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INVERSIONES AGUAS METROPOLITANAS S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE PERIOD ENDED JUNE 30, 2006

(Santiago – Chile, August 11, 2006) Inversiones Aguas Metropolitanas S.A. “the Company” or “IAM” announces its results for the period ended June 30, 2006. All figures are in constant Chilean Pesos and are reported according to Chilean Generally Accepted Accounting Principles (Chilean GAAP). June 2005 figures have been adjusted by the year-to-year CPI variation of 3.7%.

The consolidated financial statements of Inversiones Aguas Metropolitanas S.A. for such period include its subsidiary Aguas Andinas S.A. “Aguas Andinas”.

HIGHLIGHTS

Net income of IAM as of June 30, 2006, amounted to Ch\$14,225 million as compared to Ch\$9,957 million for the same period of 2005.

- Net Revenues amounted to Ch\$118,069 million, Ch\$4,196 million (3.7%) more than in the same period of 2005. This was mainly due to higher income from regulated services, explained by increases of 3.6% on water services, and 2.2% on sewage collection services; and also, as a result of a higher volume of business of our non-regulated subsidiaries.
- Operating Income of IAM for the first half of 2006 was Ch\$60,346 million, Ch\$5,941 million (10.9%) higher than in the same period of 2005. As a percentage of sales, the margin increased from 47.8% in the first half of 2005 to 51.1% in 2006.
- Non-operating Income of IAM was Ch\$(13,677) million, an improvement of Ch\$1,786 million in relation to the result of the previous year. This variation is basically explained by a gain on the sale of 67,308,616 Aguas Andinas' shares of Ch\$1,545 million, a better result from price-level restatements of Ch\$639 million and lower financial expenses (net) of Ch\$319 million, partially compensated by a decrease in other Non-operating Income items of Ch\$507 million.
- Due to the factors set forth above, the consolidated net income of Inversiones Aguas Metropolitanas S.A. for the first half of 2006 increased 42.9% to Ch\$14,225 million from Ch\$9,957 million the same period of 2005.

Principal Consolidated Figures

(Millions of Ch\$ as of June 30, 2006)

| | June 06 | June 05 | % Var |
|------------------|----------------|----------------|--------------|
| Net Revenues | 118,069 | 113,873 | 3.7% |
| Operating Income | 60,346 | 54,405 | 10.9% |
| EBITDA | 77,727 | 71,700 | 8.4% |
| EBITDA Margin | 65.8% | 63.0% | 4.6% |
| Net Income | 14,225 | 9,957 | 42.9% |

PRINCIPALS EVENTS OF THE PERIOD

Debt Refinancing

Aguas Andinas

- On January 3, 2006, the series D bonds were exchanged for new series F bonds. These new bonds total UF 5,000,000, and have a term of 20 years with 2 year's grace and an annual interest rate of 4.15%.

Aguas Cordillera

- On January 1, 2006, the series B and E bonds were prepaid at a value equivalent to the amount of principal outstanding plus interest accrued to the date of prepayment.

Sale of 67,308,616 Aguas Andinas' shares

On April 5, 2006 IAM sold 67,308,616 series A shares of Aguas Andinas S.A., at an average price per share of Ch\$182. Due to this transaction, the shareholding of Inversiones Aguas Metropolitanas S.A. in Aguas Andinas S.A. decreased by 1.1 %, maintaining control of that company with a holding of 50.102%.

Annual and Extraordinary Shareholders' Meeting held on April 27, 2006

The following resolutions were approved at the annual and extraordinary shareholders' meeting held on April 27, 2006:

- a) The payment of a final dividend of Ch\$5.9744 per share (equivalent to Ch\$119.48 per ADS), charged against net income for the year 2005. This dividend, in addition to the interim dividends paid in 2005, total 100% of 2005 net income. This dividend was paid on May 29, 2006.
- b) The payment of a capital reduction of Ch\$33.6099 per share (equivalent to Ch\$672.2 per ADS). This capital reduction was paid on June 15, 2006.
- c) The appointment of a new Board of Directors. The following Board members were elected at the annual shareholders' meeting:

Director

Ángel Simón Grimaldos
Alfredo Noman Serrano
Alain Chaigneau
Joaquín Villarino Herrera
Herman Chadwick Piñera
Mario Marcel Cullel
Jaime Ravinet de la Fuente

Alternate Director

Josep Bagué Prats
Fernando Rayón Martin
Iván Yarur Sairafi
Albert Martínez Lacambra
Ignacio Guerrero Gutierrez
Juan Toro Rivera
Rodrigo Castro Fernández

Chief Executive Officer Appointment

At the meeting of the Board of Directors held on May 29, 2006, Mr. Albert Martínez Lacambra was appointed Chief Executive Officer of IAM. Also, Mr. Martínez presented his resignation as Alternate Director of the Company.

