

## INVERSIONES AGUAS METROPOLITANAS S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE PERIOD ENDED JUNE 30, 2008

(Santiago – Chile, August 1<sup>st</sup>, 2008) Inversiones Aguas Metropolitanas S.A. "the Company" or "IAM", controlling shareholder of Aguas Andinas S.A. –the largest water and sewage company in Chile–, announced today its consolidated results for the period ended June 30, 2008.

### HIGHLIGHTS

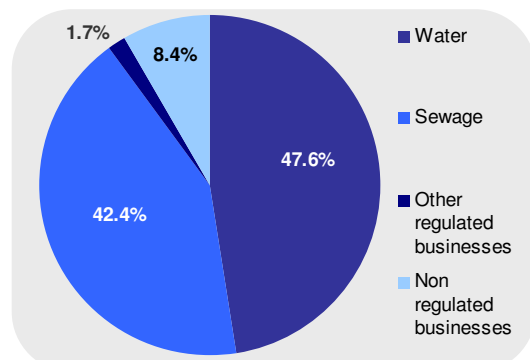
**Net income of IAM as of June 30, 2008, amounted to Ch\$14,791 million as compared to Ch\$15,227 million for the same period of 2007.**

- Net Revenues amounted to Ch\$138,015 million, Ch\$2,850 million (2.1%) more than in the same period of 2007. This was mainly due to a higher volume of business of sanitation subsidiaries, due to higher average tariffs compensated by lower sales volumes.
- Consolidated cost of sales (Operating Costs plus SG&A) for the first half of 2008 amounted to Ch\$69,602 million, higher by Ch\$5,098 million (7.9%) as compared to the same period of 2007. This variation was mainly explained by higher energy costs, higher doubtful accounts expenses and higher costs of interconnection with other sanitation companies.
- Non-operating Income of IAM was Ch\$(15,386) million, higher by Ch\$1,074 million compared to the result of the previous period. This is explained by the combination of an increase in Other non-operating income of Ch\$2,025 million and net financial income of Ch\$292 million, offset by a reduction in the gain from price-level restatements of Ch\$1,248.
- Due to the above-mentioned factors, the consolidated net income of Inversiones Aguas Metropolitanas S.A. for the first half of 2008 reached Ch\$14,791 million, compared to Ch\$15,227 million for the same period of 2007.

### Principal Consolidated Figures (Million of Ch\$ as of June 30, 2008)

|                  | June 08 | June 07 | % Var  |
|------------------|---------|---------|--------|
| Net Revenues     | 138,015 | 135,165 | 2.1%   |
| Operating Income | 68,414  | 70,661  | (3.2%) |
| EBITDA           | 88,223  | 90,388  | (2.4%) |
| EBITDA Margin    | 63.9%   | 66.9%   |        |
| Net Income       | 14,791  | 15,227  | (2.9%) |

### Revenue Breakdown



### Operating Data

| Sales Volume (Thousand m <sup>3</sup> ) | June 08        | June 07        | % Var        |
|-----------------------------------------|----------------|----------------|--------------|
| Water                                   | 252,890        | 253,443        | (0.2%)       |
| Sewage Collection                       | 246,060        | 248,079        | (0.8%)       |
| Sewage Treatment & Disposal             | 211,345        | 213,434        | (1.0%)       |
| Sewage Interconnection Service          | 61,029         | 60,946         | 0.1%         |
| <b>Customers</b>                        | <b>June 08</b> | <b>June 07</b> | <b>% Var</b> |
| Water                                   | 1,620,266      | 1,572,671      | 3.0%         |
| Sewage                                  | 1,592,197      | 1,543,661      | 3.1%         |

\* All figures are in constant Chilean Pesos and are reported according to Chilean Generally Accepted Accounting Principles (Chilean GAAP). Figures as of June 2007 have been adjusted by the year-to-year CPI variation of 8.9%. The consolidated financial statements of Inversiones Aguas Metropolitanas S.A. include its subsidiary Aguas Andinas S.A. "Aguas Andinas".



