3,028,374	139,354,268	4,127,986	
Earnings by segment attributable to owners of the controller	133,028,143	3,028,374	135,492,295	4,127,986	
Earnings (losses) by segment attributable to non-controller shares	3,261,838	0	3,861,973	0	

TOTAL ASSETS, LIABILITIES	31-12	31-12-2018		31-12-2017	
AND EQUITY	WATER	NON-WATER	WATER	NON-WATER	
	TH\$	TH\$	тн\$	тн\$	
Current assets	160,097,263	15,288,956	142,790,325	14,731,411	
Non-current assets	1,718,816,310	20,176,274	1,626,875,139	20,251,891	
Total assets	1,878,913,573	35,465,230	1,769,665,464	34,983,302	
Current liabilities	236,740,971	13,904,256	230,408,065	14,472,469	
Non-current liabilities	976,643,094	99,085	866,317,420	151,337	
Equity attributable to owners of the controller	617,158,766	21,461,889	622,271,278	20,359,496	
Non-controller shares	48,370,742	0	50,668,701	0	
Total assets and liabilities	1,878,913,573	35,465,230	1,769,665,464	34,983,302	

274

Significant items of income and expenses by segment

Water and Non-Water Utility Segments

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

Income

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

Detail of significant revenue items

Water Segment

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

Tariffs

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

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

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

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

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

Non-water utility segment

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

Water utility segment

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

Non-water utility segment

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

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

These segments were measured by grouping the subsidiaries directly related to the segment.

The accounting criteria used was booking economic events giving rise to rights

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

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

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

RECONCILIATION OF REVENUES	31-12-2018	31-12-2017	
FROM ORDINARY ACTIVITIES	TH\$	TH\$	
Revenues from ordinary activities of the segments	535,888,900	514,844,002	
Elimination of accounts of corporate headquarters with the segments	-4,263	-4,172	
Elimination of ordinary activity revenues between segments	-5,484,220	-5,303,425	
Revenues from ordinary activities	530,400,417	509,536,405	
RECONCILIATION OF EARNINGS	31-12-2018	31-12-2017	
	TH\$	тн\$	
Total consolidated earnings (loss) of segments	139,318,355	143,482,254	
Elimination of accounts of corporate headquarters with the segments	-68,928,857	-70,901,572	
Consolidation of elimination of earnings (loss) between segments	-3,261,838	-3,861,973	
Consolidation of earnings (loss)	67,127,660	68,718,709	
RECONCILIATION OF SEGMENT ASSETS, LIABILITIES AND EQUITY OF SEGMENTS	31-12-2018 TH\$	31-12-2017 TH\$	
Reconciliation of assets	ınş	Inş	
Consolidation total assets of segments	1,914,378,803	1,804,648,766	
Accounts of corporate headquarters with the segments	272,585,607	272,490,849	
Elimination of accounts between segments	-8,326,704	-7,768,630	
Total assets	2,178,637,706	2,069,370,985	
Reconciliation of assets			
Consolidation total liabilities of segments	1,227,387,406	1,111,349,291	
Accounts of corporate headquarters with the segments	875,945	975,754	
Elimination of accounts between segments	-8,326,704	-7,768,632	
Total liabilities	1,219,936,647	1,104,556,413	
Reconciliation of equity			
Consolidation total equities of segments	638,620,655	642,630,776	
Elimination of accounts of corporate headquarters with the segments	-46,947,094	-49,142,625	
Equity attributable to owners of the controller	591,673,561	593,488,151	

Note 27.

Environment

Information on the main customers

- Main customers of the water utility segment:
- · I. Municipalidad de Puente Alto
- · Universidad de Chile
- · I. Municipalidad de Santiago
- · Ministerio de Obras Públicas
- · I. Municipalidad de La Florida
- · Administración Centro Comunitario Alto Las Condes S.A
- · Centro de Detención Preventiva Santiago 1
- · Embotelladoras Chilenas Unidas S.A.
- · I. Municipalidad de Peñalolen
- · Cervecera CCU Chile Ltda.

Main customers of the non-water utility segment:

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

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

Water utility segment

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

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

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

Non-water utility segment

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

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

Disclosure of information on environment-related investments

The following information on environment-related investments is disclosed in compliance with Circular

No. 1901 of October 30, 2008, of the Financial Market Commission.

The table below summarizes the environment-related investments:

AGUAS ANDINAS S.A.	31-12-2018	31-12-2017	
_	TH\$	тн\$	
Expansion and upgrade PTAS Buin Maipo	1,596,552	30,787	
Expansion and upgrade PTAS Curacaví	501,322	1,709,635	
Expansion and upgrade PTAS EI Monte	1,097,243	2,867	
Expansion and upgrade PTAS San José de Maipo	46,471	2,145	
Expansion and upgrade PTAS Talagante	3,623,144	1,358,967	
Expansion and upgrade PTAS other localities.	5,948	26,013	
Upgrade and renewal of clearing equipment and facilities.	1,047,679	1,162,682	
La Farfana Plant	4,518,641	3,567,160	
Mapocho - Trebal Plant	16,212,808	9,381,667	
El Rutal handling and disposal of slurry external platform.	6,755	17,403	
Total	28,656,563	17,259,326	

AGUAS MANQUEHUE S.A.	31-12-2018	31-12-2017	
	TH\$	TH\$	
Upgrade and renewal of clearing equipment and facilities	26,590	60,863	
Total	26,590	60,863	

AGUAS DEL MAIPO S.A.	31-12-2018	31-12-2017	
	М\$	М\$	
Biogas clearing plant	0	6,121,864	
Total	0	6,121,864	

Note 28.

Events occurring after the date of the statement of financial position

ESSAL S.A.	31-12-2018	31-12-2017	
	TH\$	TH\$	
Upgrade disposal infrastructure	23,781	149,612	
Upgrade EDAR system	673,808	285,144	
Renewal of treatment and disposal equipment	101,253	104,899	
Total	798,842	539,655	

ENVIRONMENTAL INVESTMENTS PROJECTED FOR THE FINANCIAL YEAR 2019:

COMPANY	TH\$
Aguas Andinas S.A.	22,554,769
Aguas Manquehue S.A.	113,317
Essal S.A.	863,177
Total	23,531,263

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

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

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

The projected disbursements are expected to be made in 2019.

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

As of the date of issue of these consolidated financial statements, the Management of the Company and its Subsidiaries is not aware of any other subsequent events that may affect their financial position as of December 31, 2018.

Management's comments

For the period ended as of December 31, 2018

1. YEAR'S SUMMARY

The company held a sustained EBITDA growth during fiscal year (FY), managing a 3.8% increase, positively influenced by the larger volumes delivered, in addition to an active contention and cost reduction effort throughout an organizational restructuring, improvements in biosolid use and disposal, process optimization and a drop in collectability levels, all of which enabled mitigating the impact of the increment in certain non-recurring operating costs as an income of the intensification of drought conditions around the Santiago Metropolitan Area and of this year's collective bargaining process.

At the non-operating level, the lower income is mostly explained by the greater revaluation of the UF-indexed debt (2.9% in 2018 versus 1.7% in 2017) that raised expenses by \$11,075 million, and the costs of an organizational restructuring which

meant that the concessionaire companies of the Metro Region had to reduce their net staffing in 34 persons, including 9 executives among them.

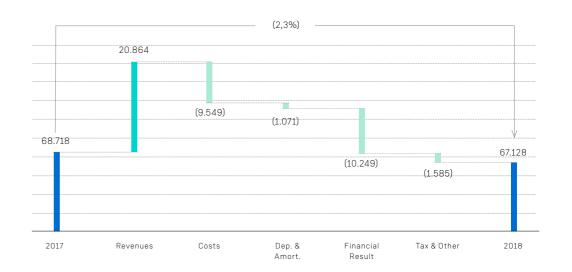
In April of the year 2018, the Company placed two series of bonds, being the AC series the first Green and Social Bond issued in the local market. The characteristics of these series, whose funds were used for the financing of the investment plan and the refinancing of liabilities the Company, were the following:

- Green and Social Bond, AC series for UF
 1.5 million, structured to a 7-year term at a rate of 1.8%.
- · AD series Bond for UF 2.0 million, structured to a 25-year term at a rate of 2.38%.

The spread achieved by the Green and Social Bond was the lowest of the last years for an equivalent installment issue.

Net income as of December 31, 2018 amounted to \$136,056 million. The main variations compared to the previous year are presented in the following graph:

NET INCOME (IN MILLION \$)



Operating Incomes

This period's EBITDA reached \$308,707 million, representing an increase of 3.8% over the previous year.

Revenues were higher than those in the previous year by \$20,864 million (an increase of 4.1%) mainly due to increased sales volumes of 3.9% in Drinking Water and of 3.4% in Wastewater. Such increases in the volumes supplied occurred during a year in which the average maximum temperatures increased by 0.3% as compared to the previous year; this being the driest winter observed in the last 20 years.

Operating costs varied by 4.6% due mostly to:

Drought-related costs:

The 10-year long drought intensified in 2018 while experiencing the driest winter of the last 20 years. This implied expense increased mainly in the following line items:

- Raw water purchases: It was necessary to buy more raw water to ensure the continuity of supply to our customers in low-flow periods along the Maipo River basin. This involved a higher cost of \$2,721 million.
- · Electricity: Electric energy costs increased by \$885 million, due to increased consumption, as well as increased groundwater uptake and water elevation, caused by less water availability in the rivers of the Metropolitan Region.

Personnel costs:

During the year 2018, collective bargaining processes were successfully completed with all the work unions of *Aguas Andinas*, *Aguas Cordillera* and with the subsidiaries *Gestión y Servicios and Análisis Ambientales*. These

collective contracts will remain in effect for a 3-year period. The benefits obtained through these negotiations plus the agreed inflation adjustments explain increased expenses amounting to \$3,602 million under this concept.

Efficiency improvement projects:

During 2018, projects were developed toward improving processes, organizational restructuring and digital transformation that have allowed containing and reducing certain cost line items such as the following:

- Biosolid management: Savings of \$798 million were made from the beneficial use of sludge as fertilizer and soil recuperator.
- Organizational restructuring: This meant that Metropolitan Region concessionaire companies were able to streamline their net personnel by 34 persons, including 9 executives among them.
- Reduced uncollectibles: There was a lower provision for uncollectibles of \$1,987 million due to the management made through payment agreements and programs to support more vulnerable families, in line with the commitment of collaboration and shared value that the Company develops with its Customers. With Respect to income, uncollectibles fell froM1.2% to 0.7%.
- Other projects: Other projects were developed that produced savings in network maintenance and repair for \$529 million and other general and management services for \$760 million.