Collective Bargaining Agreement

On July 31, 2006, was signed a new Aguas Andinas' collective bargaining agreement. This agreement, which includes approximately 800 employees, will be in force until 2010.

INCOME STATEMENT ANALYSIS

| (In Million of Chilean Pesos) | June 06 | June 05 | % Var |
|-----------------------------------|----------|----------|---------|
| Net Revenues | 118,069 | 113,873 | 3.7% |
| Operating Costs | (42,755) | (42,731) | 0.1% |
| Selling & Administrative Expenses | (14,969) | (16,737) | (10.6%) |
| Operating Income | 60,346 | 54,405 | 10.9% |
| Non-Operating Income | (13,677) | (15,463) | (11.5%) |
| Financial Expenses | (8,071) | (8,600) | (6.2%) |
| Net Income | 14,225 | 9,957 | 42.9% |

Net Revenues

Net revenue for the first half of 2006 reached Ch\$118,069 million, a 3.7% increased from Ch\$113,873 million for the same period of 2005. The following table sets forth, for the periods indicated, the principal components of our net revenue:

| | June 06 | | June 05 | |
|--------------------------|--------------|--------|--------------|--------|
| | Million Ch\$ | % | Million Ch\$ | % |
| Water | 58,071 | 49.2% | 57,610 | 50.6% |
| Sew age | 50,533 | 42.8% | 46,613 | 40.9% |
| Other regulated business | 1,420 | 1.2% | 2,484 | 2.2% |
| Non regulated business | 8,045 | 6.8% | 7,165 | 6.3% |
| Total | 118,069 | 100.0% | 113,873 | 100.0% |

The increase in net revenue for the first half of 2006 of Ch\$4,196 million resulted from the following factors:

- a) Water: Water revenue increased Ch\$461 million as a result of an increased sales volume of 6.5 million m³ and a lower average tariff applied. The higher water sales volume is explained by a combination of a 2.5% growth in number of customers and a 0.1% raise in individual consumption; while the lower average tariff is explained by the accumulated effect of indexation and the tariff increases approved by the SISS in the five-year review that became effective March 1, 2005 for Aguas Andinas, May 19, 2005 for Aguas Manquehue and June 30, 2005 for Aguas Cordillera and Aguas Los Dominicos.
- b) Sewage: Sewage revenue increased Ch\$3,920 million (8.4%) as a result of (i) higher income from sewage collection services of Ch\$3,095 million (from Ch\$22,292 million in 2005) due to the application of a higher average tariff and a greater sales volume of 5.3 million m³, (ii) higher income from sewage treatment services of Ch\$439 million (from Ch\$18,756 million in 2005) as a result of a higher average tariff applied and a greater sales volume of 3.3 million m³, and (iii) higher income from sewage interconnection services for Ch\$387 million (from Ch\$5,565 in 2005) caused by the application of a higher average tariff and a greater sales volume of 0.3 million m³. The changes in the average tariffs are explained by tariff increases approved by SISS in the five-year review and the accumulated effect of indexation.
- c) Other Regulated Services: Other regulated services revenues decreased Ch\$1,065 million, mainly explained by a minor provision for revenue accrued on unbilled cubic meter readings.
- d) Non-regulated businesses: Non-regulated business revenue increased Ch\$880 million or 12.3%, for the first half of 2006, due principally to a Ch\$652 million increase in revenues

derived from sales of pipes and other materials, a Ch\$216 million increase in services to private companies related to environmental analysis and liquid residue or spillage clean-up, and a Ch\$67 million increase in sales of laboratory services, partly offset by a Ch\$56 million decrease in fees to households attributable to installation, cleaning and calibration services.