## **PRINCIPALS EVENTS OF THE PERIOD**

### **Acquisition of ESSAL by the Subsidiary Aguas Andinas**

On March 28, 2008 the subsidiary Aguas Andinas announced an agreement to acquire Inversiones Iberaguas Limitada, controller of 51% of Empresa de Servicios Sanitarios de Los Lagos (ESSAL). On June 17, 2008, Aguas Andinas launched a Public Offer which was successfully closed on July 10, 2008, resulting in the acquisition of an additional 2.5% stake in ESSAL.

### **Capital Reduction Payment**

At the Annual Extraordinary Shareholders' Meeting of the Company held on April 11, 2008, the payment of a capital distribution of Ch\$23.2424 per share (equivalent to Ch\$464.848 per ADS), totaling ThCh\$23,242,400, was approved. This capital reduction was paid on June 25, 2008.

### **Final Dividend Payment**

At the Annual Ordinary Shareholders' Meeting of the Company held on April 11, 2008, the payment of a final dividend of Ch\$9.7429 per share (equivalent to Ch\$194.858 per ADS), totaling ThCh\$9,742,900, was approved. The dividend was charged against the net income for the year 2007 and it was paid on May 29, 2008.

### **Aguas Andinas' Bond Issuance**

On April 24, 2008 the subsidiary Aguas Andinas issued UF2.5 million (nominal value) of 3.20% Series G bonds, with a term of six years. The bonds were issued in the Chilean market.

## INCOME STATEMENT ANALYSIS

| (In Million of Chilean Pesos)     | June 08<br>MM\$ | June 07<br>MM\$ | % Var  |
|-----------------------------------|-----------------|-----------------|--------|
| Net Revenues                      | 138,015         | 135,165         | 2.1%   |
| Operating Costs                   | (52,063)        | (49,035)        | 6.2%   |
| Selling & Administrative Expenses | (17,539)        | (15,469)        | 13.4%  |
| Operating Income                  | 68,414          | 70,661          | (3.2%) |
| Non-Operating Income              | (15,386)        | (16,460)        | (6.5%) |
| Financial Expenses                | (9,737)         | (9,024)         | 7.9%   |
| Net Income                        | 14,791          | 15,227          | (2.9%) |

### Net Revenues

Net revenues for the first half of 2008 reached Ch\$138,015 million, a 2.1% increase from Ch\$135,165 million for the same period of 2007. The following table sets forth, for the periods indicated, the principal components of our net revenues:

|                            | June 08      |        | June 07      |        |
|----------------------------|--------------|--------|--------------|--------|
|                            | Million Ch\$ | %      | Million Ch\$ | %      |
| Water                      | 65,640       | 47.6%  | 65,340       | 48.3%  |
| Sewage                     | 58,527       | 42.4%  | 57,402       | 42.5%  |
| Other regulated businesses | 2,284        | 1.7%   | 948          | 0.7%   |
| Non regulated businesses   | 11,564       | 8.4%   | 11,475       | 8.5%   |
| Total                      | 138,015      | 100.0% | 135,165      | 100.0% |

The increase in net revenues for the first half of 2008 of Ch\$2,850 million, resulted mainly from the following factors:

- Water: Water revenues increased Ch\$300 million (0.5%) as a result of a higher average tariff compensated by a reduced sales volume of 0.6 million m<sup>3</sup>. The average tariff variation is explained by the accumulated effect of indexation adjustments made during 2007 while the reduced sales volume is explained by reduced average unit consumption (2.9%) compensated by a larger average number of customers (2.7%).
- Sewage: Sewage revenues increased Ch\$1,125 million (2.0%) as a result of i) increased income from sewage treatment Ch\$197 million (Ch\$22,401 million in the first half of 2008 compared to Ch\$22,203 million in the same period of 2007) due to a higher average tariff charged compensated by a reduction in sales volume of 2.1 million m<sup>3</sup>, ii) greater revenue from sewage collection of Ch\$164 million (Ch\$29,020 million in 2008 compared to Ch\$28,856 million in the first half of 2007), due to the higher average tariff charged compensated by a reduced sales volume of 2.0 million m<sup>3</sup>, and iii) higher income from sewage interconnections Ch\$763 million (Ch\$7.107 million in the first half of 2008 compared to Ch\$6,344 million in the same period of 2007), due to a higher average tariff, higher income from interconnections with other sanitation companies plus a greater sales volume of 0.1 million m<sup>3</sup>. The changes in average tariffs reflect the accumulated indexation adjustments made during 2007.
- Other regulated businesses: includes fixed charges, revenues relating to disconnection and reconnection charges, fees relating to monitoring activities of liquid industrial waste discharge and accruals for non-billed consumption and discounts granted on payment agreements. These sales show an increase of Ch\$1,337 million, mainly explained by a higher provision for non-billed sales.