Finally, higher costs have been recognized mainly in facility maintenance for \$560 million, computer services and licenses

for \$761 million, customer management by \$565 million, in the subsidiary ESSAL for fines and operating maintenance expenses for \$ 1,454 million, and other costs associated with the tariff process, real estate contributions and other services.

Non-operating income

The financial income showed a net expense of \$47,220 million, \$10.249 million greater than a year ago, as a consequence mainly of a higher revaluation of UF-indexed debt (2.9% in 2018 versus 1.7% in 2017).

The Other Profit/Loss line item shows a loss of \$1,117 million, a figure \$3,726 million higher than a year ago, as a result of the costs related to the organizational restructuring, whose main objective is to adapt the structure to the Company's vision and strategic guidelines as well as to increase its efficiency. These higher costs were partially offset by the sale of land properties located in various municipalities of the Metropolitan Region.

Investments

In 2018, investments were materialized totaling \$163,753 million, the highest amount in the company's history. The main projects developed are:

- · Construction of Estangues de Pirque
- · Chamisero drinking water production plant
- Renewal of Wastewater and Drinking
 Water networks
- · Treatment of nitrates at *Biofactorías* La Farfana-Trebal
- · Asset replenishment at *Biofactorías* La Farfana-Trebal
- · Replacement of intakes and meters

Advance in relevant investment projects

The construction of Estanques de Pirque shows a progress of 53%. This project will increase the autonomy of drinking water to the capital by 11 to 34 hours, in order to cope with the effects of climate change, and thereby avoid or minimize drinking water cuts caused by storms or rains in the high mountain range.

Also, the *Chamisero* drinking water plant in Colina is at its start-up phase. This facility will enable sustaining the growth of Santiago's northern area, producing surface-sourced drinking water (Maipo River) in an area limited by underground water.

Other highlights

UN Rewards Aguas Andinas for Biofactorías:

The Company was recognized with the 2018 Impulse for Change Award, granted by the United Nations (UN), which seeks to recognize those global initiatives aimed at addressing the effects of climate change, Chile being the only country in Latin America to receive this award.

Sustainability Recognitions:

Aguas Andinas obtained the GRAND PRIX EMPRESA ALAS20 (2020 Sustainable Leaders Agenda) recognition in its 2018 edition, which seeks to promote the dissemination of sustainability issues and good corporate governance practices in Latin America.

Beginning of the VII Tariff Process:

285

On November 30, 2018, the Superintendence of Sanitary Services published the Preliminary Bases of the tariff fixing process of the companies: Aguas Andinas, Aguas Cordillera, and Aguas Manquehue. The new tariffs of Aguas Andinas will enter into force on March 1, 2020.

2. YEAR'S EARNINGS

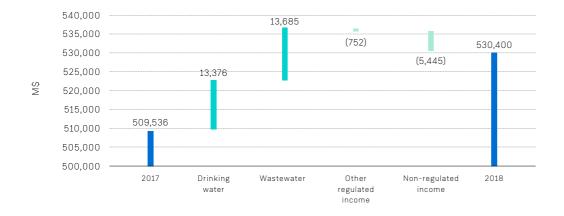
2.1. ACCUMULATED EARNINGS

INCOME STATEMENT (M\$)	DEC. 18	DEC. 17	% VAR.	2018 /2017
Ordinary revenues	530,400,417	509,536,405	4.1%	20,864,012
Operating costs and expenses	(221,693,892)	(212,145,320)	4.5%	(9,548,572)
EBITDA	308,706,525	297,391,085	3.8%	11,315,440
Depreciation and amortization	(75,472,412)	(74,401,330)	1.4%	(1,071,082)
Income from operations	233,234,113	222,989,755	4.6%	10,244,358
Other earnings	(1,117,499)	2,608,255	(142.8%)	(3,725,754)
Financial income*	(47,220,418)	(36,971,097)	27.7%	(10,249,321)
Tax expenses	(46,617,680)	(46,378,978)	0.5%	(238,702)
Net income	67,127,660	68,718,709	(2.3%)	(1,591,049)

^{*} Includes financial revenue, financial costs, exchange differences and incomes by readjustment units.

2.2. REVENUE ANALYSIS

	DEC. 18		DEC. 17	
	SALES	SHARE	SALES	SHARE
	M\$	M\$		
Drinking water	208,467,089	39.3%	195,090,811	38.3%
Wastewater	254,083,790	47.9%	240,399,095	47.2%
Other regulated income	17,655,861	3.3%	18,408,224	3.6%
Non-regulated income	50,193,677	9.5%	55,638,275	10.9%
Total	530.400.417	100,0%	509.536.405	100,0%



286

DEC. 18	DEC. 17	% VAR.	DIFFERENCE
597,648	575,046	3.9%	22,602
573,323	554,261	3.4%	19,062
499,221	484,298	3.1%	14,923
128,054	123,751	3.5%	4,303
	597,648 573,323 499,221	597,648 575,046 573,323 554,261 499,221 484,298	597,648 575,046 3.9% 573,323 554,261 3.4% 499,221 484,298 3.1%

CLIENTS	DEC, 18	DEC, 17	% VAR.	DIFFERENCE
Drinking water	2,316,107	2,259,245	2.5%	56,862
Wastewater collection	2,263,039	2,205,940	2.6%	57,099

^{*} The interconnections include the Treatment and Disposal of Wastewater from other Water Utility Companies.

Regulated Businesses

a) Drinking water

Drinking water income at end of 2018 reached M\$208,467,089, showing an increase of 6.9%, compared to 2017. The M\$13,376,278 increase was mainly due to the higher volume supplied, together with the indexing of rates occurring during the years 2017 and 2018, the last of which was recorded in September of 2018.

b) Wastewater

Wastewater income at the end of 2018 reached M\$254,083,790, which meant an increase of M\$13,684,695 compared to the previous year, as an income of the higher volume supplied, together with the indexing of rates occurring during the years 2017 and 2018. Aguas Andinas' latest indexing was recorded in September 2018.

c) Other regulated income

This line item presented a decrease of M\$752,363, which was explained

mainly by the variation of the provision of uninvoiced consumption partially offset by higher income associated with fixed charges to clients.

Unregulated Income

Unregulated income declined by M\$5,444,598 at the end of the year 2018 compared to the previous year. This variation was explained by:

a) Sanitary services

A decrease of M\$5,818,317, mainly due to lower insurance returns, fewer agreements with urban developers and less activity in sanitary infrastructure modifications requested by clients.

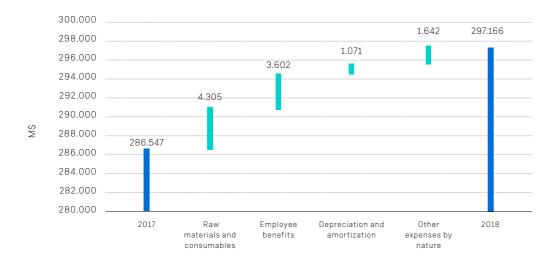
b) Non-sanitary services

287

An increase of M\$373,719 was mainly explained by greater laboratory services sales by *Análisis Ambientales* and increased activity in *EcoRiles*.

(M\$)	DEC. 18	DEC. 17	% VAR.
AnaMS.A.	4,636,479	4,136,427	12.1%
EcoRiles S.A.	13,211,404	13,004,146	1.6%
Gestión y Servicios S.A.	6,720,684	6,780,639	(0.9%)
Aguas del Maipo S.A.	1,061,523	1,335,159	(20.5%)
Non-sanitary non-regulated products	25,630,090	25,256,371	1.5%

2.3. EXPENSE ANALYSIS



288

a) Raw materials and consumables

At the end of fiscal year 2018, the costs of raw materials and consumables reached M\$39,229,587, a figure higher by M\$4,304,683 to that obtained in the previous year. This increase was mainly due to raw water purchases totaling M\$2,721,167, aimed at ensuring continuity of supply to our clients in low-flow periods along the Maipo river basin. Additionally, it confronted higher electricity costs totaling M\$885,423, due to increased consumption associated to sales volumes, as well to increased groundwater uptake and water

elevation, caused by less water available in the rivers of the Metropolitan Region.

b) Employee benefits

As of December 31 Of 2018, employee benefit expenses reached M\$59,532,548, a figure higher by M\$3,602,338 to the previous year, mainly due to the agreed inflation adjustments and the benefits obtained in the collective bargaining process with all of Aguas Andinas' work unions, Aguas Cordilleras and the subsidiaries Gestión y Servicios and Análisis Ambientales, collective contracts that will remain in effect for 3 years.

c) Depreciation and amortization

At the end of fiscal year 2018, depreciation and amortization amounted to M\$75,472,412, a figure higher by M\$1,071,082 to that obtained in the previous year. This was the income of the depreciations associated to the new assets incorporated during the fiscal year.

d) Other expenses by nature

As of December 31 of 2018, these expenses amounted to M\$122,931,757, a figure higher by M\$1,641,551 to that obtained in 2017, explained essentially by:

- Efficiency projects and process improvements have been carried out that have allowed obtaining lower costs mainly in the management of biosolids by M\$798,395, network maintenance and repair by M\$529,398 and other general and management services by M\$760,009.
- Lower provision for uncollectibles of M\$1.986,833 due to the management performed through payment agreements and programs aimed at supporting more vulnerable families, in line with the commitment of collaboration and shared values that the Company develops with its clients. With Respect to income, uncollectibles fell from 1.2% to 0.7%.
- Additionally, higher costs have been recognized mainly in facility maintenance of M\$559,663, computer services and licenses of M\$760,997, Management of Clients of M\$565,018, in the ESSAL subsidiary for fines and operating maintenance expenses of M\$1,454,103 and other costs associated with the tariff process, real estate taxes and other services.