Cost of Sales

The consolidated cost of sales of IAM for the first half of 2006 was Ch\$57,724 million, lower by Ch\$1,744 million (-2.9%) compared to the same period of 2005. This is explained as follows:

- The operating cost increased by Ch\$24 million (0.06%) to Ch\$42,755 million, compared to Ch\$42,731 million the year before. This variation is mainly explained by major expenses in materials, energy and maintenance services, partially compensated by minor personnel expenses.
- Selling & administrative expenses decreased 10.6% to Ch\$14,969 million, compared to Ch\$16,737 million for the previous year. This decrease of Ch\$1,769 million is mainly explained by lower personnel expenses due to the fact that in 2005 there were higher personnel costs due to severance payments associated to personnel reductions, and lower expenses incurred in tariff studies in connection with the tariff setting process.

Operating Income

Due to the factors set forth above, the consolidated operating income of Inversiones Aguas Metropolitanas for the first half of 2006 amounted to Ch\$60,346 million, an increase of Ch\$5,941 million over the result for the same period of 2005. As a percentage of net revenue, our operating income increased from 47.8% in the first half of 2005 to 51.1% in 2006.

Non-Operating Income

The consolidated non-operating result of Inversiones Aguas Metropolitanas reached Ch\$(13,677) million, an improvement of Ch\$1,786 million over the result for the first half of 2005.

This variation is basically explained by a gain on the sale of 67,308,616 Aguas Andinas' shares of Ch\$1,545 million, a better result from price-level restatements of Ch\$639 million and lower financial expenses (net) of Ch\$319 million, partially compensated by minor income in fines and indemnifications from suppliers and contractors of Ch\$507 million.

Income Tax

Our income taxes for the first half of 2006 increased Ch\$756 million (0.1%) from Ch\$9,112 million for 2005, principally due to higher pre-tax income.

Net Income

Due to the factors set forth above, the consolidated net income of Inversiones Aguas Metropolitanas S.A. for the first half of 2006 increased 42.9% to Ch\$14,225 million from Ch\$9,957 million for the same period of 2005.

BALANCE SHEET ANALYSIS

| (In Million of Chilean Pesos) | June 06 | June 05 | % Var |
|---|------------------|------------------|---------------|
| Assets | | | |
| Current Assets | 40,860 | 48,397 | (15.6%) |
| Property, Plant & Equipment | 592,470 | 595,997 | (0.6%) |
| Other Assets | 398,192 | 427,811 | (6.9%) |
| Total Assets | 1,031,522 | 1,072,205 | (3.8%) |
| Liabilities & Shareholders' Equity | | | |
| Current Liabilities | 76,570 | 87,935 | (12.9%) |
| Long-Term Liabilities | 294,972 | 301,124 | (2.0%) |
| Minority Interest | 188,150 | 181,681 | 3.6% |
| Shareholders' Equity | 471,830 | 501,464 | (5.9%) |
| Total Liabilities & Equity | 1,031,522 | 1,072,205 | (3.8%) |

Assets

Current assets decreased Ch\$7,537 million compared to the previous period due principally to the reduction in financial investments of Ch\$8,070 million, other current assets of Ch\$2,161 and recoverable taxes of Ch\$657 million, offset by an increase in trade accounts receivable of Ch\$2,250 million and notes receivable (net) of Ch\$912. The change in financial investments is explained by the use of funds to pay financial debt.

The Company's fixed assets increased by 1.3% (Ch\$14,489 million) in gross terms compared to the previous year, from Ch\$1,133,486 million to Ch\$1,147,974 million. The most important increase is in buildings and infrastructure of Ch\$10,328 million, machinery and equipment of Ch\$3,362 million and other fixed assets of Ch\$656 million, due to the investments being made in sanitation and support infrastructure.

The charge for depreciation as of June 2006 reached Ch\$16,842 million, 0.5% above the level of June 2005 (Ch\$16,764 million), due principally to the works that have come into operation in the last year. Also, due to the effect of works that have come into operations in previous years, accumulated depreciation increased by Ch\$18,015 million, 3.4% more than the year before.

As a result of the above, net fixed assets declined by Ch\$3,527 million compared to June 2005.