- d) Non-regulated businesses: Revenues from non-regulated businesses increased Ch\$89 million or 0.8%, for the first half of 2008, mainly due to a Ch\$163 million increase in services related to liquid industrial waste and other water and sewage treatment activities, Ch\$165 million increase in sales of laboratory services and a Ch\$51 million increase in fees to households attributable to installation, cleaning and calibration services million, partly offset by a Ch\$291 decrease in revenues derived from sales of materials related to the sanitation industry.

## **Cost of Sales**

Consolidated cost of sales of IAM (Operating Costs plus SG&A) for the first half of 2008 was Ch\$69,602 million, an increase of Ch\$5,098 million (7.9%) over the same period of 2007. This variation is explained as follows:

- The operating cost increased by Ch\$3,028 million (6.2%) to Ch\$52,063 million, compared to Ch\$49,035 million for the first half of 2007. This is mainly due to higher energy costs, and the higher costs of interconnection with other sanitation companies and of non-regulated service sales. The most important items in operating cost are depreciation, representing 35.4%, the outsourcing of certain services to contractors, representing 33.1%, and personnel, representing 14.5%, in the first half of 2008.
- Selling & administrative expenses show a rise of Ch\$2,070 million (13.4%) to Ch\$17,539 million, compared to Ch\$15,469 million in the first half of the year before. This is basically explained by higher doubtful accounts expenses and services expenses. The most important items in selling and administrative expenses are personnel, representing 38.7%, the outsourcing of services, representing 26.7%, and general expenses, representing 16.5%, in the first half of 2008.

## **Operating Income**

Due the factors mentioned above, the consolidated operating income of Inversiones Aguas Metropolitanas for the first half of 2008 amounted to Ch\$68,414 million, Ch\$2,248 million lower than that for the same period of 2007. As a percentage of net revenues, our operating income declined from 52.3% for the first half of 2007 to 49.6% for the same period in 2008.

The EBITDA for the period reached Ch\$88,223 million, a decrease of Ch\$2,165 million as compared to the result for the first half of 2007. As a percentage of net revenues, the EBITDA margin decreased from 66.9% for the first half of 2007 to 63.9% for the same period in 2008.

## **Non-Operating Income**

The consolidated non-operating income of Inversiones Aguas Metropolitanas increased by Ch\$1,074 million. This is explained by the combination of an increase in Other non-operating income of Ch\$2,025 million (related to higher income from agreements with property developers) and financial income of Ch\$1,005 million, offset by a reduction in the gain from price-level restatements of Ch\$1,248 million and an increase in financial expenses of Ch\$ 713 million.

## **Income Tax**

Income taxes for the first half of 2008 decreased by Ch\$596 million in relation to the previous period, due mainly to lower pre-tax income.

## **Net Income**

Due to the above-mentioned factors, the consolidated net income of Inversiones Aguas Metropolitanas S.A. at the end of June 2008 amounted to Ch\$14,791 million, a decrease of Ch\$437 million as compared to the result for the same period of 2007.