2.4. ANALYSIS OF FINANCIAL REVENUES AND OTHERS

a) Other Earnings (losses)

As of December 31, 2018, losses were incurred amounting to M\$1,117,499, a figure higher by M\$3,725,754 to that obtained in 2017, as an income of the organizational restructuring, whose main objective is to adapt the structure to the vision and strategic guidelines of the Company and to increase its efficiency by M\$3,152,487, all of it partially offset by greater sales of expendable land properties located in various municipalities of the Santiago Metropolitan Region.

b) Financial revenues

At the closing of the year 2018, financial revenues were obtained totaling M\$5,885,519, a figure lower by M\$199,383 to that obtained in 2017, explained mainly because of lower interest payments on client debt.

c) Financial costs

As of December 31, 2018, financial costs reached M\$29,998,359, which meant a decrease of M\$1,117,344 to those obtained in the year 2017. The foregoing is mainly explained by a greater financial activation along with lower bank interest and of promissory notes for AFR (reimbursable financial contributions), partially offset by greater interest in bonds, mainly due to a greater volume of debt.

d) Earnings by index unit

289

At the end of the 2018 fiscal year, incomes were obtained of M\$23,022,689, determining a higher expense of

M\$11,075,486 with respect to the year 2017, explained mainly by a greater revaluation of the debt due to a greater variation of the UF index unit (2.9% in 2018 versus 1.7% in 2017).

e) Income tax Expense

The income tax expense as of December 31, 2018 was M\$46,617,680, higher figure by M\$238,702 compared to the previous year. This variation was explained mainly by the change of tax rate from 25.5% to 27.0%

due to the Tax Reform, partially offset by a lower income before taxes.

f) Earnings

Net Income as of December 31, 2018 amounted to M\$67,127,660, a figure lower by M\$1,591,049 (2.3%) to that obtained in 2017.

2.5. INCOMES BY SEGMENT

a) Accumulated incomes, water segment

INCOME STATEMENT (M\$)	DEC. 18	DEC. 17	% VAR.	2018 - 2017
External revenue	504,692,040	484,300,578	4.2%	20,391,462
Segments revenues	1,172,343	989,298	18.5%	183,045
Operating costs and expenses	(201,813,048)	(192,307,238)	4.9%	(9,505,810)
EBITDA	304,051,335	292,982,638	3.8%	11,068,697
Depreciation and amortization	(74,224,202)	(73,722,846)	0.7%	(501,356)
Income from operations	229,827,133	219,259,792	4.8%	10,567,341
Other earnings (losses)	(825,519)	2,306,663	(135.8%)	(3,132,182)
Financial income*	(47,224,679)	(37,155,732)	27.1%	(10,068,947)
Tax expenses	(45,486,954)	(45,056,455)	1.0%	(430,499)
Net income	133,028,143	135,492,295	(1.8%)	(2,464,152)

^{*} Includes financial revenue, financial costs, exchange differences and incomes by readjustment units Includes financial revenue, financial costs, exchange differences and incomes by readjustment units.

Net income from this segment showed a decrease of 1.8% over the previous year, mainly due to:

 An increase in external income, mainly associated with higher volumes supplied along with the positive variations in rates recorded over the years 2017 and 2018. Aguas Andinas' last indexation was recorded in the month of September 2018 with a weighted average variation of 2.6%.

 Costs increased by 4.9% due mainly to an increase in raw water purchases of M\$2,721,167, higher electricity cost of M\$885,423 due to higher consumption associated to increased sales volumes, originated by greater volumes of groundwater capture and water elevation, caused by less water availability in the rivers of the Metropolitan Region, higher employee benefit costs of M\$3,243,464 generated by major agreed inflation adjustments along with other benefits obtained in collective bargaining processes. Higher costs were also incurred in facility maintenance of M\$521,772, data processing services and licensing totaling M\$783,791, client management of M\$565,018, fines and operating maintenance costs in ESSAL totaling M\$1,454,103, and other costs associated with the tariff process, real estate taxes and other services. All of the foregoing was partially offset by lower provisions on account of uncollectibles totaling M\$1,990,027, and savings obtained in biosolids management amounting to M\$798,395, network maintenance and repair of M\$529,398

- and other general and management services totaling M\$760,009.
- An increase in the cost of Depreciation and amortization, mainly due to new assets incorporated during the fiscal year.
- Other Earnings (losses) include the costs coming from the restructuring of the year 2018 totaling M\$3,152,487, partially offset by major sales of expendable land properties located in various municipalities of the Santiago Metropolitan Region.
- A decrease in financial revenues with respect to the year 2017, mostly as an income of a greater revaluation of UF-indexed debt.
- · Higher income tax expenses as compared to those of the previous year, mainly justified by the change in tax rate from 25.5% to 27.0% due to the Tax Reform partially, offset by lower incomes before taxes.
- b) Accumulated incomes, non-water

ESTADO DE RESULTADOS (M\$)	DEC. 18	DEC. 17	% VAR.	2018 - 2017
Ingresos externos	25,712,641	25,239,999	1.9%	472,642
Ingresos segmentos	4,311,876	4,314,127	(0.1%)	(2,251)
Costos y gastos de operación	(24,412,117)	(23,931,810)	2.0%	(480,307)
EBITDA	5,612,400	5,622,316	(0.2%)	(9,916)
Depreciación y amortización	(1,271,095)	(699,021)	81.8%	(572,074)
Resultado de explotación	4,341,305	4,923,295	(11.8%)	(581,990)
Otras ganancias (pérdidas)	(271,241)	329,304	(182.4%)	(600,545)
Resultado financiero*	(22,222)	159,557	(113.9%)	(181,779)
Gasto por impuestos	(1,019,468)	(1,284,170)	(20.6%)	264,702
Utilidad neta	3,028,374	4,127,986	(26.6%)	(1,099,612)

^{*} Includes financial revenue, financial costs, exchange differences and incomes by readjustment units.

The incomes of the Non-Water segment showed a decrease of 26.6% compared to that of the previous year, mainly due to:

- · Increased revenues mostly attributable to greater laboratory services by Análisis Ambientales and greater activity in EcoRiles.
- Increased personnel costs coming from agreed inflation indexation along with a greater activity of the company, Análisis Ambientales.
- An increase in the cost of depreciation and amortization, mainly due to new assets incorporated during the fiscal year, mainly in the methanization plant of Aguas del Maipo.
- The decrease in other earnings is mainly explained in Gestión y Servicios, due to a lower recovery of Guarantee Vouchers that had been provisioned for being over 4 years old, in comparison to the same period of the previous year in addition to organizational restructuring costs during 2018 in the companies: Análisis Ambientales and EcoRiles.
- Lower income tax expense as compared to the previous period, mainly due to lower income before taxes, partially offset by the change of the tax rate from 25.5% to 27.0% due to the Tax Reform.

3. QUARTERLY INCOMES

INCOME STATEMENT (M\$)	2018	2017	2018 - 2017	2018 / 2017
External revenue	139,712,199	134,895,585	4,816,614	4.816.614
Operating costs and expenses	(57,758,481)	(54,759,696)	(2,998,785)	(2.998.785)
EBITDA	81,953,718	80,135,889	1,817,829	1.817.829
Depreciation and amortization	(18,602,188)	(19,283,465)	681,277	681.277
Income from operations	63,351,530	60,852,424	2,499,106	2.499.106
Other earnings (losses)	(2,690,228)	848,740	(3,538,968)	(3.538.968)
Financial income*	(12,815,243)	(9,798,809)	(3,016,434)	(3.016.434)
Tax expenses	(12,352,521)	(12,743,182)	390,661	390.661
Net income	17,060,510	18,939,781	(1,879,271)	(1.879.271)

3.1. REVENUE ANALYSIS

a) Operating revenue

Ordinary revenues of the fourth quarter of 2018 amounted to M\$139,712,199, an amount M\$4,816,614 (3.6%) higher than that obtained during the same quarter of the previous year. This variation is mostly attributable to greater volumes along with positive tariff variations recorded during the years 2017 and 2018. Aguas Andinas registered an indexation in the month of September 2018 with a weighted average variation of 2.6%.

3.2. EXPENSE ANALYSIS

a) Employee Benefits

Employee benefits during the fourth quarter of 2018 amounted to M\$15,693,306, an amount M\$569,205 higher than that obtained in 2017, mainly attributable to inflation indexation agreements.

b) Depreciation and amortization

The depreciations and amortizations during the fourth quarter of 2018 amounted to M\$18,602,188, a figure M\$681,277 lower than that obtained during the same quarter of 2017, mostly attributable to lower software depreciations.

c) Other Expenses

Other expenses during the fourth quarter of 2018 amounted to M\$32,276,996, an amount M\$2,461,939 higher than that obtained in 2017, mostly attributable to activity generated by new services demanded by clients totaling M\$477,284, fines amounting to M\$376,079 mostly in ESSAL, greater insurance expenses totaling M\$362,948, greater provisions

for uncollectibles totaling M\$292,670, greater lease expenses amounting to M\$150,488 and greater client management costs of M\$85,089.

3.3. FINANCIAL INCOME ANALYSIS

a) Other earnings (losses)

As of December 31, 2018 losses were incurred totaling M\$2,690,228, an amount M\$3,538,968 higher than that incurred during the same quarter of 2017, mostly related to guarantee vouchers, organizational restructuring expenses, in addition to lower sales of expendable land properties.

b) Financial income

Losses were incurred during the fourth quarter of 2018 totaling M\$12,815,243, an amount that increased by M\$3,016,434 with respect to that of 2017, due to the greater variation of the UF as compared to that of the same quarter of the year2017.

c) Income tax expenses

Income tax expenses as of the closing of the fourth quarter of 2018 amounted to M\$12,352,521, an amount that is M\$390,661 lower than those incurred during the same quarter of the previous year. This variation is mostly explained by lower income before taxes of M\$4,065,296, partially offset by the change in the tax rate from 25.5% to 27.0% as per the Tax Reform.

d) Earnings

Net earnings during the fourth quarter of 2018 amounted to M\$17,060,510, an amount that is M\$1,879,271 (9.9%) lower than that obtained in 2017.

^{*} Includes financial revenue, financial costs, exchange differences and incomes by readjustment units.

	DEC. 18	DEC. 17	% VAR.
		М\$	
ASSETS			
Current Assets	169,729,141	151,737,073	11.9%
Non-Current Assets	2,008,908,565	1,917,633,912	4.8%
Total Assets	2,178,637,706	2,069,370,985	5.3%
ASSETS AND EQUITY			
Current Liabilities	242,927,687	237,819,145	2.1%
Non-Current Liabilities	977,008,960	866,737,268	12.7%
Total Liabilities	1,219,936,647	1,104,556,413	10.4%
 Shareholders' Equity	591,673,561	593,488,151	(0.3%)
Minority Interest	367,027,498	371,326,421	(1.2%)
Total Shareholders' Equity	958,701,059	964,814,572	(0.6%)
Total Liabilities and Shareholders' Equity	2,178,637,706	2,069,370,985	5.3%

4.1. ASSET ANALYSIS

Aguas Andinas' total consolidated assets as of December 31, 2018 increased by 5.3% with respect to those of December 31, 2017, from M\$2,069,370,985 to M\$2,178,637,706.