Other assets decreased by Ch\$29,619 million. The principal changes were the reduction in goodwill of Ch\$31,664 million and in long-term debtors of Ch\$1,516 million, offset by an increase in other assets of Ch\$3.999 million.

Liabilities and Shareholders' Equity

The change in the short and long-term composition of total liabilities is mainly explained by the subsidiary Aguas Andinas S.A., following the application of a Company refinancing plan in 2005 and early 2006 which included the following transactions: in Aguas Andinas S.A., the Series A bonds for U.F. 1,200,000 were prepaid in September 2005, the Series E bonds for U.F. 1,650,000 were issued in December 2005, and the Series D bonds were exchanged for Series F bonds (for U.F. 5,000,000 maturing in 2026), in January 2006; and in Aguas Cordillera S.A., all of its bonds were redeemed.

Current liabilities fell by Ch\$11,365 millions, due principally to (i) the reduction in bonds payable of Ch\$18,524 millions, as the Aguas Andinas Series D bonds were shown in this category in 2005 and then were exchanged in 2006 for Series F bonds; (ii) a decrease in notes and accounts payable to related companies of Ch\$6,394 millions (basically, for payments to Degremont associated to the operation and construction of La Farfana sewage treatment plant) and (iii) a reduction in notes payable as a result of the payment of reimbursable financial contributions maturing on 2005 (Ch\$4,560). These effects were partially offset by (i) the reclassification of debt maturing within one year and transferred from long-term liabilities of Ch\$9,686 millions and (ii) an increase in short term borrowings from banks of Ch\$11,477 millions.

Long-term liabilities declined by Ch\$6,152 millions compared to June 2005. The principal changes were in bank borrowings which reduced by Ch\$12,591 millions following the transfer to short term of current maturities partly offset by increases in bonds payable of Ch\$3,873 and notes payable of Ch\$2,967.

Shareholders' equity declined by Ch\$29,635 million compared to June 2005 due to the net effect of a capital reduction of Ch\$33.610 million during may 2006, offset by an increase of Ch\$4.267 million in the net income for the period.

The table below sets forth the maturity of our consolidated long-term debt, as of June 30, 2006 (figures in million of Ch\$):

| | Currency | Total | July 06 June 07 | July 07 June 08 | July 08 June 09 | After June 09 |
|----------------------|------------------|---------|--------------------|--------------------|--------------------|------------------|
| Bonds | Indexed Ch\$ | 209,104 | 13,372 | 14,560 | 17,229 | 163,944 |
| Bank Debt | Non-Indexed Ch\$ | 79,875 | 22,832 | 7,023 | 21,070 | 28,950 |
| RFCs ⁽¹⁾ | Indexed Ch\$ | 28,935 | 342 | 216 | 136 | 28,241 |
| Total ⁽²⁾ | | 317,914 | 36,546 | 21,799 | 38,435 | 221,135 |

⁽¹⁾ Reimbursable financial contributions.

⁽²⁾ The figures consider the accrued financial expenses as of June 30, 2006.

CASH FLOW ANALYSIS

| Consolidated Cash Flow (In Million of Chilean Pesos) | June 06 | June 05 | % Var |
|---|----------|-----------|----------|
| Operating | 67,349 | 63,747 | 5.7% |
| Financing | (79,190) | (100,002) | (20.8%) |
| Investment | (10,148) | 8,217 | (223.5%) |
| Net Cash Flow of the Period | (21,988) | (28,038) | (21.6%) |

The operating cash flow increase Ch\$3,602 million in the first half of 2006, mainly due to the increase in collection of trade accounts receivable of Ch\$4,652 million, reflecting the higher sales during 2006; and a decrease in payment to suppliers and personnel of Ch\$3,822. These changes were partly offset by increases of Ch\$2,546 in income tax payments and Ch\$1,505 in V.A.T. and similar payments.

The financing cash flow increased by Ch\$20,812 million compared to the previous year. Bank loans of Ch\$34,776 million were repaid in 2006 and loans of Ch\$25,787 million were obtained. Also, dividend payments decrease by Ch\$24,094.