## BALANCE SHEET ANALYSIS

| (In Million of Chilean Pesos)                 | June 08   | June 07   | % Var   |
|-----------------------------------------------|-----------|-----------|---------|
| <b>Assets</b>                                 |           |           |         |
| Current Assets                                | 94,713    | 70,351    | 34.6%   |
| Property, Plant & Equipment                   | 673,799   | 664,672   | 1.4%    |
| Other Assets                                  | 390,846   | 417,042   | (6.3%)  |
| Total Assets                                  | 1,159,358 | 1,152,064 | 0.6%    |
| <b>Liabilities &amp; Shareholders' Equity</b> |           |           |         |
| Current Liabilities                           | 73,936    | 89,956    | (17.8%) |
| Long-Term Liabilities                         | 383,897   | 343,125   | 11.9%   |
| Minority Interest                             | 216,214   | 212,705   | 1.6%    |
| Shareholders' Equity                          | 485,311   | 506,279   | (4.1%)  |
| Total Liabilities & Equity                    | 1,159,358 | 1,152,064 | 0.6%    |

### Assets

The current assets increased by Ch\$24,362 million compared to the previous period, mainly due to an increase in Marketable Securities of Ch\$42,666 million, offset by a reduction in Time deposits of Ch\$16,750 million.

The company's Property, plant and equipment has shown an increase of 1.37% over June 2007, from Ch\$664,672 million to Ch\$673,799 million, explained by movements in gross property, plant and equipment, larger investments and the corresponding rise in depreciation, as explained below.

The main increases in gross property, plant and equipment are in the headings Buildings and infrastructure for Ch\$14,303 million and Machinery and equipment for Ch\$2,247 million, due to the investments made in operating equipment, and both sanitation and support infrastructure.

The charge for depreciation at June 2008 amounts to Ch\$18,674 million, a figure 0.8% (Ch\$147 million) higher than for the 2007 period which was Ch\$18,526 million, basically explained by those assets that have entered into operation within the last year. In addition, because of these and works carried out in previous years, the accumulated depreciation rose by Ch\$9,695 million compared to the previous period (1.5%).

There is a decline in Other assets of Ch\$26,196 million which is mainly explained by the reduction in goodwill by Ch\$28,747 million and in Other assets by Ch\$1,463 million, basically offset by net intangible assets of Ch\$1.089 million, an increase in deferred taxes of Ch\$3,557 million, mainly the result of the corporate simplification carried out in 2007 which consisted of the merger of two Group subsidiaries.

## Liabilities and Shareholders' Equity

Current liabilities, compared to the previous period, declined by Ch\$16,020 million, mainly due to the reduction in Borrowings from banks at short term by Ch\$8,549 million and in Notes and accounts payable to related companies by Ch\$19,295 million, offset by increases in Bonds payable of Ch\$3,274 million and in Unearned income of Ch\$1,291 million corresponding to advance payments under agreements with property developers, and a higher amount of Accounts payable of Ch\$7,095 million.

Long-term liabilities increased by Ch\$40,772 million compared to the previous period due to a rise in Notes payable of Ch\$13,093 million, corresponding to reimbursable financial contributions, an increase in Bonds payable of Ch\$31,118 million and an increase in Long-term provisions of Ch\$3.134 million, offset by reductions in Borrowings from banks of Ch\$2,037 million and in Deferred taxes of Ch\$ 4,111 million (due to the effects of the merger of the subsidiaries).

The Shareholders' equity, as compared to the 2007 period, declined by Ch\$ 20,968 million, mainly due to the capital reduction of Ch\$23,242 million agreed in April 2008. This was compensated by an increase in Other reserves of Ch\$3,554 million as a result of the merger between the subsidiaries of Aguas Andinas S.A. and the reduction in net income for the period of Ch\$ 437 million.

The table below sets forth the maturity of our consolidated long-term debt, as of June 30, 2008 (figures in million of Ch\$):

|                      | Currency         | Total   | July 08<br>June 09 | July 09<br>June 10 | July 10<br>June 11 | After<br>June 11 |
|----------------------|------------------|---------|--------------------|--------------------|--------------------|------------------|
| Bonds                | Indexed Ch\$     | 254,470 | 20,915             | 19,537             | 12,764             | 201,254          |
| Bank Debt            | Non-Indexed Ch\$ | 86,211  | 2,144              | 5,464              | 10,929             | 67,674           |
| RFCs <sup>(1)</sup>  | Indexed Ch\$     | 52,158  | 213                | 290                | 279                | 51,376           |
| Total <sup>(2)</sup> |                  | 392,839 | 23,272             | 25,292             | 23,972             | 320,303          |

<sup>(1)</sup> Reimbursable financial contributions.