Current assets increased by M\$17,992,068, mainly due to the increase of cash and cash equivalents for M\$21,284,068 together with greater commercial debtors and other accounts

receivable totaling M\$3,296,945 explained by an increase in regulated sales. The foregoing was partially offset by lower tax rebates totaling M\$4,847,590.

Non-current assets increased by M\$91,274,653 mostly explained by deferred taxes of M\$3,298,968 along with greater property, plant and equipment totaling M\$88,327,216, associated to the investments materialized during the fiscal year. The main investment works are shown in the following table:

INVESTEMENTS (M\$)	DEC-18
Pirque tank construction	35,232,838
Renewal of drinking water networks	12,906,542
Renewal of wastewater networks	11,386,354
Treatment of nitrates Biofactorías La Farfana-Trebal	9,909,462
Asset replenishment Biofactorías La Farfana-Trebal	7,610,820
Replenishment of uptakes and meters.	4,866,670

4.2. LIABILITIES AND EQUITY ANALYSIS

Current liabilities (demand deposits) as of December 2018 increased by M\$115,380,234 with respect to December 2017.

Current liabilities increased by M\$5,108,542. This variation was mostly attributable to greater accounts payable associated to investment providers, partially offset with the payment of the J series bond.

Non-current liabilities increased by M\$110,271,692 (12.7%). This variation corresponds principally to an increase in bond debt for M\$101,269,050 associated to the following issues:

- · "Green and Social Bond" AC series for UF 1.5 million, structured to a 7-year term at the rate of 1.8%.
- Series AD Bond for UF 2.0 million, structured to a 25-year term at a rate of 2.83%.

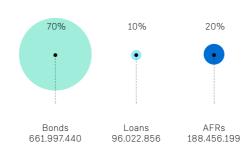
Total equity dropped by M\$6,113,513 and the net equity attributable to the property owners of the controllers dropped by M\$1,814,590, essentially explained by income lower than that of 2017.

The maturity profile of the financial debt as of December 31, 2018 is the following:

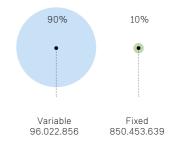
FINANCIAL DEBT M\$	CURRENCY	TOTAL	12-MONTH	1 TO 3 YEARS	3 TO 5 YEARS	OVER 5 YEARS
AFRs	\$	188,456,199	15,614,344	25,274,431	49,108,426	98,458,998
Bonds	\$	661,997,440	15,037,330	25,124,933	37,130,126	584,705,051
Loans	\$	96,022,856	3,503,647	41,544,976	37,699,562	13,274,671
Totals		946,476,495	66,312,217	85,636,748	123,694,511	696,975,290

4.3. STRUCTURE OF FINANCIAL LIABILITIES

Breakdown by Instrument (Th \$)



Breakdown by Rate (Th \$)



5. CASH FLOW STATEMENT

CASH FLOW STATEMENTS (M\$)	DEC. 18	DEC. 17	% VAR.
Operating activities	244,390,084	209,351,533	16.7%
Investment activities	(135,452,926)	(113,828,958)	19.0%
Financing activities	(87,653,090)	(141,841,373)	(38.2%)
Period's net cash flow	21,284,068	(46,318,798)	(146.0%)
Final cash balance	41,087,276	19,803,208	107.5%

296

The cash flow coming from operating activities increased by M\$35,038,551, when comparing that of December 2018 with that of December 2017.

The main variations were the following:

- · Increased collections from the sales of goods and delivery of services totaling M\$34,109,712, mainly due to a higher volume of sales, along with the tariff indexation registered in the years 2017 and 2018.
- Diminished other payments on account of operating activities of M\$3,858,137, attributable to a greater value added tax credit.
- Diminished payments from premiums and services provided, annuities and other obligations derived from the policies subscribed amounting to M\$2,501,120, associated to the payment of the 18-month fire insurance premium.
- Diminished taxes paid on earnings totaling M\$5,733,492, this variation is mostly explained by the tax rate change from 25.5% to 27.0% introduced by the Tax Reform.

- Diminished payments to suppliers of M\$1,380,832, mostly associated to sanitary infrastructure transportation suppliers and leases.
- · These variations were partially offset by the following items:
- · Increased employee benefit payments totaling M\$8,718,354, mostly attributable to inflation indexing agreed in the collective bargaining agreements completed in the year 2018, which is to remain in effect for the next 3 years.
- · Increased interest paid amounting to M\$3,239,108, mostly related to bank loans.

Disbursements for investment activities increased by M\$21,623,968, associated to the investments materialized during the period.

Financing activities generated a net cash flow (decrease) of M\$54,188,283, mostly owing to a higher level of indebtedness on account of the issuance of series AD bonds for UF 2.0 million and series AC "Green and Social Bonds" for UF 1.5 million.

6. FINANCIAL RATIOS

		DEC. 18	DEC. 17
LIQUIDITY			
Current liquidity	times	0.70	0.64
Acid Test Ratio	times	0.17	0.08
LEVERAGE			
Total Leverage	times	1.27	1.14
Current Leverage	times	0.20	0.22
Non-Current Leverage	times	0.80	0.78
Annualized Financial Expenses Coverage	times	7.16	7.06
PROFITABILITY			
Annualized equity profitability attributable to the controller's property owners	%	11.33	11.62
Annualized asset profitability	%	3.16	3.34
Annualized earnings per Share	\$	67.13	68.72
Dividend yield (*)	%	6.69	5.71

297

Current Liquidity: Currents Assets / Current Liabilities. Acid Test Ratio: Cash and Cash Equivalents / Current Liabilities

Total Leverage: Total Liabilities / Total Shareholders' Equity. Current Leverage: Current Liabilities / Total Liabilities. Non-current Leverage: Non-current Liabilities / Current Liabilities

Interest Rate Expense Coverage: Income before Annualized Taxes and Interest / Annualized Financial Costs.

Current liquidity as of December 2018 increased by 9.4%, as a result of increased current assets totaling M\$17,992,068, resulting from increased cash and cash equivalent, along with greater commercial debtors and other accounts receivable, mostly explained by increased regulated sales, partly offset by lower taxes recoverable (rebates). The foregoing was partly offset by increased current liabilities totaling M\$5,108,542, because of greater accounts payable associated to investment suppliers, partly offset by the payment of the J series bond.

Equity Profitability: Annualized Period's Income / Average Equity Total of the Annualized Fiscal Year. Asset profitability: Annualized Period's Income / Average Asset Total of the Annualized Fiscal Year. Earnings per Share: Annualized Period's Income / Number of subscribed and Paid Shares. Dividend Yield: Dividends Paid per Share / Share Price. (*) The share price as of December 2018 was \$381.72,

whereas that of December 2017 was \$407.40

Total leverage increased by 11.2% as a result of increased current liabilities totaling M\$115,380,234, mostly explained by increased bond debt associated to the issuance of the AC series for UF 1.5 million and the AD series for UF 2.0 million. Additionally, total equity dropped by M\$6,113,513, mostly attributable to lower income as compared to that of the year 2017.

The return on equity attributable to the property owners of the controller dropped by 2.5%, because of the drop in the year's income by M\$1,591,049.

7. OTHER BACKGROUND INFORMATION

7.1. TARIFFS

The most important factor that determines the earnings of our operations and financial condition is the tariffs that are established for our regulated sales and services. As a water utility company we are regulated by the S.I.S.S. and our tariffs are established in accordance with the D.F.L. Sanitation Services Fee Act. N°70 of 1988.

Our tariff levels are reviewed every 5 years and, during this period they are subjected

to additional readjustments associated to an indexation polynomial, which is applied when the cumulative variation since the previous adjustment is 3.0% or higher, based on various inflation index estimates. Specifically, inflation adjustments are applied according to a formula that includes the Consumer Price Index (IPC, in its Spanish acronym), the Imported Goods Price Index of the Manufacturing Sector and the Manufacture Producers Price Index, all of which are measured by Chile's National Institute of Statistics. The latest indexations made by each company in the group were applied on the following dates:

AGUAS ANDINAS S.A.

Group 1	July 2017 and September 2018
Group 2	July 2017 and September 2018
Rinconada de Maipú	January 2017, September 2017 y January 2018

AGUAS CORDILLERA S.A.

January 2017, June 2018 and November 2018

AGUAS MANQUEHUE S.A.

Santa María	February 2018 and November 2018
Chicureo	June 2017 and August 2018
Chamisero	May 2018 and November 2018
Los Trapenses February 2018 and November 2018	
Valle Grande 3	January 2017, September 2017 and January 2018

ESSAL S.A.

Group 1	October 2015 and July 2018
Group 2	October 2015 and July 2018
Group 3	October 2015 and July 2018
Chinquihue	May 2017 and July 2018
Los Alerces	October 2015 and July 2018

298

In addition, the tariffs are subject to adjustment to reflect additional services previously authorized by the S.I.S.S.

The tariffs in force for Aguas Andinas S.A., for the period 2015-2020 were approved by Decree No. 83 dated June 5, 2015, of the Ministry of Economy, Development and Reconstruction and entered into force on March 1, 2015 (published in the Official Gazette of September 3, 2015). Aguas Cordillera S.A.'s current tariffs for the same five-year period 2015-2020 were approved by Decree No. 152 dated October 19, 2015, and entered into force on June 30, 2015 (published in the Official Gazette of November 25, 2015) and Aguas Manguehue S.A.'s current tariffs for 2015-2020 were approved by Decree No. 139 dated September 16, 2015, and entered into force on May 19, 2015 (published in the Official Gazette of November 25, 2015).

On the other hand, the tariffs in force for the subsidiary Essel for the period 2016-2021 were approved by Decree No. 143 dated August 25, 2016, published in the Official Gazette of January 21, 2017.

7.2. MARKET RISK

Our company has a favorable situation in terms of risk, which is mainly due to the particular characteristics of the water utility sector. Our business is seasonal and operating earnings may vary from half to half. The highest levels of demand and income are recorded during the summer months (December to March) and the lowest levels of demand and income during the winter months (June to September). In general, the demand for water is higher in the warmer months than in the milder ones, mainly due to the additional water needs

generated by irrigation systems and other external water uses.

Adverse climatic conditions can eventually affect the optimal delivery of water utility services, because the processes of collection and production of potable water depend to a large extent on the weather conditions in the river basins. Factors such as meteorological precipitation (snow, hail, rain, and fog), temperature, humidity, sediment carry-over, river flows and turbidity determine not only the volume, quality and continuity of raw water available in each intake, but also the possibility that it can be properly treated in potable water treatment plants.