The investment flow decreased by Ch\$18,365 million compared to 2005, mainly due to minor payments received on other loans to related companies of Ch\$55,365 million and higher addition of fixed assets of Ch\$9,542, partly offset by a decrease in other loans to related companies of Ch\$33,284 and minor proceeds from sales of permanent investments of Ch\$12,288.

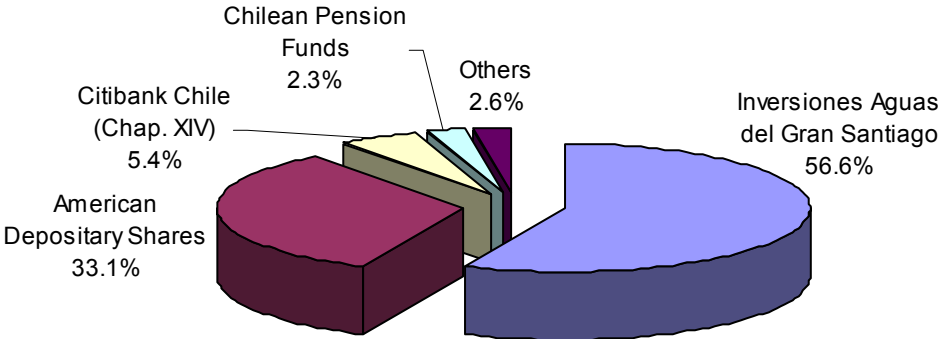
MAIN OPERATING FIGURES

| Sales Volume | June 06 | June 05 | % Var |
|---------------------------------|---------|---------|-------|
| Water | 254,253 | 247,801 | 2.6% |
| Sew age Collection | 249,533 | 244,227 | 2.2% |
| Sew age Treatment & Disposal | 214,404 | 211,078 | 1.6% |
| Sew age Interconnection Service | 60,764 | 60,438 | 0.5% |

| Customers | June 06 | June 05 | % Var |
|-----------|-----------|-----------|-------|
| Water | 1,523,755 | 1,484,915 | 2.6% |
| Sew age | 1,495,679 | 1,455,640 | 2.8% |

INVERSIONES AGUAS METROPOLITANAS S.A.
Shareholder Composition as of June 30, 2006

Total subscribed and paid shares: 1,000,000,000
Number of shareholders: 69



CONSOLIDATED BALANCE SHEETS
(Chilean GAAP, In thousands of Ch\$ as of June 30, 2006)

| ASSETS | June 06 | June 05 |
|---|----------------------|----------------------|
| TOTAL CURRENT ASSETS | 40,859,867 | 48,397,156 |
| Cash & bank | 157,257 | 303,702 |
| Time deposits | 698,852 | 6,159,382 |
| Marketable securities | 913,954 | 3,523,387 |
| Trade accounts receivable (net) | 31,725,507 | 29,475,291 |
| Notes receivable (net) | 2,295,931 | 1,384,113 |
| Sundry debtors (net) | 528,702 | 336,274 |
| Notes & accounts receivables from related companies | 17,460 | 23,842 |
| Inventories (net) | 1,261,211 | 1,318,881 |
| Taxes recoverable | 358,681 | 1,016,122 |
| Prepaid expenses | 564,810 | 662,809 |
| Deferred taxes | 986,423 | 681,350 |
| Other current assets | 1,351,079 | 3,512,003 |
| TOTAL FIXED ASSETS | 592,470,212 | 595,996,827 |
| Land | 33,748,378 | 33,555,861 |
| Building & infrastructure | 975,393,679 | 965,065,669 |
| Machinery & equipment | 113,649,997 | 110,287,572 |
| Other fixed assets | 20,326,680 | 19,670,555 |
| Revaluation of fixed assets | 4,855,369 | 4,905,846 |
| Accumulated depreciation | (555,503,891) | (537,488,676) |
| TOTAL OTHER ASSETS | 398,192,017 | 427,811,127 |
| Goodwill | 338,776,544 | 370,440,123 |
| Negative goodwill | (1,057) | (1,125) |
| Long-term debtors | 8,545,933 | 10,061,975 |
| Intangible assets | 43,301,117 | 42,657,381 |
| Accumulated amortization | (7,042,134) | (5,959,753) |
| Other | 14,611,614 | 10,612,526 |
| TOTAL ASSETS | 1,031,522,096 | 1,072,205,110 |