<sup>(2)</sup> The figures consider the accrued financial expenses as of June 30, 2008.

## CASH FLOW ANALYSIS

| Consolidated Cash Flow<br>(In Million of Chilean Pesos) | June 08  | June 07  | % Var   |
|---------------------------------------------------------|----------|----------|---------|
| Operating                                               | 83,025   | 78,763   | 5.4%    |
| Financing                                               | (20,490) | (38,043) | (46.1%) |
| Investment                                              | (23,951) | (19,401) | 23.5%   |
| Net Cash Flow of the Period                             | 38,584   | 21,319   | 81.0%   |

Cash flow from operating activities improved by Ch\$4,262 million compared to the previous year, the principal changes being the increases in collections of trade accounts receivable of Ch\$6,393 million, in financial income of Ch\$1,370 million and in other income received of Ch\$1,373 million, offset by increases in payments to suppliers of Ch\$1,421 million, in interest paid of Ch\$1,295 million and in income tax paid of Ch\$1,670 million.

The cash flow from financing activities increased by Ch\$17,553 million over the 2007 period, the main changes being a reduction in loan repayments of Ch\$55,605 million and an increase in bond obligations of Ch\$50,133 million, offset by a reduction in loans drawn of Ch\$59,563 million and increases in payments of bonds of Ch\$2,757 million, in other financing disbursements of Ch\$1,876 million and in capital distributions of Ch\$ 23,065 million.

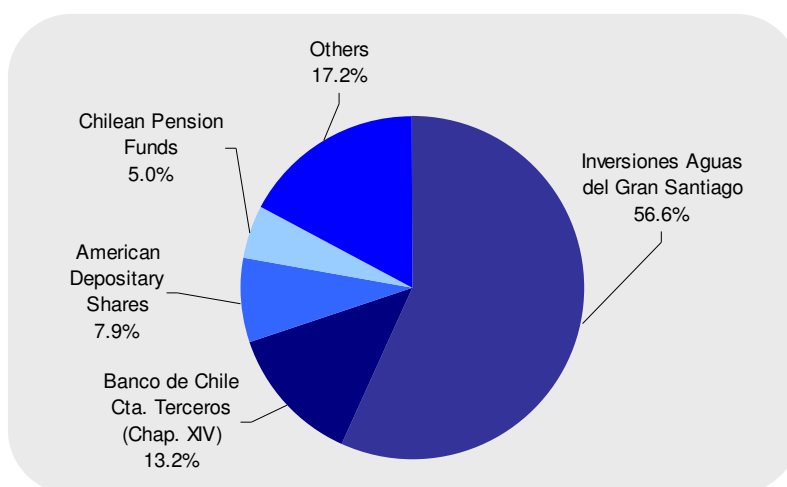
The negative cash flow from investment activities increased by Ch\$4,550 million, mainly due to larger acquisitions of property, plant and equipment for Ch\$2,846 million, other investment disbursements of Ch\$332 million and reduced sales of property, plant and equipment of Ch\$849 million.

## MAIN OPERATING FIGURES

| Sales Volume<br>(In thousand m <sup>3</sup> ) | June 08 | June 07 | % Var  |
|-----------------------------------------------|---------|---------|--------|
| Water                                         | 252,890 | 253,443 | (0.2%) |
| Sewage Collection                             | 246,060 | 248,079 | (0.8%) |
| Sewage Treatment & Disposal                   | 211,345 | 213,434 | (1.0%) |
| Sewage Interconnection Service                | 61,029  | 60,946  | 0.1%   |

| Customers | June 08   | June 07   | % Var |
|-----------|-----------|-----------|-------|
| Water     | 1,620,266 | 1,572,671 | 3.0%  |
| Sewage    | 1,592,197 | 1,543,661 | 3.1%  |

## INVERSIONES AGUAS METROPOLITANAS S.A. Shareholder Composition as of June 30, 2008



**Total subscribed and paid shares: 1,000,000,000**  
**Number of shareholders: 179**

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## CONSOLIDATED BALANCE SHEETS