In the event of a drought, we have important water reserves that we maintain in El Yeso, Laguna Negra and Lo Encañado reservoirs, in addition to the contingency plans that we have developed, which allow us to reduce the possible negative impacts that adverse weather conditions could generate for our operations. In the current period, the drought that has existed since 2010 persists, which means applying contingency plans such as the purchase of raw water, intensive use of wells, leasing and purchase of water rights, among others. All this in order to reduce the impact of the drought and provide our services normally, both in terms of quality and continuity.

7.3. MARKET ANALYSIS

299

The Company does not have any variation in the market in which it participates due to the nature of its services and the legal regulations in force, which mean that it has no competition in its area of concession.

Aguas Andinas S.A. has 100% coverage in potable water, 98.8% in sewerage services and 100% in wastewater treatment in the Santiago basin.

Aguas Cordillera S.A. has 100% coverage in potable water, 98.9% in sewerage services and 100% in wastewater treatment.

Aguas Manquehue S.A. has 100% coverage in potable water, 99.4% in sewerage services and 100% in wastewater treatment.

Essal S.A. has 100% coverage in potable water, 96.2% in the sewerage service in the X Region and 93.3% in the XIV Region; and 100% in wastewater treatment.

7.4. CAPITAL INVESTMENTS

One of the variables that most affects the earnings of our operations and our financial position is Capital Investments. These investments are of two kinds:

Committed Investments. We are required to agree to an investment plan with the S.I.S.S., which describes the investments we are required to undertake during the 15 years following the date on which the investment plan enters in force. Specifically, the investment plan reflects a commitment on our side to carry out certain projects related to the maintenance of certain quality standards and service coverage. The aforementioned investment plan is subject to review every five years and amendments may be requested when certain relevant facts are verified:

Aguas Andinas S.A.

Greater Santiago: December 23, 2015.

Locations: December 31, 2014, January 12m 2015, November 17, 2015, December

12, 2016 and April 6, 2018.

Aguas Cordillera S.A.

Aguas Cordillera and Villa Los Dominicos: December 21, 2015.

Aguas Manquehue S.A.

Santa María and Los Trapenses: December 23, 2014.

Chicureo, Chamisero and Valle Grande III: August 10, 2016.

Alto Lampa: December 6, 2018.

Essal S.A.

Locations in the X and XIV Regions: June 1, 2016, June 14, 2016, August 12, 2016 and January 16, 2017.

Uncommitted Investments. Uncommitted Investments are those that are not covered by the investment plan and that we undertake voluntarily in order to ensure the quality of our services and replace obsolete assets. These are generally related to the replacement of network infrastructure and other assets, the acquisition of water rights and investments in non-regulated businesses, among others.

In accordance with international financial reporting standards in force in Chile, in particular IAS 23, interest on capital investments in work in progress is capitalized. IAS 23 establishes that when a company acquires debt to finance investments, the interest on that debt must be deducted from the interest expense and included in the construction work financed, up to the total amount of such interest, applying the respective rate to the disbursements made at the date of submission of the financial statements.

Consequently, the financial costs associated with our capital investment plan affect the amount of interest expense recorded in the income statements, and these financial costs are recorded together with the work in progress under "property, plant and equipment" in our financial position statement.

7.5. FINANCIAL ASPECTS

a) Currency risks

Our revenue is largely linked to the evolution of the local currency. As a result, our debt is mainly issued in the same currency and, therefore, we do not have significant foreign currency risks.

b) Interest rate risks

As of December 31, 2018, the interest rate risk held by Aguas Andinas S.A. was 89.8% at a fixed rate and 10.2% at a variable rate. Fixed-rate debt is composed of short-term and long-term bond issuing (77.8%) and reimbursable financial contributions

(22.2%), while variable-rate debt corresponds to loans with domestic banks.

As of December 31, 2017, the interest rate risk that used to be held by Aguas Andinas S.A. was 88.9% at a fixed rate and 11.1% at a variable rate. Fixed-rate debt is composed of short-term and long-term bond issuing (76.1%) and repayable financial contributions (23.9%), while variable-rate debt corresponds to loans with domestic banks.

The company maintains a policy monitoring and management of interest rates, which in order to optimize financing costs, it continuously evaluates the hedging instruments available in the financial market.

All this favorable situation has meant that the risk rating agencies ranked us with an AA+ risk rating for our long-term debt. In the case of the shares: Feller Rate ranked us with a first-class level 1 and Fitch Ratings ranked us with a first-class level 2.

Aguas Andinas S.A. and Subsidiaries

GENERAL INFORMATION

Name

Aguas Andinas S.A.

Type of Company

Open join stock

Registry in Register of Securities N° 0346

Legal address

Avenida Presidente Balmaceda N° 1398, Santiago Chile

Telephone

(56-2) 688 1000

TIN **61.808.000-5**

P.O Box 1537 Santiago

Fax **(56-2) 569 2777**

Line of Business

Catchment, purification, distribution of potable water and disposal of wastewater

Service telephone **(56-2) 731 2482**

Website www.aguasandinas.cl

Capital subscribed and paid Th\$ 155,567,354

External auditors

Ernst & Young

TIN 61.808.000 - 5

LEGAL INCORPORATION OF THE COMPANY

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

LEGAL ASPECTS

The Company is registered in the Register of the Superintendence of Securities and Insurance (from now on known as "Financial Market Commission") under No. 346 in accordance with Act No. 18.777. As a sanitation company, it is regulated by the Superintendence of Water Services, in accordance with Act No. 18.902 of 1989 and Decrees with Force of Law No. 382 and No. 70, both enacted in 1988.

CORPORATE PURPOSE

The Company's corporate purpose is the rendering of sanitation services which considers the building and operation of public services aimed at producing and distributing potable water as well as collecting and disposing wastewater, within the concession area distributed in the Greater Santiago, peripheral locations and in the De los Ríos y De los Lagos Region, except the city of Valdivia.

To provide clients with a comprehensive service, the Company has non-sanitation subsidiaries rendering diverse services such as liquid industrial waste treatment, trade of materials and technical analysis.

DIRECTORS' COMMITTEE

Chairman

Guillermo Pickering de la Fuente

Vice Chairman

Herman Chadwick Piñera

Principal directors

Fernando Samaniego Sangroniz Rodrigo Manubens Moltedo Ricardo Escobar Calderon Pedro Sierra Bosch Laureano Cano Iniesta

Alternate directors

Sonia Tschorne Berestesky Loreto Silva Rojas Rodrigo Terré Fontbona Christophe Cros

Chief Executive Officer

Narciso Berberana Sáenz

Percentage of Parent Company participation **50.10234**%

Proportion that represents the investment in the assets of the Parent Company: The investment in the company represents the proportion of 52.31%.

CORPORATE MANAGERS

Planning, Engineering and Systems

Jorge Cabot Ple

Resilience and Finance

Iván Yarur Sairafi

Sustainability and Develpment

Sandra Andreu Pezareix

Operations and Circular Economy

Manuel Baurier Trias

Legal Affairs

Camilo Larraín Sánchez

Service Management

Eugenio Rodriguez Mingo

Social Legitimacy, Communications and Institutional Relations

Gonzalo Valenzuela Medina

Construction

Alberto Julián Blanco Marenco

Customer Services

José Sáez Albornoz

Organization, People and Work Environment

Javier Irazábal Beltrán

RELATIONSHIP WITH THE PARENT COMPANY

During 2017 there was only an office lease contract with Inversiones Aguas Metropolitana S.A. for facilities in the corporate building of Aguas Andinas S.A., which was paid monthly. We hope to maintain similar commercial relationships in the future.

Note 1.

General information

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

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

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

The Company is a matrix of three sanitation companies, two of them in Greater Santiago (Aguas Cordilleras S.A. and Aguas Manquehue S.A.) and the other one in the Los Ríos and Los Lagos regions (Empresa de Servicios Sanitarios de Los Lagos S.A., ESSAL). To provide an integral

service in its business, the Company has non-sanitation subsidiaries providing services such as liquid industrial waste treatment (Ecoriles S.A.), laboratory analysis (Análisis Ambientales S.A.), commercialization of materials and other services related to the sanitation sector (Gestión y Servicios S.A.), and performs activities associated with water use and energy projects resulting from facilities and goods of sanitation companies (Aguas del Maipo).

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

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

The direct controlling entity is Inversiones Aguas Metropolitanas S.A. ("IAM"), a

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

Note 2.

Basis of preparation and accounting policies

2.1 BASIS OF PREPARATION

These Consolidated Financial Statements corresponds to the consolidated statement of financial position as of December 31, 2018 and December 31, 2017 and to the consolidated statements of comprehensive results, changes in net equity and cash flows for the period ended at December 31, 2018 and 2017, which have been prepared in accordance with International Accounting Standards (IAS), IAS 34 Interim Financial Information, incorporated in the International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (hereinafter "IASB"), and represents the comprehensive, explicit and unreserved adoption of IFRS.

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

continue as a company, as established by the accounting standards under which these Consolidated Financial Statements are issued.

Functional and presentation 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 results and financial position of each company in the Group are shown in Chilean pesos (rounded to thousands of pesos), which is the functional currency of the Company and its subsidiaries, and the presentation currency for the Consolidated Financial Statements.

New accounting pronouncements

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

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY APPLICATION
IFRS 9, Financial instruments classification and measurement	Annual periods starting or after January 1, 2018
IFRS 15, Revenue from Contracts with Customers	Annual periods starting or after January 1, 2018
IFRIC 22, Foreign currency transactions and prepayments	Annual periods starting or after January 1, 2018
IMPROVEMENTS	DATE OF MANDATORY APPLICATION
IFRS 1, Adoption of IFRS for the first time – elimination of transitory exceptions for entities that adopt for the first time	Annual periods starting or after January 1, 2018
IFRS 2, Share-based payments – Classification and measurement of transactions based on payments in shares	Annual periods starting or after January 1, 2018
IFRS 4, Insurance contracts – applying IFRS 9 Financia Instruments with IFRS 4 Insurance Contracts	Annual periods starting or after January 1, 2018
IAS 28, Investments in Associates and Joint Ventures – decision to measure shares in associates and joint ventures at fair value through profit or loss	Annual periods starting or after January 1, 2018
IAS 40, Investment properties – investment property transfers	Annual periods starting or after January 1, 2018
The standards and interpretations, as	statements and have been detailed below.
improvements and modifications to IFRS, have been issued, but will not come	The Company has not applied these standards in advance.