CONSOLIDATED BALANCE SHEETS
(Chilean GAAP, In thousands of Ch\$ as of June 30, 2006)

| LIABILITIES & SHAREHOLDERS' EQUITY | June 06 | June 05 |
|---|----------------------|----------------------|
| CURRENT LIABILITIES | 76,569,554 | 87,935,028 |
| Short-term borrowings from banks & financial institutions | 11,477,058 | - |
| Short-term portion of borrowings from banks & financial institutions at long term | 11,354,782 | 1,668,439 |
| Bonds payable - short-term portion | 13,371,682 | 35,149,918 |
| Accounts payable | 11,386,964 | 12,967,782 |
| Notes payable | 553,909 | 5,113,643 |
| Sundry creditors | 1,632,297 | 1,684,566 |
| Notes & accounts payable to related companies | 2,927,510 | 9,321,190 |
| Accruals | 15,451,562 | 14,426,895 |
| Withholdings | 5,927,495 | 5,852,405 |
| Income taxes | 747,703 | 983,757 |
| Unearned income | 1,738,171 | 730,880 |
| Other current liabilities | 421 | 35,553 |
| LONG TERM LIABILITIES | 294,972,153 | 301,124,416 |
| Borrowing from bank & financial institutions | 57,043,333 | 69,634,550 |
| Bonds payable | 195,732,589 | 191,859,836 |
| Notes payable | 28,733,190 | 25,765,696 |
| Sundry creditors | 1,165,887 | 1,685,151 |
| Accruals | 7,909,842 | 8,106,774 |
| Deferred taxes | 3,805,018 | 3,105,355 |
| Other long-term liabilities | 582,294 | 967,054 |
| Minority interest | 188,150,446 | 181,681,188 |
| SHAREHOLDRES' EQUITY | 471,829,943 | 501,464,478 |
| Paid-in capital | 452,261,913 | 486,094,971 |
| Price level restatement | 5,042,101 | 5,115,621 |
| Reserve for future dividends | 301,084 | 296,441 |
| Net income for the year | 14,224,845 | 9,957,445 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,031,522,096 | 1,072,205,110 |

CONSOLIDATED STATEMENTS OF INCOME
(Chilean GAAP, In thousands of Ch\$ as of June 30, 2006)

| CONSOLIDATED STATEMENTS OF INCOME | June 06 | June 05 |
|--|---------------------|---------------------|
| OPERATING INCOME | 60,345,962 | 54,405,185 |
| OPERATING MARGIN | 75,314,651 | 71,142,509 |
| Revenues from operations | 118,069,203 | 113,873,164 |
| Cost of operations | (42,754,552) | (42,730,655) |
| Administrative & selling expenses | (14,968,689) | (16,737,324) |
| NON-OPERATING EXPENSES (INCOME) | (13,677,044) | (15,462,622) |
| Financial income | 2,755,737 | 2,965,772 |
| Other non-operating income | 3,657,341 | 2,734,441 |
| Amortización of Googwill | (12,688,986) | (12,875,633) |
| Financial expenses | (8,071,138) | (8,600,148) |
| Other non-operating expenses | (419,745) | (89,264) |
| Price-level restatement | 1,040,300 | 401,668 |
| Foreign exchange differences | 49,447 | 542 |
| INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL | 46,668,918 | 38,942,563 |
| INCOME TAXES | (9,868,117) | (9,112,252) |
| RESULT BEFORE MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL | 36,800,801 | 29,830,311 |
| MINORITY INTEREST | (22,575,990) | (19,872,900) |
| NET INCOME BEFORE AMORTIZATION OF GOODWILL | 14,224,811 | 9,957,411 |
| AMORTIZATION OF NEGATIVE GOODWILL | 34 | 34 |
| NET INCOME FOR THE YEAR | 14,224,845 | 9,957,445 |