(Chilean GAAP, in thousands of Ch\$ as of June 30, 2008)

| ASSETS                                              | June 08              | June 07              |
|-----------------------------------------------------|----------------------|----------------------|
| <b>TOTAL CURRENT ASSETS</b>                         | <b>94,713,129</b>    | <b>70,350,523</b>    |
| Cash & bank                                         | 128,892              | 291,347              |
| Time deposits                                       | 4,537,472            | 21,287,891           |
| Marketable securities                               | 43,420,149           | 754,636              |
| Trade accounts receivable (net)                     | 38,275,347           | 38,380,289           |
| Notes receivable (net)                              | 2,128,135            | 3,158,455            |
| Sundry debtors (net)                                | 416,459              | 479,907              |
| Notes & accounts receivables from related companies | 1,053                | 52,146               |
| Inventories (net)                                   | 899,172              | 1,876,714            |
| Taxes recoverable                                   | 345,645              | 268,186              |
| Prepaid expenses                                    | 774,166              | 783,048              |
| Deferred taxes                                      | 1,317,322            | 1,187,471            |
| Other current assets                                | 2,469,317            | 1,830,433            |
| <b>TOTAL FIXED ASSETS</b>                           | <b>673,798,846</b>   | <b>664,672,121</b>   |
| Land                                                | 42,804,850           | 41,030,929           |
| Building & infrastructure                           | 1,130,414,310        | 1,116,111,598        |
| Machinery & equipment                               | 131,949,491          | 129,702,346          |
| Other fixed assets                                  | 13,960,300           | 13,345,689           |
| Revaluation of fixed assets                         | 5,358,648            | 5,475,525            |
| Accumulated depreciation                            | (650,688,753)        | (640,993,966)        |
| <b>TOTAL OTHER ASSETS</b>                           | <b>390,845,852</b>   | <b>417,041,730</b>   |
| Goodwill                                            | 322,538,696          | 351,285,964          |
| Negative goodwill                                   | -                    | (1,108)              |
| Long-term debtors                                   | 8,925,876            | 9,557,948            |
| Long-term deferred taxes                            | 3,556,627            | -                    |
| Intangible assets                                   | 61,716,810           | 58,770,734           |
| Accumulated amortization                            | (18,903,232)         | (17,046,141)         |
| Other                                               | 13,011,075           | 14,474,333           |
| <b>TOTAL ASSETS</b>                                 | <b>1,159,357,827</b> | <b>1,152,064,374</b> |

## CONSOLIDATED BALANCE SHEETS

(Chilean GAAP, in thousands of Ch\$ as of June 30, 2008)

| LIABILITIES & SHAREHOLDERS' EQUITY                                                | June 08              | June 07              |
|-----------------------------------------------------------------------------------|----------------------|----------------------|
| <b>CURRENT LIABILITIES</b>                                                        | <b>73,936,285</b>    | <b>89,956,232</b>    |
| Short-term portion of borrowings from banks & financial institutions              | -                    | 8,549,153            |
| Short-term portion of borrowings from banks & financial institutions at long term | 2,143,960            | 376,424              |
| Bonds payable - short-term portion                                                | 20,914,750           | 17,640,805           |
| Accounts payable                                                                  | 17,580,123           | 10,485,403           |
| Notes payable                                                                     | 380,170              | 456,546              |
| Sundry creditors                                                                  | 1,210,584            | 1,477,206            |
| Notes & accounts payable to related companies                                     | 2,973,933            | 22,268,413           |
| Accruals                                                                          | 16,496,095           | 17,629,693           |
| Withholdings                                                                      | 7,084,968            | 6,947,236            |
| Income taxes                                                                      | 1,137,256            | 1,401,924            |
| Unearned income                                                                   | 4,014,446            | 2,723,429            |
| <b>LONG TERM LIABILITIES</b>                                                      | <b>383,896,776</b>   | <b>343,124,771</b>   |
| Borrowings from banks & financial institutions                                    | 84,066,667           | 86,103,600           |
| Bonds payable                                                                     | 233,554,992          | 202,436,242          |
| Notes payable                                                                     | 52,242,613           | 39,149,213           |
| Sundry creditors                                                                  | 898,965              | 910,742              |
| Accruals                                                                          | 12,603,400           | 9,469,478            |
| Deferred taxes                                                                    | -                    | 4,111,752            |
| Other long-term liabilities                                                       | 530,139              | 943,744              |
| <b>MINORITY INTEREST</b>                                                          | <b>216,213,598</b>   | <b>212,704,509</b>   |
| <b>SHAREHOLDERS' EQUITY</b>                                                       | <b>485,311,168</b>   | <b>506,278,862</b>   |
| Paid-in capital                                                                   | 451,939,246          | 481,679,764          |
| Price level restatement                                                           | 14,857,177           | 9,300,661            |
| Reserves                                                                          | 3,557,193            | 3,361                |
| Retained earnings                                                                 | 166,844              | 67,605               |
| Net income for the period                                                         | 14,790,708           | 15,227,471           |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                 | <b>1,159,357,827</b> | <b>1,152,064,374</b> |