IFRS 16, LEASES	ANNUAL PERIODS STARTING OR AFTER JANUARY 1, 2019
IFRIC 23, Treatment of uncertain tax positions	Annual periods starting or after January 1, 2019
Conceptual Framework	Annual periods starting or after January 1, 2020
IFRS 17, Insurance Contracts	Annual periods starting or after January 1, 2021
NIIF 17, Contratos de Seguro	Períodos anuales iniciados en o después del 1 de enero de 2021

into effect at the date of these financial

IMPROVEMENTS	DATE OF MANDATORY APPLICATION
IFRS 3, Business combinations – interests previously held in a joint operation	Annual periods starting or after January 1, 2019
IFRS 9, Financial Instruments – payments with negative compensation	Annual periods starting or after January 1, 2019
IFRS 11, Joint Agreements – interests previously held in a joint operation	Annual periods starting or after January 1, 2019
IAS 12, Income tax – tax consequences of payments related to financial instruments classified as equity	Annual periods starting or after January 1, 2019
IAS 23, Cost on loans – elegible loan costs to be capitalized	Annual periods starting or after January 1, 2019
IAS 28, Investments in associates – long-term investments in associates or joint ventures	Annual periods starting or after January 1, 2019
IAS 19, Employee benefits - Modification, reduction or plan liquidation of the plan	Annual periods starting or after January 1, 2019
IFRS 3, Business combinations – Definition of a business	Annual periods starting or after January 1, 2020
IAS 1, Financial statements presentation and IAS 8, Investments in associated companies – Definition of material	Annual periods starting or after January 1, 2020
IFRS 10 and IAS 28, Consolidated Financial Statements – sale or contribution of assets between an investor and its associate or joint venture	Determined

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

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

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

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

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

As of December 31, 2017, the Company made an evaluation of its trade debtors policy credit losses (described in Note 1, letter H), concluding that this policy considers implicitly an expected loss

model according to the requirement of the present standard. This evaluation is based in the available and sustainable information of credit risk.

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

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

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

Aguas Andinas S.A. and Subsidiaries estimates that the entry into force of

this standard has not effects in the recognition of earnings coming from contracts with clients.

Responsibility for the information and estimates made

The information contained in these Consolidated Financial Statements is the responsibility of the Board of Directors of the Company, which states that it has applied all principles and criteria included in the International Financial Reporting Standards (IFRS). The Board of Directors, in a meeting held on March 20, 2019 approved these Consolidated Financial Statements.

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

Estimates such as the following have been used in the preparation of the 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 consistently.

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

TAX ID	COMPANY	DIRECT	INDIRECT	TOTAL 2018 %	DIRECT	INDIRECT	TOTAL 2017						
		%	%	%	%	%	%						
96.809.310-K	Aguas Cordillera S.A.	99,99003	0,00000	99,99003	99,99003	0,00000	99,99003						
89.221.000-4	Aguas Manquehue S.A.	0,00043	99,999570	100,00000	0,00000 0,000430 99,99957		100,00000						
96.967.550-1	Análisis Ambientales S.A.	99,00000	1,00000	100,00000	99,000000	1,00000	100,00000						
96.945.210-3	Ecoriles S.A.	99,038460	0,961540 100,00000 99,038460 0,96154	0,961540 100,00000 99,038460 0,9	0 0,961540 100,00000 99,038460 0,961540	0,961540 100,00000 99,03	40 100,00000 99,038460 0,96154	99,038460 0,961540	0,961540	0,961540	0,961540	0,961540	100,00000
96.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	2,50650	51,00000	53,50650	2,506500	51,00000	53,50650						
96.828.120-8	Gestión y Servicios S.A.	97,847830	2,152170	100,00000	97,847830	97,847830 2,152170							
96.897.320-7	Inversiones Iberaguas Ltda.	99,99998	0,000020	100,00000	99,999980	99,999980 0,000020							
76.190.084-6	Aguas del Maipo S.A.	82,649960	17,35004	100,00000	82,649960	17,350040	100,00000						

B. Operative segments

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

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

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

C. Intangible assets other than goodwill

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

I. Intangible assets acquired separately:

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

II. Amortization method for intangibles:

Intangibles with defined useful lives

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

Computer programs

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

Intangibles with indefinite useful lives

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

Determination of useful life

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

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

The useful life may require modifications over time due to changes in estimates as a

result of changes in assumptions about the above-mentioned factors.

D. Goodwill

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

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

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

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

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

E. Property, plant and equipment

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

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

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

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

When the value of an asset is higher than its estimated recoverable amount, this is

reduced immediately to the recoverable amount (Note 13).

Useful life

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

The assignment of the total useful life for assets is carried out on the basis of

various factors, including the nature of the equipment. These factors generally include:

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

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

USEFUL LIFE (YEARS) USEFUL LIFE (YEARS)

IIEIVI

11 - 141	OOLI OL LII L (TEARO)	OOLI OL LII L (TLAKO)
	MINIMUM	MAXIMUM
Buildings	25	80
Plant & equipment	5	50
Computer equipment	4	4
Fixed installations & accessories	5	80
Motor vehicles	7	10
Improvements to leased assets	5	5
Other property, plant & equipment	5	80

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

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

Fixed asset sales policy

The results of fixed asset sales are calculated by comparing the proceeds

received with the book value, and are registered in the Consolidated Statement of Comprehensive Results

F. Impairment of tangible and intangible assets except goodwill

The Group revises the book values of its tangible and intangible assets at each closing date of the Consolidated Statement of Financial Position, with useful life defined to see whether there exists any indication of a loss due to impairment. Should this exist, the recoverable value of such assets is estimated in order to determine whether any impairment has

been suffered. When it is not possible to estimate the recoverable value of an asset in particular, the Group estimates the fair value of the Cash Generating Unit to which the asset belongs.

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

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

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

G. Leases

I. Financial leases

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

II. Operative leases

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

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

III. Implicit leases

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

H. Financial assets

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

Financial assets are classified in the following categories:

· Financial assets at fair value with changes in results.

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

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

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

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

I. Effective interest-rate method

The effective interest-rate method is the method for calculating the amortized cost of a financial asset or liability and of the assignment of interest income or expense over the whole corresponding period. The effective interest rate is the rate that exactly discounts the estimated future cash flows receivable over the expected life of the

financial asset, and makes the Net Present Value (NPV) equal to its nominal amount.

II. Financial assets at fair value with changes in results

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

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

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

III. Financial assets at amortized cost

Loans and accounts receivable

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

Trade debtors and other accounts receivable.

Trade debtors relate to the billing of water consumption, sewage services, sewage

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

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

Policy for impairment of commercial debtors and other accounts receivable

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

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

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

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

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

A 100% provision is made for overdue notes receivable.

I. Inventories

Materials, spares and inputs are shown at cost, which does not exceed their net realization value. The costing method is the weighted average cost. Semianually, an impairment estimate are made of those materials that are damaged, which are partially or totally obsolete, or does not have rotation the last twelve months and its cost in the market has fallen more than 20%.

J. Dividend policy

The Company's dividend policy and according to article 79 of Law 18.046 that rules the Corporations, is to distribute 30% of the net earnings for each year. In case that these dividends do not exist or were lower than the minimum established in the Law, it will proceed to made the respective provision.

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

K. Foreign currency transactions

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

CURRENCY	31-12-2018	31-12-2017		
	\$	\$		
US Dollar	694,77	614,75		
Euro	794,75	739,15		

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

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

L. Financial liabilities

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

M. Derivative financial instrument and hedge accounting

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

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

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

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

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

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

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

In the event of discontinuation of the hedge, the net equity loss or gain accumulated to that date is maintained

until the underlying hedged transaction is realized. At that moment, the accumulated loss or gain in equity will be reversed in the results account affecting that transaction.

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

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

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

N. Provisions and contingent liabilities

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

The quantification of the provisions is made taking into account the best available information on the matter and its consequences and is reviewed at each accounting closing. The provisions made

are used to cover the specific risks for which they were originally shown, their full or partial revision being required when such risks disappear or reduce.

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

O. Employee benefits

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

Aguas Andinas S.A.

Compensation benefits for years of service in Aguas Andinas S.A. are governed by the Labor Code, except for the amount of the indemnity in any event accumulated to July 31, 2002 and the termination benefit of 1.45 monthly wages, excluding voluntary resignation, without any amount or age limit for workers subject to current collective agreements and those, who through their individual work

contract enjoy this benefit. The amount in any event accumulated to that date is adjusted quarterly in line with changes in the consumer price index. The mentioned collective agreement also states that workers who retire from Aguas Andinas S.A. within 120 days of the date when they reach the legal retirement age, can have access to the benefits under the collective contract, and continue to accrue this benefit after July 2002.

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

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

ESSAL S.A.

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

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

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

P. Revenues tax and deferred taxes

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

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

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

The book value of deferred tax assets is revised on the closing date of each financial

319

position statement and is reduced to the extent that it is unlikely there will be sufficient tax results available to permit the recovery of all or part of the asset.

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

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

Q. Ordinary revenue

Policy for accounting for ordinary revenue

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

Policy for booking of ordinary revenue from sales of goods

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

Policy for booking of ordinary revenue from sales of services

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

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

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

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

The transfer of risks and benefits varies according the business of the company. For the sanitation service companies, the provision of services and all associated charges are made according to actual consumption, and a monthly provision is made for consumption not yet billed,

based on the previous billing. For the companies Anam S.A., Ecoriles S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A., invoicing is made on the basis of work performed.

Method used for determining state of termination of services

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

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

R. Earnings per share

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

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

S. Information on the environment

Assets of an environmental kind are those used constantly in the business of the Company and subsidiaries, whose main objective is to minimize adverse

environmental impacts and ensure the protection and improvement of the environment, including the reduction or elimination of the future contamination of Aguas Andinas S.A. and subsidiaries' businesses.

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

T. Consolidated statement of cash flows

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

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

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

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

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

U. Construction contracts

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

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

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

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

V. Capitalized financing costs

Interest-bearing loans policy:

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

Interest-cost capitalization policy:

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

W. Reclassifications

For comparison purposes, the following reclassifications have been made to the Statement of Financial Position as of December 31, 2018:

RECLASSIFICATIONS

INCREASE/ DECREASE

STATEMENT OF FINANICIAL POSITION				
Trade accounts and other payable accounts	-483.226			
Accounts payable to related entities	483.226			

Note 3.