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Chilean GAAP, In thousands of Ch\$ as of June 30, 2006)

| CONSOLIDATED STATEMENTS OF CASH FLOWS | June 06 | June 05 |
|--|---------------------|----------------------|
| NET CASH FLOW FROM OPERATING ACTIVITIES | 67,348,943 | 35,712,307 |
| Collection of trade account receivables | 146,033,589 | 141,381,906 |
| Financial income received | 865,916 | 811,555 |
| Other income received | 1,335,529 | 1,458,926 |
| Payment to suppliers and personnel | (46,165,606) | (49,987,460) |
| Interest paid | (6,864,282) | (6,697,366) |
| Income tax paid | (10,494,810) | (7,948,784) |
| Other expenses paid | (748,283) | (163,658) |
| V.A.T & similar payments | (16,613,110) | (15,108,145) |
| NET CASH FLOW FROM FINANCING ACTIVITIES: | (79,189,668) | (100,002,146) |
| Loans | 25,787,453 | - |
| Bonds issued | 4,408,474 | - |
| Other financing | 8,024,775 | 8,501,283 |
| Dividend payment | (5,549,708) | (29,644,050) |
| Capital reduction | (33,576,579) | (25,467,050) |
| Payment of loans | (34,984,807) | (209,248) |
| Bond payment | (10,767,950) | (16,330,173) |
| Payment of bond issuance & placement costs | (348,867) | - |
| Other financing disbursements | (32,182,459) | (36,852,908) |
| NET CASH FLOW FROM INVESTING ACTIVITIES: | (10,147,643) | 8,217,366 |
| Proceeds from sales of fixed assets | 15,692 | 47,925 |
| Proceeds from sales of permanent investments | 12,287,951 | - |
| Payments received on other loans to related companies | - | 55,365,107 |
| Addition of fixed assets | (21,815,344) | (12,273,143) |
| Payment of capitalized interest | (611,711) | (291,164) |
| Permanentes investments | (3,695) | - |
| Other loans to related companies | - | (33,283,552) |
| Other investment disbursements | (20,536) | (1,347,807) |
| TOTAL NET CASH FLOW FOR THE YEAR | (21,988,368) | (28,037,806) |
| EFFECT OF INFLATION ON CASH & CASH EQUIVALENT | (518,366) | (763,789) |
| NET CHANGE IN CASH & CASH EQUIVALENT | (22,506,734) | (28,801,595) |
| OPENING BALANCE OF CASH & CASH EQUIVALENT | 24,276,797 | 41,508,416 |
| CLOSING BALANCE OF CASH & CASH EQUIVALENT | 1,770,063 | 12,706,821 |

CONSOLIDATED CASH FLOW
(Chilean GAAP, In thousands of Ch\$ as of June 30, 2006)

| RECONCILIATION OF CASH FLOW | June 06 | June 05 |
|---|-------------------|-------------------|
| Net income for the year | 14,224,845 | 9,957,445 |
| Gain on sale of fixed assets | (1,539,676) | (3,889) |
| Charges (credits) to income not representing cash flows: | 29,161,584 | 30,050,266 |
| Depreciation for the year | 16,841,536 | 16,764,216 |
| Amortization of intangible assets | 539,314 | 530,783 |
| Write-offs & provisions | 1,059,463 | 872,460 |
| Amortization - goodwill | 12,688,986 | 12,875,633 |
| Amortization - negative goodwill | (34) | (34) |
| Net price-level restatement | (1,040,300) | (401,668) |
| Net foreign exchange differences | (49,447) | (542) |
| Other credits to income statement not representing cash flow | (1,696,526) | (1,443,404) |
| Other charges to income statement not representing cash flow | 818,592 | 852,822 |
| Changes in assets affecting operating cash flow (increase) | 466,516 | 2,472,163 |
| decrease | | |
| Trade account receivable | 2,161,923 | 2,564,406 |
| Inventories | (78,994) | 137,485 |
| Other assets | (1,616,413) | (229,728) |
| Change in liabilities affecting operating cash flow increase | 2,459,684 | 1,398,089 |
| (decrease) | | |
| Account payable related to operating income (expense) | 2,410,035 | (6,301,874) |
| Interest payable | 777,593 | 960,312 |
| Income tax payable | (832,707) | 883,401 |
| Other account payable related to the non-operating income (expense) | 315,391 | 3,063,382 |
| VAT & similar payables (net) | (210,628) | 2,792,868 |
| Minority interest | 22,575,990 | 19,872,900 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 67,348,943 | 63,746,974 |