## CONSOLIDATED STATEMENTS OF INCOME

(Chilean GAAP, in thousands of Ch\$ as of June 30, 2008)

| CONSOLIDATED STATEMENTS OF INCOME                                                          | June 08             | June 07             |
|--------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>OPERATING INCOME</b>                                                                    | <b>68,413,681</b>   | <b>70,661,378</b>   |
| OPERATING MARGIN                                                                           | 85,952,480          | 86,130,259          |
| Revenues from operations                                                                   | 138,015,191         | 135,164,966         |
| Cost of operations                                                                         | (52,062,711)        | (49,034,707)        |
| Administrative & selling expenses                                                          | (17,538,799)        | (15,468,881)        |
| <b>NON-OPERATING EXPENSES (INCOME)</b>                                                     | <b>(15,386,069)</b> | <b>(16,459,604)</b> |
| Financial income                                                                           | 3,703,017           | 2,698,742           |
| Other non-operating income                                                                 | 4,228,432           | 2,202,586           |
| Amortización of Goodwill                                                                   | (14,161,726)        | (14,178,791)        |
| Financial expenses                                                                         | (9,737,001)         | (9,024,046)         |
| Other non-operating expenses                                                               | (254,902)           | (345,410)           |
| Price-level restatement                                                                    | 927,341             | 2,175,151           |
| Foreign exchange differences                                                               | (91,230)            | 12,164              |
| <b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL</b> | <b>53,027,612</b>   | <b>54,201,774</b>   |
| INCOME TAXES                                                                               | (11,061,748)        | (11,658,170)        |
| <b>RESULT BEFORE MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL</b>               | <b>41,965,864</b>   | <b>42,543,604</b>   |
| MINORITY INTEREST                                                                          | (27,175,156)        | (27,316,171)        |
| <b>NET INCOME BEFORE AMORTIZATION OF GOODWILL</b>                                          | <b>14,790,708</b>   | <b>15,227,433</b>   |
| AMORTIZATION OF NEGATIVE GOODWILL                                                          | -                   | 38                  |
| <b>NET INCOME FOR THE PERIOD</b>                                                           | <b>14,790,708</b>   | <b>15,227,471</b>   |

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Chilean GAAP, in thousands of Ch\$ as of June 30, 2008)