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	NAME OF RELATED	RELATIONSHIP	TRANSACTION		SECURITY 31-12- 2018	
PARTY	PARTY		WITH RELATED PARTIES		TH\$	тн\$
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Related to the controller	Laboratory analysis and sampling services	Unsecured	-	366
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Insurance payment La Farfana	UF 7,656.06	-	20,168
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Insurance payment Mapocho Trebal	UF 10,377.4	-	278,096
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Laboratory analysis and sampling services	Unsecured	4,232	8,138
77.274.820-5	77.274.820-5 Inversiones Aguas Metropolitanas S.A.		Lease of offices	Unsecured	404	399
76.432.328-9	Gestion Hidrica Minera Ltda.	Related to the controller	Laboratory analysis and sampling services	Unsecured		-
65.113.732-2	Corporación Chilena de Investigación del Agua SpA.	Related to the controller	Laboratory analysis and sampling services	Unsecured	414	-

TAX ID RELATED	NAME OF RELATED	RELATIONSHIP NATURE OF TRANSACTION		SECURITY	31-12- 2018	31-12- 2017
PARTY	PARTY		WITH RELATED PARTIES		TH\$	TH\$
65.113.732-2	Corporación Chilena de Investigación del Agua SpA.	Related to the controller	Leases	Unsecured	1,393	-
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Laboratory analysis and sampling services	Unsecured	26,766	19,485
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Basis proposed in tenders	Unsecured -		66
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Counseling realized by support for technical inspection of Effluents Treatment Plants in CMPC Santa Fe. Frutos del Maipo Project	Unsecured	-	33,628
No tax ID	tax ID Aqua Related to the Integrated taler Development controller management Network S.A. contract		J	Unsecured	32,010	-
76.080.553-K	Suez Advanced Related to the Sale of materials Unsecured Solutions Chile controller Ltda.		25,964	15,287		
Total	••••	••••			91,183	560,633

Accounts payable to related entities

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

TAX ID RELATED NAME OF RELATED PARTY		RELATIONSHIP	NATURE OF TRANSACTION WITH RELATED PARTIES	PERIOD	RIOD SECURITY		31-12-2017	
PARTY						TH\$	TH\$	
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Operational Control Center Update Project OCC 2.0	30 days	Guaranteed fulfillment of contract for Th\$30,899	1,453,134	1,079,276	
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	SCADA Platform	30 days	Unsecured	28,462	7,115	
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Arsenic Plant San Antonio	30 days	Guaranteed fulfillment of contract for Th\$24,264.05	1,230,939	1,786,747	
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero plant	30 days	Guaranteed fulfillment of contract for UF 66,809.74	4,534,306	7,129,098	
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Talagante Plant Expansion	30 days	Unsecured	1,173,221	932,641	
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Biofactory adaptation plan for La Farfana treatment plant	30 days	Guaranteed fulfillment of contract for UF 1,048,050	3,030,768	3,260,791	
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the controller	Nitrogen removal and biofactory adpatation plan for Mapocho-Trebal treatment plant	30 days	Guaranteed fulfillment of contract for UF 1,048,050	3,678,499	3,718,527	
65.113.732-2	Corporación Chilena de Investigación del Agua SpA.	Related to the controller	Consultancies	30 days	Unsecured	97,322	184,854	
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Virtual platform, Siebel	30 days	Unsecured	78,265	113,361	
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Purchase of materials	60 days	Guaranteed fulfillment of contract for Th\$279,298	8,182	815,433	
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Implementation of geographic information system Essal S.A.	30 days	Guaranteed fulfillment of contract for UF 887	-	6,579	
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Evolutionary maintenance consulting service	30 days	Unsecured	368,916	188,612	
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Process re-engineering service contract and implementation of new customer service information systems	30 days	Guaranteed fulfillment of contract for Th\$845,149	102,855	142,137	
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Services of operation, maintenance and rehabilitation of Mapocho-Trebal Wastewater Treatment Plant Digesters	90 days	Guaranteed fulfillment of contract for UF357,863	1,468,596	2,563,461	
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Biogas plant operation services	30 days	Unsecured	167,783	105,347	
96.799.790-0	Servicios y Proyectos Ambientales S.A.	Related to the controller	Environmental monitoring services	30 days	Unsecured	-	3,377	
No tax ID	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	30 days	Unsecured	426,413	277,451	
No tax ID	Aqua Development Network S.A.	Related to the controller	Consultancies	30 days	Unsecured	41,712	0	
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends payable	30 days	Unsecured	21,656,113	21,035,299	
96.817.230-1	EPSA Electrica Puntilla S.A.	Common board member	Water purchase	30 days	Unsecured	5,657		
96.817.230-1	EPSA Electrica Puntilla S.A.	Common board member	Recalculation of energy supply	30 days	Unsecured	_	11,013	
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Common board member	Chamisero plant, Batuco channel	30 days	Unsecured	-	10,000	
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Common board member	Dividends payable	30 days	Unsecured	497,487	483,226	
59.066.560-6	Suez International	Related to the controller	Payment status by concept of supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4	30 days	Security full compliance with contract for UF 218,320	-	220,514	
Total						40,048,630	44,074,859	

327

Transactions with related entities

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

TAX ID RELATED NAME OF RELATED PARTY		RELATED PARTY RELATIONSHIP COUNTRY			CURRENCY	TH\$		TH\$	1
PARTY				WITH RELATED PARTIES	_	31-12-2	018	31-12-2	017
					_	AMOUNT	EFFECT ON RESULTS (CHARGE)/ CREDIT	AMOUNT	EFFECT ON RESULTS (CHARGE)/ CREDIT
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	CL	Process re-engineering service contract and implementation of new customer service information systems	CLP	976	(976)	1,019,235	(1,019,235)
No tax ID	Aqua Development Network	Related to the controller	CL	Integrated talent management contract	CLP	674,891	(674,891)	1,003,829	(1,003,829)
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	CL	Purchase of materials and maintenance of virtual platform Siebel	CLP	2,438,083	(2,008,062)	2,264,623	(2,201,648)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Chamisero plant	CLP	2,199,887	-	6,302,180	(58,306)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Arsenic Plant San Antonio	CLP	(536,968)	-	1,710,756	(11,600)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	CL	Operational Control Center Update Project OCC 2.0	CLP	3,821,359	(486,321)	3,113,835	(63,670)
59.066.560-6	Suez International	Related to the controller	CL	Supply of equipment, mounting and launch of second phase of Mapocho Wastewater Treatment Plant, module 4	CLP	4,971,917	-	3,631,109	-
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Services of operation, maintenance and rehabilitation of Mapocho-Trebal Wastewater Treatment Plant Digesters	CLP	1,351,915	-	8,445,330	(5,239,223)
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Chamisero plant	CLP	-	-	12,764,170	(10,143,011)
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal	Related to the controller	CL	Biogas Plant operation and maintenance services	CLP	-	-	329,351	(329,351)
76.746.454-1	Suez Biofactoría Andina SpA.	Related to the controller	CL	Operation, maintenance and adequacy of Biofactory treatment plant	CLP	71,781,751	(2,168,104)	12,086,671	(9,019,614)
96.817.230-1	EPSA Eléctrica Puntilla S.A.	Common board member	CL	Compensation for lower flow	CLP	1,197,134	(1,042,371)	443,287	(443,287)
65.113.732-2	Cetaqua Spa	Related to the controller	CL	Study on resilient urban water infrastructure management models in relation to hydrological and geological risks, recovery of sludge	CLP	239,179	(239,179)	379,828	(246,888)
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	CL	Dividends paid	CLP	68,979,435	-	68,878,954	-

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

STATEMENT OF FINANCIAL POSITION	2018 TH\$	2017 TH\$		
ASSETS				
Current Assets	168,513,972	150,618,761		
Non-Current Assets	1,737,538,127	1,646,261,375		
Total Assets	1,906,052,099	1,796,880,136		
LIABILITIES				
Current Liabilities	242,318,524	237,111,903		
Non-Current Liabilities	976,742,178	866,468,756		
Equity	638,620,655	642,630,776		
Minority Shareholdings	48,370,742	50,668,701		
Total Liabilities and Equity	1,906,052,099	1.796,880,136		
STATEMENT OF COMPREHENSIVE RESULTS	2018 TH\$	2017 TH\$		
Ordinary Revenue	530,404,680	509,540,577		
Cost of Operation	-296,208,530	-285,329,778		
Financial Result	-24,140,605	-25,059,261		
Other Than Operation	-24,230,768	-9,328,660		
Income Tax	-46,506,422	-46,340,625		
Minority Shareholdings	-3,261,838	-3,861,973		
Result attributable to controller participations	136,056,517	139,620,280		
STATEMENT OF CASH FLOW	2018 TH\$	2017 TH\$		
Net Cash Flows from Operating Activities	245,501,004	213,469,168		
Net Cash Flows from Investment Activities	-135,451,049	-113,828,958		
Net Cash Flows from Financing Activities	-88,877,821	-145,708,313		
Net Increase (Decrease) in Cash and Cash Equivalents	21,172,134	-46,068,103		
Initial Balance of Cash and Cash Equivalents	18,808,340	64,876,443		
Closing balance of Cash and Cash Equivalents	39,980,474	18,808,340		
STATEMENT OF CHANGE IN EQUITY	2018 TH\$	2017 TH\$		

Issued Capital 155,567,354 155,567,354 -5,965,550 Other Equity Participations -5,965,550 Share Premium 164,064,038 164,064,038 324,954,813 328,964,934 Accumulated earnings (losses) Non-Controller Participations 48,370,742 50,668,701 686,991,397 693,299,477 **Closing Balance of Equity**

330

AGUAS CORDILLERA

STATEMENT OF FINANCIAL POSITION	2018 TH\$	2017 TH\$
ASSETS		
Current Assets	18,232,503	18,111,056
Non-Current Assets	307,744,281	303,296,984
Total Assets	325,976,784	321,408,040
LIABILITIES		
Current Liabilities	50,626,750	43,711,165
Non-Current Liabilities	72,510,487	74,137,734
Equity	202,839,301	203,558,909
Minority Shareholdings	246	232
Total Liabilities and Equity	325,976,784	321,408,040
STATEMENT OF COMPREHENSIVE RESULTS	2018 M\$	2017 M\$
Ordinary Revenue	69,421,060	63,924,489
Cost of Operation	(42,520,091)	(39,427,384)
Financial Result	(1,668,679)	(818,611)
Other Than Operation	(2,028,154)	616,105
Income Tax	(4,895,894)	(5,404,534)
Minority Shareholdings	(15)	(14)
Result attributable to controller participations	18,308,227	18,890,051
STATEMENT OF CASH FLOW	2018 M\$	2017 M\$
Net Cash Flows from Operating Activities	25,922,007	10,620,784
Net Cash Flows from Investment Activities	(14,234,522)	(9,981,002)
Net Cash Flows from Financing Activities	(11,927,983)	(34,608,187)
Net Increase (Decrease) in Cash and Cash Equivalents	(240,498)	(33,968,405)
Initial Balance of Cash and Cash Equivalents	976,151	34,944,556
Closing balance of Cash and Cash Equivalents	735,653	976,151

332

IBERAGUAS LTDA.

	2018 TH\$	2017 TH\$		
ASSETS				
Current Assets	22,088,977	32,270,785		
Non-Current Assets	194,103,064	182,690,093		
Total Assets	216,192,041	214,960,878		
LIABILITIES				
Current Liabilities	20,128,277	15,403,741		
Non-Current Liabilities	92,060,682	94,198,693		
Equity	67,008,781	67,826,762		
Minority Shareholdings	36,994,301	37,531,682		
Total Liabilities and Equity	216,192,041	214,960,878		
·	(38,706,590)	(34,781,825		
Ordinary Revenue	58,268,739	54,926,019		
Cost of Operation				
Cost of Operation Financial Result	(2,848,907)			
·		(2,972,488)		
Financial Result	(2,848,907)	(2,972,488) (781,254)		
Financial Result Other Than Operation	(2,848,907) (1,873,452)	(2,972,488) (781,254) (4,188,086)		
Financial Result Other Than Operation Income Tax	(2,848,907) (1,873,452) (4,020,066)	(2,972,488) (781,254) (4,188,086) (5,991,297)		
Financial Result Other Than Operation Income Tax Minority Shareholdings	(2,848,907) (1,873,452) (4,020,066) (5,320,149)	(2,972,488) (781,254) (4,188,086) (5,991,297) 6,211,069		
Financial Result Other Than Operation Income Tax Minority Shareholdings Result attributable to controller participations	(2,848,907) (1,873,452) (4,020,066) (5,320,149) 5,499,575	(2,972,488) (781,254) (4,188,086) (5,991,297) 6,211,069		
Financial Result Other Than Operation Income Tax Minority Shareholdings Result attributable to controller participations STATEMENT OF CASH FLOW	(2,848,907) (1,873,452) (4,020,066) (5,320,149) 5,499,575	(2,972,488) (781,254) (4,188,086) (5,991,297) 6,211,069 2017 M\$		
Financial Result Other Than Operation Income Tax Minority Shareholdings Result attributable to controller participations STATEMENT OF CASH FLOW Net Cash Flows from Operating Activities	(2,848,907) (1,873,452) (4,020,066) (5,320,149) 5,499,575 2018 M\$	(2,972,488) (781,254) (4,188,086) (5,991,297) 6,211,069 2017 M\$ 18,200,338 (14,156,895)		
Financial Result Other Than Operation Income Tax Minority Shareholdings Result attributable to controller participations STATEMENT OF CASH FLOW Net Cash Flows from Operating Activities Net Cash Flows from Investment Activities	(2,848,907) (1,873,452) (4,020,066) (5,320,149) 5,499,575 2018 M\$ 24,788,797 (18,859,388)	(2,972,488) (781,254) (4,188,086) (5,991,297) 6,211,069 2017 M\$ 18,200,338 (14,156,895) 8,483,844		
Financial Result Other Than Operation Income Tax Minority Shareholdings Result attributable to controller participations STATEMENT OF CASH FLOW Net Cash Flows from Operating Activities Net Cash Flows from Investment Activities Net Cash Flows from Financing Activities	(2,848,907) (1,873,452) (4,020,066) (5,320,149) 5,499,575 2018 M\$ 24,788,797 (18,859,388) (16,554,306)	(2,972,488) (781,254) (4,188,086) (5,991,297) 6,211,069 2017 M\$ 18,200,338 (14,156,895) 8,483,844 12,527,287		

For the fiscal years ended December 31, 2018

	AGUAS Andinas S.A		AGUAS CORDILLERA S.A.		AGUAS MANQUEHUE S.A.		IBERAGUAS LTDA. Y FILIAL		ESSAL S.A.		ECORILES S.A.		AGUAS DEL MAIPO S.A		GESTIÓN Y SERVICIOS S.A		ANÁLISIS AMBIENTALES S.A	
	2018 TH\$	2017 TH\$	2018 TH\$	2017 TH\$	2018 TH\$	2017 TH\$	2018 TH\$	2017 TH\$	2018 TH\$	2017 TH\$	2018 TH\$	2017 TH\$	2018 TH\$	2017 TH\$	2018 TH\$	2017 TH\$	2018 TH\$	2017 TH\$
ASSETS																		
Current Assets	168,513,972	150,618,761	18,232,503	18,111,056	4,874,181	4,698,352	22,088,977	32,270,785	22,086,592	32,262,114	5,438,938	4,718,568	1,251,161	2,066,321	5,898,957	6,325,828	2,975,903	1,838,309
Non-Current Assets		1,646,261,375	307,744,281	303,296,984	92,481,887	88,826,395	194,103,064	182,690,093	167,386,351	155,973,380	531,601	501,160	13,694,722	14,356,295	770,995	780,187	5,178,956	4,614,248
Total Assets	1,906,052,099	1,796,880,136	325,976,784	321,408,040	97,356,068	93,524,747	216,192,041	214,960,878	189,472,943	188,235,494	5,970,539	5,219,728	14,945,883	16,422,616	6,669,952	7,106,015	8,154,859	6,452,557
LIABILITIES																		
Current Liabilities	242,318,524	237,111,903	50,626,750	43,711,165	17,732,101	15,292,813	20,128,277	15,403,741	21,913,688	17,441,531	2,550,466	2,101,177	5,760,770	7,200,920	3,379,347	3,687,532	2,489,677	1,700,455
Non-Current Liabilities	976,742,178	866,468,756	72,510,487	74,137,734	25,633,063	24,353,717	92,060,682	94,198,693	92,060,682	94,198,693	-	-	53,572	109,474	45,513	41,863	-	-
Equity	638,620,655	642,630,776	202,839,301	203,558,909	53,990,904	53,878,217	67,008,781	67,826,762	75,498,573	76,595,270	3,420,073	3,118,551	9,131,541	9,112,222	3,245,092	3,376,620	5,665,182	4,752,102
Minority Shareholdings	48,370,742	50,668,701	246	232	-	-	36,994,301	37,531,682	-	-			-	-				
Total Liabilities and Equity	1,906,052,099	1,796,880,136	325,976,784	321,408,040	97,356,068	93,524,747	216,192,041	214,960,878	189,472,943	188,235,494	5,970,539	5,219,728	14,945,883	16,422,616	6,669,952	7,106,015	8,154,859	6,452,557
STATEMENT OF COMPREHE Ordinary Revenue			69.421.060	63.924.489	14.099.497	12.401.009	58.268.739	54.926.019	58.268.739	54.926.019	13.324.400	13.389.212	1.061.523	1.335.159	8.646.294	8.363.693	8.832.301	8.301.209
Ordinary Revenue	530,404,680	509,540,577	69,421,060	63,924,489	14,099,497	12,401,009	58,268,739	54,926,019	58,268,739	54,926,019	13,324,400	13,389,212	1,061,523	1,335,159	8,646,294	8,363,693	8,832,301	8,301,209
Cost of Operation	(296,208,530)		(42,520,091)	(39,427,384)	(8,380,740)	(7,988,554)	(38,706,590)	(34,781,825)	(38,700,322)	(34,775,772)		(11,176,764)	(1,206,172)	(655,995)	(8,279,948)	(7,928,958)	(7,166,509)	(6,706,861)
Financial Result	(24,140,605)		(1,668,679)	(818,611)	(694,111)	(63,052)	(2,848,907)	(2,972,488)	(2,848,907)	(2,972,488)	9,827	14,105	(91,661)	156,080	72,015	30,533	(34,552)	(62,637)
Other Than Operation	(24,230,768)	(9,328,660)	(2,028,154)	616,105	(540,770)	(243,448)	(1,873,452)	(781,254)	(1,873,287)	(781,033)	(46,018)	4,895	27,683	4,857	(142,874)	339,270	(87,885)	4,357
Income Tax	(46,506,422)	(46,340,625)	(4,895,894)	(5,404,534)	(914,392)	(912,954)	(4,020,066)	(4,188,086)	(3,988,777)	(4,169,588)	(634,375)	(551,107)	27,023	(170,358)	(32,515)	(189,894)	(379,600)	(372,811)
Minority Shareholdings	(3,261,838)	(3,861,973)	(15)	(14)	-	-	(5,320,149)	(5,991,297)	-	-			- 	- 				
Result attributable to	136,056,517	139,620,280	18,308,227	18,890,051	3,569,484	3,193,001	5,499,575	6,211,069	10,857,446	12,227,137	1,783,252	1,680,341	(181,604)	669,743	262,972	614,644	1,163,755	1,163,257
controller participations																		
STATEMENT OF CASH FLOW	N																	
Net Cash Flows from Operating Activities	245,501,004	213,469,168	25,922,007	10,620,784	8,068,913	1,451,727	24,788,797	18,200,338	24,817,909	18,224,918	1,151,923	1,054,308	1,389,617	604,804	123,807	403,826	708,294	2,102,735
Net Cash Flows from Investment Activities	(135,451,049)	(113,828,958)	(14,234,522)	(9,981,002)	(8,978,944)	(2,824,691)	(18,859,388)	(14,156,895)	(18,859,388)	(14,156,895)	1,233,728	(416,297)	(1,821,255)	(3,484,590)	618,478	(657,524)	(481,079)	(300,158)
Net Cash Flows from Financing Activities	164,763,934	111,446,006	(11,927,983)	(34,608,187)	936,691	278,673	(16,554,306)	8,483,844	(16,577,132)	8,466,594	(2,540,000)	(1,722,641)	427,000	2,797,500	(500,000)	-	(195,000)	(1,766,742)
Net Increase (Decrease) in Cash and Cash Equivalents	21,172,134	(46,068,103)	(240,498)	(33,968,405)	26,660	(1,094,291)	(10,624,897)	12,527,287	(10,618,611)	12,534,617	(154,349)	(1,084,630)	(4,638)	(82,286)	242,285	(253,698)	32,216	35,835
Initial Balance of Cash and Cash Equivalents	18,808,340	64,876,443	976,151	34,944,556	177,119	1,271,410	12,756,692	229,405	12,748,021	213,404	383,121	1,467,751	13,417	95,703	708,049	961,747	40,073	4,238
Closing balance of Cash and Cash Equivalents	39,980,474	18,808,340	735,653	976,151	203,779	177,119	2,131,795	12,756,692	2,129,410	12,748,021	228,772	383,121	8,779	13,417	950,334	708,049	72,289	40,073