| CONSOLIDATED STATEMENTS OF CASH FLOWS                    | June 08             | June 07             |
|----------------------------------------------------------|---------------------|---------------------|
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>           | <b>83,024,714</b>   | <b>78,763,362</b>   |
| Collection of trade account receivables                  | 176,404,578         | 170,011,983         |
| Financial income received                                | 1,756,110           | 386,285             |
| Dividends and other distributions received               | -                   | -                   |
| Other income received                                    | 2,240,275           | 867,594             |
| Payment to suppliers and personnel                       | (57,019,689)        | (55,598,400)        |
| Interest paid                                            | (7,368,045)         | (6,073,223)         |
| Income tax paid                                          | (12,784,982)        | (11,114,496)        |
| Other expenses paid                                      | (409,146)           | (513,710)           |
| V.A.T & similar payments                                 | (19,794,387)        | (19,202,671)        |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES:</b>          | <b>(20,490,104)</b> | <b>(38,043,448)</b> |
| Loans                                                    | -                   | 59,562,783          |
| Bonds issued                                             | 50,133,705          | -                   |
| Other financing                                          | 10,134,413          | 9,725,912           |
| Dividend payment                                         | (9,669,607)         | (9,120,949)         |
| Capital reduction                                        | (23,065,694)        | -                   |
| Payment of loans                                         | -                   | (55,605,097)        |
| Bond payment                                             | (9,519,631)         | (6,762,277)         |
| Payment of bond issuance & placement costs               | (782,838)           | -                   |
| Other financing disbursements                            | (37,720,452)        | (35,843,820)        |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES:</b>          | <b>(23,950,657)</b> | <b>(19,400,741)</b> |
| Proceeds from sales of fixed assets                      | 901,099             | 1,750,269           |
| Addition of fixed assets                                 | (23,579,915)        | (20,733,109)        |
| Payment of capitalized interest                          | (395,392)           | (303,341)           |
| Investment in financial instruments                      | (429,937)           | -                   |
| Other investment disbursements                           | (446,512)           | (114,560)           |
| <b>TOTAL NET CASH FLOW FOR THE PERIOD</b>                | <b>38,583,953</b>   | <b>21,319,173</b>   |
| <b>EFFECT OF INFLATION ON CASH &amp; CASH EQUIVALENT</b> | <b>(1,686,865)</b>  | <b>(403,887)</b>    |
| <b>NET CHANGE IN CASH &amp; CASH EQUIVALENT</b>          | <b>36,897,088</b>   | <b>20,915,286</b>   |
| <b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENT</b>     | <b>11,189,425</b>   | <b>1,418,588</b>    |
| <b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENT</b>     | <b>48,086,513</b>   | <b>22,333,874</b>   |

## RECONCILIATION OF NET INCOME FOR THE PERIOD WITH OPERATING CASH FLOW

(Chilean GAAP, in thousands of Ch\$ as of June 30, 2008)

| RECONCILIATION OF CASH FLOW                                                    | June 08            | June 07            |
|--------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Net income for the year</b>                                                 | <b>14,790,708</b>  | <b>15,227,471</b>  |
| Gain on sale of fixed assets                                                   | (29,455)           | 17,435             |
| <b>Charges (credits) to income not representing cash flows:</b>                | <b>34,491,014</b>  | <b>32,300,378</b>  |
| Depreciation for the period                                                    | 18,673,687         | 18,526,051         |
| Amortization of intangible assets                                              | 1,135,176          | 1,200,179          |
| Write-offs & provisions                                                        | 1,748,576          | 1,123,723          |
| Amortization - goodwill                                                        | 14,161,726         | 14,178,791         |
| Amortization - negative goodwill                                               | 0                  | (38)               |
| Net price-level restatement                                                    | (927,341)          | (2,175,151)        |
| Net foreign exchange differences                                               | 91,230             | (12,164)           |
| Other credits to income statement not representing cash flow                   | (1,191,567)        | (1,402,443)        |
| Other charges to income statement not representing cash flow                   | 799,527            | 861,430            |
| <b>Changes in assets affecting operating cash flow (increase) decrease</b>     | <b>11,402,724</b>  | <b>8,902,413</b>   |
| Trade account receivable                                                       | 10,222,361         | 9,085,497          |
| Inventories                                                                    | 577,656            | (186,006)          |
| Other assets                                                                   | 602,707            | 2,922              |
| <b>Change in liabilities affecting operating cash flow increase (decrease)</b> | <b>(4,805,433)</b> | <b>(5,000,506)</b> |
| Account payable related to operating income (expense)                          | (5,554,946)        | (8,150,468)        |
| Interest payable                                                               | 1,199,595          | 1,624,030          |
| Income tax payable                                                             | (1,592,882)        | 297,505            |
| Other account payable related to the non-operating income (expense)            | 27,050             | 51,565             |
| VAT & similar payables (net)                                                   | 1,115,750          | 1,176,862          |
| Minority interest                                                              | 27,175,156         | 27,316,171         |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                                 | <b>83,343,220</b>  | <b>78,763,362</b>  |